



Inspiration Perfected



Our Brand Promise

Rocell is in the business of enhancing the quality of life by adding colour, style, and elegance to life. It creates a sense of aspiration, expectation, fashion and style always stirring aspirations around good living. Creating sensorial pleasures of an aesthetically appealing living ambiance

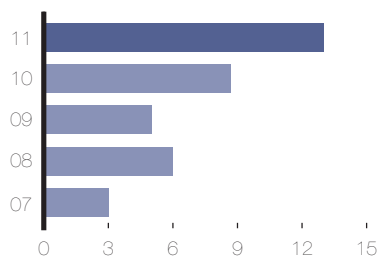
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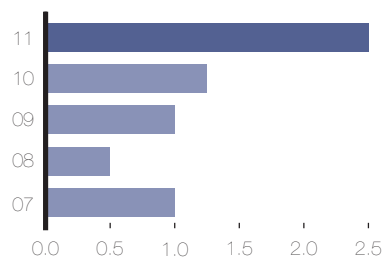
Group Financial Highlights

For the year ended 31 March	2011 Rs. '000	2010 Rs. '000	Change %
Turnover - Gross	6,413,304	4,961,533	29.3%
- Net	5,751,383	4,451,169	29.2%
Profit before taxation	1,534,865	1,001,644	53.2%
Profit after tax	1,441,203	964,310	49.5%
Gross dividends	276,973	138,487	100%
Interest cover (No. of times)	8.51	3.62	135.0%
Dividend cover (No. of times)	5.20	6.96	-25.3%
Return on Equity (%)	28.5%	24.8%	14.9%
As at 31 March			
Shareholders' funds	5,050,554	3,886,325	30.0%
Total assets	8,460,072	6,484,875	30.4%
Group employment (No. of persons)	1,570	1,301	20.7%
Current ratio (current assets : current liabilities)	1.78:1	1.39:1	28.0%
Per share*			
(Issued and fully paid shares 110,789,384 of Rs.10/- each)			
Earnings (Rs.)	13.01	8.70	49.5%
Dividend (Rs.)	2.50	1.25	100.0%
Net assets (Rs.)	45.59	35.08	30.0%
Market value (Rs.)	157.00	113.00	38.9%
Cash flow from operations (Rs.)	15.56	9.09	71.18%

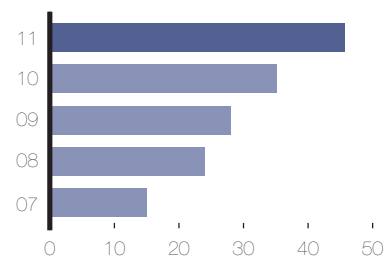
Earnings per share (Rs.)



Dividend per share (Rs.)



Net assets per share (Rs.)



* All Per Share information has been restated to reflect the present Share holding after capitalization of Reserves except market value per share.



Perfected

Management Information



This is our gift to the Patron Saint of Love and the spirit of companionship, everywhere.
Or you could choose from a consortium of other such ingenious designs, specially created
for the curious interior sense in you.



Chairman's Statement

It gives me great pleasure to welcome our shareholders to our 21st Annual General Meeting, where we will discuss our financial performance for the year ended 31 March 2011 and future plans.

Your company has done well during the financial year 2010/11, taking advantage of the economic resurgence that took place after the decades long ethnic conflict ended in May 2009.

The Sri Lankan economy has rebounded sharply post-war and this is reflected in the performance of your company. While construction activity has helped, overall economic growth, we have also benefited from peoples' changing lifestyles and higher disposable incomes.

As a group, Royal Ceramics has invested heavily in all areas of business during the past decade. The growth has not been limited to our businesses, but also towards making a significant and positive impact on our society.

We continue to provide employment and income generating avenues, and also training, technical input and market opportunities. Given the current economic trends, we are gearing to increase our efforts to achieve sustainable growth in our existing businesses while exploring new opportunities.

RCL records a robust year

Taking advantage of the economic resurgence, Royal Ceramics recorded one of its most profitable years during the period under review.

Despite diverse challenges, including shortages in raw materials, higher energy and labour costs, the group notched a Rs. 1.5 billion profit before tax. Group gross revenue was the highest ever, rising to Rs. 6.41 billion as against Rs. 4.96 billion in 2009/10.

The stellar performance was backed up by new product lines, strategic investments to expand our tile manufacturing plant and innovative marketing activities.

We continued to invest in expanding our high value-added ceramics and porcelain products. Our distribution and dealer network continued to grow, allowing us to widen our geographical reach into fast expanding areas outside key towns.

Expansion amidst challenges

In April this year, we acquired a paint and allied manufacturing company called, "Ever Paint and Chemical Industries (Pvt) Ltd" which retails under the brand name "Colorbrite".

Further details of our financial performance and future plans are given in our Managing Director's Review and in our Management Discussion and Analysis report.

Despite the challenges to grow a portfolio of high value-added porcelain and ceramic ware products, we remain bullish about the future. We will continue to expand and invest into our existing products, and also scout for new businesses that give us synergies or avenues to diversify our portfolio.

We currently account for more than half the tile and bathware sales in the country and we have set our sights on extending that lead.

Conclusion

Sri Lanka has now been presented with a great opportunity to achieve rapid, meaningful economic growth and prosperity for its people.

We strongly believe that business community has a pivotal role in ensuring our nation's economic success. The private sector needs to continuously invest, if the country is to achieve its targeted double-digit growth.

Given this backdrop, as in the current year, the Royal Ceramics Group will focus on rapidly growing our retail operations, both here and overseas. The manufacturing capacity of the tiles and wall tiles will be expanded with considerable direct investments.

The management team has also gradually structured the group to accelerate its growth momentum. Each of our business units, are led by dynamic results oriented teams. We will strive to differentiate our business model not merely through rapid expansion but through sustainable growth on a strong foundation of governance and transparency.

We have earmarked investments to further consolidate our existing businesses. The potential for further diversification would also be actively explored towards significantly expanding our position in the trade and services sectors in collaboration with internationally reputed businesses and finance houses.

Directorate

On a concluding note, I thank the Board of Directors, Managing Director, the management team and staff for their continuous commitment to grow the businesses.

Mr. F P de Alwis, our pioneering chairman expired during the year. While expressing my condolence to his family, I would like to thank him for his stewardship that laid the foundation for our business in 1990.

One of our earliest directors, Mr. B M Amarasekera, retired during the year. I thank him for his words of wisdom and guidance that has helped shaped Royal Ceramics over the years.

Appropriations

We have paid a first interim dividend of Rs 2.50 per share for the financial year 2010/11 on September 14. A second interim dividend of Rs. 1.00 per share was paid on May 20, 2011. A final dividend of Rs 1.00 per share has been proposed on May 20, 2011 subject to shareholders approval at the AGM.

Appreciation

Our shareholders have stood by us over the years and continued to propel us to break boundaries. We thank you for your dedication and look forward to your support in the coming years.

I wish to express my sincere appreciation to our customers, bankers, and suppliers, for their continued patronage and support. Finally, I thank the Rocell team for their steadfast commitment to the pursuit of excellence.



A M Weerasinghe

Chairman

20 May 2011



Managing Director's Review of Operations

This year, I am pleased to report that the Royal Ceramics group of companies continued its healthy growth, pulling off one of the most profitable years in the recent history.

For the financial year under review, we have done well in terms of profit and turnover, while also earning plaudits internationally for our healthy balance sheet.

Sri Lanka's \$51 billion economy bounced back strongly in 2010, growing at a blistering 8 percent over a low of 3.5 percent posted in 2009. The economy is expected to grow at 8.5 percent in 2011, the highest since Sri Lanka gained independence from Britain in 1948.

Closer to home, the economy continued to expand robustly, creating opportunities for new business activities throughout the country. Your company took advantage of this economic resurgence to report a historic high growth in revenue and net profits.

Group net profits before tax rose 53 percent to Rs. 1.5 billion helped by higher sales, earnings from a robust stock market portfolio and contributions from our new sanitaryware unit that turned profitable.

Annual sales of the group, rose 29 percent to Rs. 6.4 billion during the financial year ended March 31, 2011 from the year earlier, with earnings per share increasing to Rs. 13.01 from Rs. 8.70.

Tiles continue to dominate earnings

Our top and bottomline growth was generated largely from our tile-manufacturing business, which saw the introduction of new designs and sizes to the market during the year. We launched a new production line in Horana, which expanded our capacity to 15,000 square meters per day.

The Horana plant is currently performing exceptionally and continues to produce value added tiles for our product range.

Bathware breaks even

Despite being a relatively new entrant to our product mix, Rocell Bathware made profits, steadily penetrating into the mid-upper income market.

As people's disposable incomes keep growing, they are gradually embracing Western bathroom fittings for their homes and workplaces.

We continue to tap into this market through our strategically executed advertisements. The campaigns are aimed at encouraging people to change their lifestyles from Asian styled sanitaryware to Western styled products.

Your company currently controls more than half of the country's tile and bathware segments, which is a testimony to our continuous investments to grow the brand.

However, our production lines continued to be dogged by high energy costs and shortages of vital raw materials including ball clay and feldspar which are used to manufacture tiles.

Rising production costs hurt earnings

Raw materials, which account for about 15 percent of our costs, are bought from local suppliers who face capacity shortages. We believe the government could use its influence to better manage the supply shortage by issuing new permits for mining.

Energy, which takes up around 35 percent of our costs, largely depends on kerosene and to a lesser extent on liquid natural gas. Galloping global fuel prices will continue to challenge our prices in the months ahead.

Diversifying business portfolio

We also expanded our portfolio by acquiring a paint and allied manufacturing company called, "Ever Paint and Chemical Industries (Pvt) Ltd" which retails under the brand name "Colorbrite".

We are also looking out for new acquisitions in trading or manufacturing, in an effort to further diversify our portfolio.

International recognition

In the international scene, we were honoured to be featured in Forbes Asia Magazine with two awards last November.

Forbes first named your company as one of the two Sri Lankan firms in its "best under a billion" list. Your company was among the 151 new entrants in the 2010 list, which ranks top performing small and mid-size companies with sales below US\$ 1 billion in Asia.

Separately, unannounced to us, Forbes feted us for achieving the best return on investment in the short-term in Asia, during the glittering ceremony in Hong Kong.

Future outlook

Looking ahead, we plan to invest around Rs. 3 billion to build a third tile factory in Kiriwattuduwa, Homagama. Work on the plant will begin in June this year, and we have already contracted overseas companies to supply the machinery. Once completed in about 18 months time, the plant will add 12,000 square meters per day to our capacity. With this, we hope to have adequate stocks to supply the market.

I must thank the dedication and commitment of our employees. They have been very loyal to us and their experience has been invaluable as we consolidate our operations. I am proud to say that we maintain strong relationships with all our people and that has paid rich dividends to help us post another healthy balance sheet.

To our Chairman and Board of Directors, I extend a big thank you for their ready support and guidance. I am confident of their extended support in the future, as we embark on new challenges to grow the business.



Nimal Perera

Managing Director
20 May 2011

Board of Directors

Left to Right

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 Thambiayah

Mr. L T Samarawickrama

Mr. R N Asirwatham

Mr. G A R D Prasanna

Mr. M D S Goonatilleke





Board of Directors

Mr. A M Weerasinghe - Chairman

Founder of Royal Ceramics Lanka PLC, in 1990. A Gem Merchant by profession. Has been in the business field for more than 28 years. Involved in Real Estate, Construction Industry and Transportation. Has been a Landed Proprietor. He is also the Chairman of the Singhe Hospitals (Pvt) Ltd and Weerasinghe Property Development (Pvt) Ltd and Director of LB Finance PLC.

Mr. K D D Perera - Deputy Chairman

Mr. Dhammika Perera is the Secretary to the Ministry of Transport, Sri Lanka and a well-known prominent entrepreneur and investor whose business interests include Hydropower Generation, Manufacturing, Hospitality, Entertainment, Banking and Finance.

He serves as the Chairman of LB Finance PLC, The Fortress Resorts PLC, Vallibel Power Erathna PLC, Vallibel Finance PLC, Greener Water Ltd, Vallibel One Ltd and holds directorships in his other private sector companies. He is the Deputy Chairman of Amaya Leisure PLC. Director Sampath Bank PLC, Sri Lanka Insurance Corporation Ltd, Hayleys PLC, Haycarb PLC, Hayleys-MGT Knitting Mills PLC, Hotel Services (Ceylon) PLC which owns Ceylon Continental Hotel, Colombo, Hunas Falls Hotels PLC, Dipped Products PLC, Nimalapura Wind Power Pvt Ltd

and Alutec Anodising & Machine Tools (Private) Ltd.

He is also a Member of the Board of Directors of Strategic Enterprise Management Agency (SEMA)

Mr. W D N H Perera - Managing Director

Deputy Chairman of Vallibel One Limited and Pan Asia Banking Corporation PLC. Group Finance Director of Amaya Leisure PLC and also serves on the Boards of Hayleys PLC, The Fortress Resorts PLC, LB Finance PLC, Vallibel Finance PLC and Sathosa Motors PLC. Mr. Perera, a member of the Sri Lanka Institute of Marketing, counts over 28 years of experience in the fields of Finance, Capital Market Operations, Manufacturing, Marketing and Management Services.

Mr. T G Thoradeniya - Director Marketing & Business Development

A marketer by profession, Tharana Thoradeniya was in the pioneering batch of Sri Lankans to be awarded the title of Chartered Marketer. He counts over 17 years of industry experience with a unique working background in Marketing, Technology Management & Manufacturing. He is the Director-Marketing & Business Development of Royal Ceramics Lanka PLC and the Chief Executive Officer of Rocell Bathware

Limited. He also serves on the Boards of Hayleys Exports PLC and Dipped Products (Thailand) Ltd.

Mr. R B Thambiayah

Mr. Ravi Thambiayah holds a degree in Economics from the University of Madras. He is a well known and highly respected figure in the Sri Lankan Hotel Industry. He was the President of Colombo City Tourist Hotels Association and Vice-President of the Tourist Hotels Association of Sri Lanka. He is the Chairman of several companies in the Renuka Hotels Group, Cargo Boat Development Company PLC and a Director of Rocell Bathware Limited, Royal Porcelain (Private) Limited and DFCC Bank. He is a Fellow of the Chartered Management Institute (UK).

Mr. L T Samarawickrama

Director of Royal Ceramics Lanka PLC since 2003. Mr. Samarawickrama serves as the Managing Director of Amaya Leisure PLC. He is also a Director of Ceylon Continental Hotel (Hotel Services PLC), The Fortress Resorts PLC, Hunas Falls PLC and Kelani Valley Plantations PLC & represents Skanska International of Sweden and Siemens AG Austria.

Mr. R N Asirwatham

Mr. Rajan Asirwatham was the Senior Partner and Country Head of KPMG Ford Rhodes Thornton & Company

from 2001 to 2008. Further, he was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and also a member of the Presidential Commission on Taxation, appointed by the Excellency of the President.

As at present, Mr. Asirwatham, a fellow member of the Institute of Chartered Accountants of Sri Lanka, is the Chairman of the Financial Services Stability Committee of the Central Bank of Sri Lanka. He is also a member of the Ceylon Chamber of Commerce Advisory Council and a member of the council of the University of Colombo. He also serves on the Boards of Vallibel One Limited, Ceylon Tea Services PLC, OIC Holdings PLC, Brown & Company PLC, Browns Beach Hotels PLC, Aitken Spence PLC, Aitken Spence Hotels PLC, Lanka Orix Leasing Company PLC, Lanka Orix Financial Company Limited, Dial Tex Industries Private Limited, Renuka Hotels Private Limited, Rajawella Holdings Private Limited, Mercantile Merchant Bank and Yaal Hotels Private Limited.

Mr. G A R D Prasanna

Mr. Prasanna was appointed to the Royal Ceramics Board on 29 May 2009. He is the Managing Director of Grandmark (Pvt) Ltd and also serves as Director on the Boards of Tekro Holdings (Pvt) Ltd and Citytel (Pvt) Ltd.

Mr. M D S Goonatilleke

Mr. Goonatilleke is a Financial Professional with over 25 years post qualification experience. He has held senior managerial positions in leading Public, Multinational and Private companies during his career. He is an Associate Member of the Institute of Chartered Management Accountants (UK), since 1987. He is a passed finalist of the Institute of Chartered Accountants (Sri Lanka). Mr. Goonatilleke has obtained a Post Graduate Diploma in Management from PIM of University of Sri Jayawardenapura as well. He currently serves as a Group Executive Director of DSL Group of Companies. Mr. Goonatilleke also serves as an independent Director of Vallibel Finance Ltd, LB Finance PLC, Pan Asia Bank and Amaya Leisure PLC.

Corporate Management



Mr. W D N H Perera
Managing Director



Mr. T G Thoradeniya
Director Marketing &
Business Development/
CEO - Rocell Bathware Ltd



Mr. H Somashantha
Head of Finance & Treasury



Mr. A M C S Atapattu
Head of Technical & Procurement



Mr. J K A Sirinatha
Head of Sales Administration



Mr. R N Somaratna
Head of Horana Complex



Mr. M A N S A Jayatissa
Head of Bathware Complex



Mr. D J Silva
Head of IT



Mr. L J P A Silva
Head of Internal Audit



Mr. N T Bogahalande
Head of Human Resources



Mr. K L K L Keerthiratna
Head of Eheliyagoda Complex

Senior Management



Mr. T R Mendis
Senior Export Manager



Ms. B G W Liyanage
Group Finance Manager



Mr. P N Pupulawatta
Asst. Factory Manager -
Engineering
Horana Complex



Mr. P D S Ranaweera
Asst. Factory Manager -
QA & RD
Horana Complex



Mr. U S Nanayakkara
Asst. Factory Manager -
Process & Operations
Eheliyagoda Complex



Mr. J M S R Kumara
Asst. Factory Manager -
Production
Horana Complex



Mr. S De Silva
Senior Stores Manager



Mr. S A D M Rathnayake
Senior Manager - Business Unit



Mr. K I S Udumalagala
Senior Manager - Dealer Sales



Mr. M Ganapathi
Production Manager -
Bathware Complex



Mr. L K Garg
Senior Technical Manager
Bathware Complex



Mr. A A D Sumanadasa
QA & RD Manager
Eheliyagoda Complex



Mr. D P K Ponnampuruma
QA & RD Manager -
Bathware Complex



Ms. U C J T R Guneratne
Chief Internal Auditor



Mr. D M U K Dissanayake
Logistics Manager



Mr. P C K M Asanka
HR Manager -
Horana Complex



Mr. U N Naveendra
Area Sales Manager



Mr. I S De Ranasinghe
Planning Manager -
Eheliyagoda Complex



Ms. W C Senaratne
Assistant Manager -
Marketing Services



Mr. K C Silva
Executive Assistant to
MD & Recruitment Officer



Mr. W M B J Rodrigo
Manager -
IT Infrastructure Support



Mr. W N P Silva
Manager - Imports



Mr. Y N Perera
Assistant Manager -
Merchandising



Mr. K H Paliyakkara
Senior Purchasing Officer



Inspired

Management Discussion and Analysis



We created design renaissance, with Rocell Bathware. Every piece relentlessly articulate, profoundly inspiring and thoroughly liberating. A collection of masterpieces that will resonate with your individuality and consult with your creativity.

Management Discussion and Analysis

A public quoted limited liability company, Royal Ceramics Lanka PLC, owns and operates subsidiaries including - Royal Porcelain (Private) Limited and Rocell Bathware Limited.

The group's main business is to make and retail porcelain and ceramic tiles; and sanitaryware products under the brand names Rocell and Rocell Bathware to local and overseas markets.

Operational Highlights

Royal Ceramics Lanka PLC

Royal Ceramics Lanka PLC has its production facility in Eheliyagoda.

The porcelain tiles are made in Eheliyagoda which has a capacity of 4,000 square meters per day. The plant is the oldest in the group and is semi-automated.

Our ongoing research and development activities helped add another 10,000 square meters per month to our production capacity. This was done by trimming production cycle time through various process developments.

We imported a new plant from Keda, China to improve our polishing capacity. The plant is still being commissioned.

Royal Porcelain (Pvt) Ltd

Ceramic tiles are made at our Horana plant, which had a daily capacity of 7,500 square meters. This production facility is enjoying the benefits of being fully automated.

During the year under review, we invested Rs. 500 million to expand our Horana plant. The expansion increased our daily capacity by 40 percent. We now produce on average 10,500 to 11,000 square meters per day.

Replacement of the old horizontal drier with a new efficient drier has saved our monthly energy cost by Rs. 2 million per month during the year.

We introduced new styles and sizes during the year, to give our customers a wider choice.



Production of large sized fireclay products at the Rocell Bathware production complex

Rocell Bathware Limited

Our state-of-the-art sanitaryware manufacturing plant, Rocell Bathware became profitable during the year, despite beginning commercial production in April 2009.

With this plant, we become the only manufacturer of sanitaryware in Sri Lanka.

The bathware collection was launched to the domestic market in April 2009, with an initial production capacity of producing about 250,000 pieces of sanitaryware per annum. We are also the only competitor against upmarket imported brands from Europe and East Asia.

The products are made according to Italian designs, to cater to affluent urban consumers, who are choosy on styles.

With a lot of brand building and extensive advertising, Rocell Bathware did really well to make significant inroads into the local sanitaryware market. To keep in line with our international expansion plans, Rocell Bathware has sent trial shipments to Australia, France, India, Singapore and Maldives.

During the financial year, Rocell Bathware secured a CE Certification for the entire product range. This certifies that our products meet European Union consumer safety, health and environmental requirements. The plant has also obtained certifications of ISO 9001 quality management system and ISO 14001 environmental management systems.

Distribution Network

Our company's key strengths lies in our established brand, "Rocell", quality, trendy designs and growing distribution network.

Our distribution network currently includes 41 showrooms and a network of 320 direct and sub-dealers scattered throughout the country. This year we plan to open 10 new showrooms and add 25 more dealers to our network.

Rocell group places emphasis on promoting 'concepts' rather than the mere display of products. The company opened its first ultra modern "concept center" during the last financial year to reach towards our premium customers. This new approach to marketing tiles and sanitaryware products has been well received by our target market. Rocell plans to open new concept centers in main cities of the island during the new financial year.

Financial Performance

Royal Ceramics group's post-tax net profit rose 49 percent to Rs. 1.4 billion on higher sales, profit from sale of investments and contributions from a new sanitaryware unit that turned profitable.

Annual sales of the group, rose 29 percent to Rs. 6.4 billion in the financial year to March 31, 2011 from a year earlier, with earnings per share increasing to Rs. 13.01 from Rs. 8.70.



Managing Director, Royal Ceramics Lanka PLC posing at the Forbes Asia award Ceremony where the company was selected for the "Best under a billion" list in Asia

Other income gained 37 percent to Rs. 214 million which includes profit on sale of shares amounted to Rs. 199 million in 2011. Finance costs fell 47 percent during the financial year to Rs. 204 million.

Rocell Bathware, made a net profit of Rs. 31 million in 2011 over a loss of Rs. 50 million rupees reported a year earlier. Sanitaryware sales rose to Rs. 596 million in the 2011 financial year from Rs. 287 million, a year earlier.

Management Discussion and Analysis

The ceramics tile unit, Royal Porcelain (Pvt) Limited, overall gross sales climbed 13 percent to Rs. 3.3 billion during the year under review due to increase in the overall sales volume. Post-tax net profits during the period, gained 26 percent to Rs. 1.1 billion despite high costs of manufacturing. However, export volumes of the company fell 8 percent due to stiff competition and slow economic growth in key markets like Europe, India, New Zealand and Canada.

The porcelain tile unit, Royal Ceramics Lanka PLC, overall gross sales climbed 43 percent to Rs. 2.4 billion during 2010/11 mainly due to increase in the sales volume. Export turnover rose by 26 percent to 149 million due to improved sales in Australia, Maldives and Bangladesh.

Our share price benefitted immensely from the robust growth in the Colombo Stock Exchange, which emerged the second best performing indice in the world after Mongolia in 2010. The overall market rose 97 percent in 2010, as investors chased after stocks with exposure to tourism, construction and financial services.

Royal Ceramics Lanka PLC share price rose 178 percent to close at Rs. 157 (after capitalisation). The demand for our stock is reflected in the way we have improved our operational efficiencies and sought new markets to retail our products.

We have paid interim dividends of Rs. 3.50 per share in the year under review and proposed to pay Rs. 1.00 per share of final dividend subjected to shareholder approval.

Our quoted short term equity investment portfolio continued to give good returns, earning us Rs. 216 million during the year under review through dividends and sale of shares. Royal Ceramics holds 5.5 percent stake in LB Finance, 12 percent stake in Fortress Hotels and 4.6 percent stake in Hayleys.

Internal Control Systems

Our internal audit department continues to fine-tune our internal controls. We employ independent consultants to monitor our external audits. We continue to fortify our monitoring and staff reporting systems.

In the past few months, we have begun to test the benefits of a new Enterprise Resource Planning solution that will be implemented by Oracle. This will simplify and automate our processes like procurement, manufacturing, inventory management and sales, without compromising stringent internal controls.

Future Outlook

Royal Ceramics will build a third tile plant at Kiriwaththuduwa, Homagama at an estimated cost of Rs. 3 billion this year. The project will be partly funded through debt and internally generated cash. We hope to complete the plant within 18 months and add 12,000 square meters per day capacity to our production lines.

The prevailing robust economic climate will continue to help us post impressive results during the financial years 2011/12.

The local construction industry is currently one of the prime beneficiaries of the post-war economic boom, with scores of construction activity taking place across the northern and eastern regions.

The government has forecast economic growth this year of 8.5 percent, which would be a record since Sri Lanka gained independence from Britain in 1948. The IMF has forecast a more conservative economic growth of 7 percent.

Continuous turmoil in the Middle East and North Africa, is having an impact on oil prices, inflation and hurt export prices.

In the past months, inflation has continued to creep up slowly, on the back of rising global commodity prices. April consumer prices shot past forecasts to 9.8 percent year-on-year, the highest since January 2009. Prior to that, the government had already revised upward its end-2011 forecast to 7 percent from 6 percent.

Although official numbers are low, there is near-universal agreement that food prices are among the highest in recent memory.

There has been grumbling about the cost of living since late 2009, as it continues to erode peoples' disposable incomes.

Your company's direct costs would gradually rise to keep up with runaway global crude oil prices.

Sri Lanka's Central Bank has said that the only risk to this year's booming economic growth, is high oil prices, a calculation based on oil at \$90 a barrel.

The wave of civil unrest to outright civil war across oil-producing countries in North Africa and the Middle East has made that fear reality, with oil prices surging over \$100 a barrel.

Since Sri Lanka uses heavy fuel oil for 60 percent of its power generation, the cost is bound to leap and that comes as the government has started to remove fuel subsidies to the Ceylon Electricity Board, as part of a \$2.6 billion International Monetary Fund programme.

Galloping crude prices have also affected our fuel supply bill. We are in an energy-dependent industry and are mindful that its not always possible to pass on fuel shocks to the end users.

We also continue to voice our concern over shortage of clay and feldspar from local suppliers. We estimate Sri Lanka has clay and feldspar reserves for many years. But delays in mining these deposits are hurting our raw material inputs. The next best option would be to source our raw materials from China, Taiwan or India, which would be more expensive, but high in quality.

Our Showroom Network



- 98, Nawala Road, Nugegoda.
Tel: 011-4405160
- 440, R.A. de Mel Mawatha, Colombo 03.
Tel: 011-4209204/5/6
- 106, Galle Road, Dehiwela North, Dehiwala.
Tel: 011-4202814/5
- 780/1, New Kandy Road, Thalangama North, Malabe.
Tel: 011-4411775
- 158, Negombo Road, Wattala.
Tel: 011-4818563
- 392, Gala Junction, Kandy Road, Kiribathgoda.
Tel: 011-4817231
- 472/1, High Level Road, Makumbura, Kottawa.
Tel: 011-4308413
- 116, Colombo Road, Piliyandala.
Tel: 011-4210675
- 477/1, Galle Road, Rawathawatte, Moratuwa.
Tel: 011-4210726
- 587, Negombo Road, Liyanagemulla, Seeduwa.
Tel: 011-4831987
- 562, Peradeniya Road, Mulgampola, Kandy.
Tel: 081-4471581
- 37, A.A. Dharmasena Mawatha, Mahaiyawa, Kandy.
Tel: 081-4475825
- 504/1, Kandy Road, Kegalle.
Tel: 035-2230980
- 176 & 176/A, Colombo Road, Kurunegala.
Tel: 037-4690467
- 46, Chilaw Road, Wennappuwa.
Tel: 031-4874656
- 521/5, 2nd Stage, Maithreepala Senanayaka Mawatha, Anuradhapura.
Tel: 025-4580294
- 223, Colombo Road, Ratnapura.
Tel: 045-4360318
- 348, Badulla Road, Bandarawela.
Tel: 057-4496014
- 443, Galle Road, Kalutara North, Kalutara.
Tel: 034-4280469
- 132, Anguruwatota Road, Horana.
Tel: 034-4285033
- 77, W.D.S. Abeygunawardena Mawatha, Pettigalawatte, Galle.
Tel: 091-4380033
- 139, Gunawardena Mawatha, Kotuwegoda, Matara.
Tel: 041-4933629
- 143, High Level Road, Maharagama.
Tel: 011-4319514



- 504, Galle Road, Panadura.
Tel: 038-4281898
- 509, Colombo Road, Kaduwela.
Tel: 011-4948182
- 200, Colombo Road, Negombo.
Tel: 031-4922192
- 721 & 721 A, Mandandawela, Trincomalee Street, Matale.
Tel: 066-4460928
- 86, Weyangoda Road, Minuwangoda.
Tel: 011-4969060
- 174/A/2, Colombo Road, Gampaha.
Tel: 033-4670937/755
- 181, Hettipola Road, Kuliyapitiya.
Tel: 037-4930870, 037-4696134
- 279, Katugastota Road, Kandy.
Tel: 081-4481759/60
- 574, Galle Road, Kalutara South, Kalutara.
Tel: 034-4280933/4
- 101, Nawala Road, Nawala.
Tel: 011-4311311
- 278, Massale, Galle Road, Beruwala.
Tel: 034-4288371/2
- 39, Godagama Road, Athurugiriya.
Tel: 011-4443641
- 52, Kandy Road, Nittambuwa.
Tel: 033-4929681
- 52, Barnes Ratwatta Mawatha, Balangoda.
Tel: 045-4927365
- 70, Bank Road, Badulla.
Tel: 055-4499780
- 76A, Tangalle Road, Thavaluwila, Ambalanthota.
Tel: 047-4932446
- 30, Narahenpita Road, Nawala.
Tel: 011-4651000
- 185 B, Rathnapura Road, Moragala, Eheliyagoda.
Tel: 036-4922946

Report of the Directors

Report of the Directors

The Directors of Royal Ceramics Lanka PLC have pleasure in presenting to the members their Report together with the audited accounts of the Company for the year ended 31 March 2011. The Chairman's review and the Managing Director's review form an integral part of the Directors' Report.

Legal Status

Royal Ceramics Lanka PLC was incorporated in Sri Lanka as a Private Limited Company on 29 August 1990 and was converted into a Public Limited Company on 6 December 1991. The Shares were listed on the Colombo Stock Exchange on 3 May 1994.

Group Activities

The Principal activity of the Group continues to be the manufacture and sale of porcelain and ceramic tiles, along with the manufacture and sale of sanitaryware, the products of which were launched into the market on 1 April 2009 to both the local & export markets. The products of the Company and its subsidiaries, Royal Porcelain (Pvt) Ltd and Rocell Bathware Limited, are distributed mainly through its own showroom network under the brand names "Rocell" and "Rocell Bathware".

Royal Porcelain (Pvt) Ltd, a wholly owned subsidiary of the Company, was incorporated to acquire a tile manufacturing factory at Horana and has recorded a net profit of Rs. 1.1 Billion for the year.

Royal Ceramics Distributors (Pvt) Ltd is also a wholly owned subsidiary of Royal Ceramics Lanka PLC and has recorded a loss of Rs. 156,000 during the year under review. This Company's operations were transferred to the parent Company during midyear ended 31 March 2006.

Rocell Bathware Limited, another wholly owned subsidiary of the Company, was incorporated to manufacture and sell sanitaryware products to the local and export markets and has recorded a net profit of Rs. 31 Million for the year.

The Company or its subsidiaries have not engaged in any activities that contravene laws and relevant regulations.

Financial Statements

Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards. The audited financial statements were approved by the Board of Directors on 20 May 2011.

Internal Control

The Board is satisfied that the system of internal controls put in place, covering financial, operational and compliance controls, is sufficiently robust to identify and manage risks which have an impact on the company's performance.

Business Review

The Chairman's Statement, the Managing Director's Review of Operations and the Management Discussion and Analysis comprehensively cover the activities of the Company and the Group during the year under review.

Stated Capital

The stated capital of the Company as at 31 March 2011 was Rs. 1,368,673,373/-.

Summarized Financial Position

The Summarized financial position of the Group is as follows.

(figures in Rs. '000)	2010/2011	2009/2010
Group profit after taxation	1,441,203	964,310
Profit brought forward	2,605,150	1,777,698
Transferred from		
Revaluation Reserve	15,290	1,629
Dividends	(276,974)	(138,487)
Capitalisation of Reserves	(203,523)	-
Un-appropriated balance carried forward	3,581,146	2,605,150

Reserves

The total reserves of the Group stand at Rs. 3,681,880,940/-, comprising capital reserves of Rs. 100,734,594/- and revenue reserves of Rs. 3,581,146,346/-.

Statement of Changes in Equity

The movement in equity is shown in the Statement of Changes in Equity on page 48.

Payment of Statutory Expenses

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government, other regulatory institutions and in relation to employees have been made within the stipulated period and have been provided for during the financial year.

Dividends

The Directors recommended payment of a first interim dividend of Rs. 2/50 per share (tax free) for the year ended 31 March 2011 paid to the shareholders on 14 September 2010.

The Directors recommended payment of a second interim dividend of Rs. 1/00 per share (tax free) for the year ended 31 March 2011 paid to the shareholders on 20 May 2011.

The Directors further recommended payment of a final dividend of Rs. 1/00 per share (tax free) for the year ended 31 March 2011 to be approved by the shareholders at the Annual General Meeting of the Company to be held on 29 June 2011.

Transfer of Major Shareholding

The Company announced on 26 October 2010 that Mr. K.D.D. Perera, major shareholder, disposed 28,251,300 shares representing 51% of the issued capital of the company to Vallibel One Limited of Level 27/2, World Trade Center, Colombo 01.

Issue of Shares Credited as Fully Paid Up By Way of Capitalisation of Reserves 1:1

The Company allotted 55,394,692 fully paid ordinary shares of Rs 10/- each to its shareholders, thereby increasing the Stated Capital from Rupees Eight Hundred and Fourteen Million Seven Hundred and Twenty Six Thousand Four Hundred and Fifty Three (814,726,453/-) to Rupees One Billion Three Hundred and Sixty Eight Million Six Hundred and Seventy Three Thousand Three Hundred and Seventy Three (1,368,673,373/-). The direct uploads to the Central Depository System were completed on 17 January 2011 and share certificates were posted on 20 January 2011.

Mandatory Offer by Company and Deputy Chairman to Purchase all Remaining Ordinary Shares of Hayleys PLC.

On 28 January 2011, the Company, together with Mr. K.D.D. Perera, announced a mandatory offer to all holders of ordinary shares carrying voting rights of Hayleys PLC.

Company, along with Mr. K.D.D. Perera and L B Finance PLC, being a party acting in concert with the offerors, held 29.78% of the issued shares of Hayleys as at 26 January 2011. The Company acquired 161,272 ordinary shares of Hayleys PLC on 27 January 2011, which constitute approximately 0.2150% of the issued capital and thus became obligatory in terms of the Company Takeover and Mergers Code 1995 (as amended) together with the parties acting in concert, to make a Mandatory offer to purchase the balance 52,498,773 shares of Hayleys PLC. The mandatory offer expired on 22 March 2011.

Corporate Governance

The report on Corporate Governance is given on page 34 of the Annual Report.

Statement of Directors' Responsibilities

The Statement of Directors' Responsibilities for Financial Statements is given on page 38.

Financial Review

The Financial Review is given on page 32.

Directorate

The names of the Directors in office as at the Balance Sheet date are disclosed in page 10 of the Annual Report.

Mr. L.T. Samarawickrama retires by rotation in terms of Article 85 of the Articles of Association as a Director of the Company and being eligible, offers himself for re-election.

Mr. B.M. Amarasekera resigned from the board due to his retirement on 19 July 2010. Mr. F.P. de Alwis passed away and ceased to hold office as Director of the Company with effect from 7 October 2010.

Report of the Directors

Directors' Interests in Shares

Directors' interests in shares of the Company as at Balance Sheet date are as follows.

Name	No of Shares As at 31 March 2011	No of Shares As at 31 March 2010
Mr. A M Weerasinghe	10,234,024	5,467,012
Mr. K D D Perera	200,772	28,351,686
Mr. T G Thoradeniya	40,600	23,700
Mr. L T Samarawickrama	2,000	1,000
Mr. R B Thambiayah	1,584	792
Mr. W D N H Perera	-	30,000
Mr. G A R D Prasanna	-	-
Mr. M D S Goonatilleke	-	-
Mr. R N Asirwatham	-	-

Directors' Remuneration

Directors' Remuneration in respect of the Company and the Group for the financial year 2010/2011 are given in Note 27 to the financial statements on page 81.

Shareholding

The distribution of shareholders is indicated on page 85 in the Annual Report. There were 12,288 registered shareholders as at 31 March 2011. The Company has made every endeavour to ensure the equitable treatment of shareholders.

Directors' Interests in Contracts

Directors' interests in Contracts with the Company are stated below. The Directors have no direct or indirect interest in any other contracts or proposed contracts with the Company.

The Company carried out transactions during the year in the ordinary course of its business at commercial rates with the following director related entities.

Name of Related Party	Name of Director	Relationship	Details	Balance outstanding As at 31/03/2011
Royal Porcelain (Pvt) Ltd	Mr. A.M. Weerasinghe	Chairman	A sum of Rs.138,203,233/- was received as	(914,473,868)
	Mr. K.D.D. Perera	Deputy Chairman	service charges.	
	Mr. W.D.N.H.Perera	Managing Director	A sum of Rs.60,000/- was received as rent	
	Mr. T.G.Thoradeniya	Director Marketing & Business Development	A sum of Rs.4,717,995/- worth of damaged tiles were purchased.	
	Mr. R.B.Thambiayah	Director	A sum of Rs.1,100,000,000 /- was received as dividends.	
	Mr. L.T.			
	Samarawickrema	Director	Materials worth of Rs.9,742,315/- were purchased	
	Mr. G.A.R.D Prasanna	Director	Materials worth of Rs 5,096,128/- were sold	
	Mr. M.D.S. Goonatilleke	Director	A sum of Rs.1,522,252,866/-was received as	
	Mr. R.N.Asirwatham	Director	short term funds	

Name of Related Party	Name of Director	Relationship	Details	Balance outstanding As at 31/03/2011
Rocell Bathware Ltd	Mr. A.M. Weerasinghe Mr. K.D.D. Perera Mr. W.D.N.H.Perera Mr. T.G.Thoradeniya Mr. R.B.Thambiayah Mr. L.T. Samarawickrema Mr. G.A.R.D Prasanna Mr. M.D.S. Goonatilleke Mr. R.N.Asirwatham	Chairman Deputy Chairman Director Director/CEO Director Director Director Director Director	Materials worth of Rs 2,225,220/- were sold Materials worth of Rs.147,089/- were purchased A sum of Rs.36,965,561/-was received as short term funds	265,847,829
Royal Ceramics Distributors (Pvt) Ltd	Mr.A.M. Weerasinghe Mr. K.D.D. Perera Mr. W.D.N.H.Perera Mr. T.G.Thoradeniya Mr. R.B.Thambiayah Mr. L.T. Samarawickrema Mr.G.A.R.D Prasanna Mr.M.D.S. Goonatilleke Mr.R.N.Asirwatham	Chairman Deputy Chairman Managing Director Director Marketing & Business Development Director Director Director Director Director	A sum of Rs. 157,037/-was given as short term funds	7,399,176
Amaya Leisure PLC	Mr. K.D.D. Perera Mr. W.D.N.H.Perera Mr. L.T. Samarawickrema Mr. M.D.S. Goonatilleke	Deputy Chairman Director Director Director	A sum of Rs.700,000/-was received as service charges	2,606,781
Kandyan Resorts (Pvt) Ltd	Mr. K.D.D. Perera Mr. W.D.N.H.Perera Mr. L.T. Samarawickrema	Director Director Director	A sum of Rs.25,400/-was received as transport charges Tiles worth of Rs.2,259,855/- were sold	33,802
L B Finance PLC	Mr. K.D.D. Perera Mr. W.D.N.H.Perera Mr. M.D.S. Goonatilleke Mr.A.M. Weerasinghe	Deputy Chairman Director Director Director	Tiles worth of Rs.2,532,303/- were sold Lease paid amounting to Rs. 1,049,616/- A sum of Rs14,233,936 /- was received as dividends. Legal fees paid amounting to Rs. 220,706/- The value of Rs. 241,703,232/= shares were purchased	(873,384)
Culture Club Resorts (Pvt) Ltd	Mr. K.D.D. Perera Mr. W.D.N.H.Perera Mr. L.T. Samarawickrema	Director Director Director	A sum of Rs.2,731,180/- paid as hotel bills Tiles worth of Rs.891,812/- were sold	Nil

Report of the Directors

Name of Related Party	Name of Director	Relationship	Details	Balance outstanding As at 31/03/2011
Vallibel Lanka (Pvt) Ltd.	Mr. K.D.D. Perera	Director	Tiles worth of Rs.3,309,287/- were sold	1,335,352
Pan Asia Bank PLC	Mr. W.D.N.H.Perera Mr. T.G.Thoradeniya	Deputy Chairman Director	Current account balance	4,855,573
Sampath Bank PLC	Mr. K.D.D. Perera	Director	Current account balance Tiles worth of Rs.3,716,871/- were sold	3,258,491
Rocell Ceramics Ltd	Mr.A.M. Weerasinghe Mr. K.D.D. Perera Mr. W.D.N.H.Perera Mr. T.G.Thoradeniya	Chairman Deputy Chairman Director Director/CEO	A sum of Rs. 10,020,632/- was given as long term funds	183,961,983
Hayleys PLC	Mr. K.D.D. Perera Mr. W.D.N.H.Perera	Director Director	A sum of Rs.2,383,122/-was received as Dividends	Nil
Renuka Hotels PLC	Mr. R.B.Thambiyah	Director	Tiles worth of Rs.1,712,751/- were sold	Nil
The Fortress Resorts PLC	Mr. K.D.D. Perera Mr. W.D.N.H.Perera Mr. L.T. Samarawickrema	Director Director Director	A sum of Rs.2,520,000/-was received as service charges	Nil
Vallibel One Ltd.	Mr. K.D.D. Perera Mr. W.D.N.H.Perera	Chairman Deputy Chairman	A sum of Rs. 666,664/- was given as long term funds	666,664

Share Information

Information on share trading is given on page 85 and 86 of the Annual Report.

Fixed Assets

The book value of Property, Plant and Equipment as at the balance sheet date amounted to Rs. 1,225 million (2010 - Rs. 1,034 million) and Rs. 4,266 million (2010 - Rs. 3,860 million) for the company and group respectively.

The extents, locations, valuations and the number of buildings of the company's land holdings are given below.

Location	No. of Buildings	Extent (Perches)	Valuation (Rs. '000)
Kottawa	3	237.37	66,558
Eheliyagoda	28	7,909.44	197,720
Meegoda (Warehouse)	2	424	35,539
Nawala New	1	24	62,250
Naththandiya	-	1,600	10,000
Kalutara	-	768.16	3,917
Marawila	-	480	3,600
TOTAL	34	11,442.97	379,584

The movement on fixed assets during the year is given in Note 3 to the financial statements.

Capital Expenditure

Group Capital Expenditure during the year, including amount transferred from the capital work in progress account, amounted to Rs. 790 million.

Taxation

Royal Ceramics Lanka PLC is liable to pay income tax at 35% on local taxable profits and 15% on export profits as per the Inland Revenue Act No. 10 of 2006.

Royal Porcelain (Pvt) Ltd, in terms of the agreement entered into with the BOI, received the tax exemption status in the year of assessment 2002/03 for a period of 10 years, which ends in the year of assessment 2012/2013.

Rocell Bathware Ltd, in terms of the agreement entered into with the BOI is exempt from income tax for a period of 6 years, commencing from the year of assessment in which the Company commences to make profits, or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever is earlier. After the expiration of the tax exemption period, the profits and income of the enterprise shall be charged, for any year of assessment, at the rate of 15%.

It is the Group's policy to provide for deferred taxation on the liability method.

Group Investments

Details of investments held by the Group are given in Note 4 and 7 to the Financial Statements.

Market Value of the Company's Ordinary Shares

The market value of the Company's ordinary shares as at 31 March 2011 was Rs.157/- compared to Rs. 113/- as at 31 March 2010 as per official valuation of the Colombo Stock Exchange.

Group Employment

As at the Balance Sheet date, the Group has provided employment to 1,570 people.

Contingent Liabilities and Capital Commitments

Details of contingent liabilities and capital commitments as at the Balance Sheet date are given in Note 23 and 24 of the financial statements respectively.

Going Concern

The Board is satisfied that the Company has adequate resources to continue its operations in the foreseeable future and the directors have adopted the going concern basis in preparing the accounts.

Post Balance Sheet Events

All material Post Balance Sheet events that required adjustment to or disclosure in the Financial Statements are given in Note 25 to the financial statements.

Annual General Meeting

The 21st Annual General Meeting of the Company will be held at Moonstone Ballroom, Ceylon Continental Hotel, Colombo on 29 June 2011 at 10.00 a.m. The Notice of the Annual General Meeting is on page 88 of this report.

Auditors

The Financial Statements for the year have been audited by M/s Ernst and Young, Chartered Accountants. A resolution relating to their re-appointment and authorizing the directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors, M/s Ernst & Young were paid Rs. 1,230,000/- for the year ended 31 March 2011 (Rs. 635,000/- for the year ended 31 March 2010), as Audit fees by the Company. The Group has paid Rs. 1,862,500/- for the year ended 31 March 2011 (Rs. 1,186,000/- for the year ended 31 March 2010) as Audit fees.

As far as Directors are aware, the Auditor does not have any other relationship with the Company or any of its subsidiaries.

By order of the Board of
Royal Ceramics Lanka PLC

(sgd)
Secretaries & Registrars (Private) Limited
Secretaries

Colombo
20 May 2011

Financial Review

The Financial Statements of the Group and of the Company, which form a part of this Annual Report, set out the financial performance. The Financial Review discusses an overview of the Group's Financial Performance.

Group Results

The Net Turnover of Rs. 5.75 billion during the financial year was a remarkable achievement for the Group. This is a 29% growth further consolidating the position of 'Rocell' as the clear market leader in this industry. The export turnover of Rs. 231 million which has an increment of 16% has contributed only 4% towards total sales. In the face of global price competition, the Company is taking necessary steps to counter these threats. The Company will continue to focus on this segment.

Profitability

The gross profit of the group has a growth of 25%. This was achieved from the growth in group sales by 29%. Net sales of the company has increased by 43%. There has been a better control of operational cost by improvement in production planning and production efficiencies.

The Group has a increase in earnings per share of 49%. This is mainly due to the higher net profit compared to the last year.

Pre-tax profit has increased by 53% to Rs. 1.5 billion during the financial year.

Other Income

Other income of the Group has increased by 37%. The main contributing factors were profit on disposal of short term investments amounting to Rs. 199 million and dividend on long term & current investments amounting to Rs. 17 million.

Taxation

The group made income tax provision of Rs. 94 million for the year under review. The profits of the Company and Royal Ceramics Distributors (Pvt) Ltd are chargeable to Income Tax. Royal Porcelain (Pvt) Ltd enjoys a 10 year tax holiday under Section 17(2) of BOI Law No. 4 of 1978 commencing from the

year of Assessment 2002/03. In addition, Rs. 811 million was paid to the Government by way of direct sales taxes during the year.

Dividend

The Company has paid an interim dividend of Rs.2/50 per share on September 14, 2010. A second interim dividend of Rs. 1/00 per share paid on May 20, 2011. Further, a final dividend of Rs. 1/00 per share has been proposed on May 20, 2011 subject to shareholder approval at the AGM.

Capital Expenditure

Capital expenditure of the Group was Rs. 790 million for the year, spent on purchasing and upgrading plant and machinery, adopting newer technologies to meet future demands, showroom development and etc.

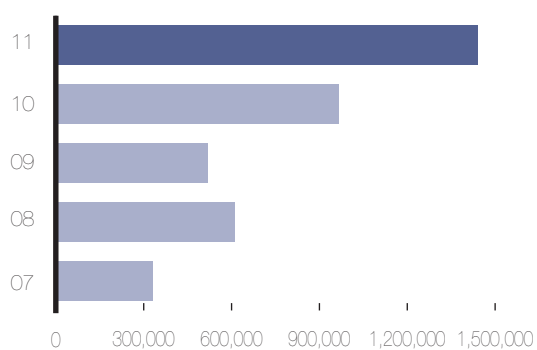
Financial Indicators

The Group's net outflow of funds was Rs. 207 million. The Group's long term borrowings have increased by 19% to Rs. 1,392 million. The Group's short term borrowings including overdrafts have increased by 60% to Rs. 1,037 million. These have resulted due to the group's investments been increased by 514% to Rs. 1,920 million. Shareholders' funds consist of 27% stated capital, 2% capital reserves and 71% revenue reserves.

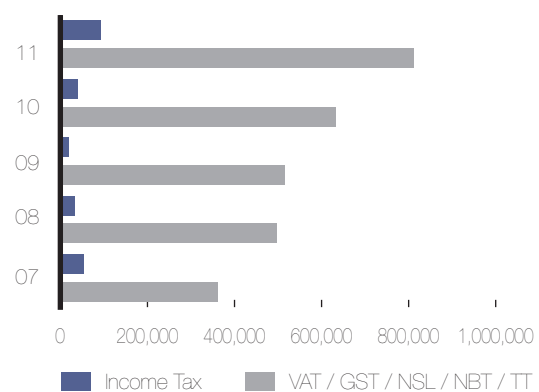
Accounting Policies and Disclosures

The accounting policies of the Group have been reviewed and amended where necessary, to comply with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. The group has adopted the practice of making full disclosure of both financial and non-financial information to enable the existing and potential shareholders to assess the performance of the Group and its future.

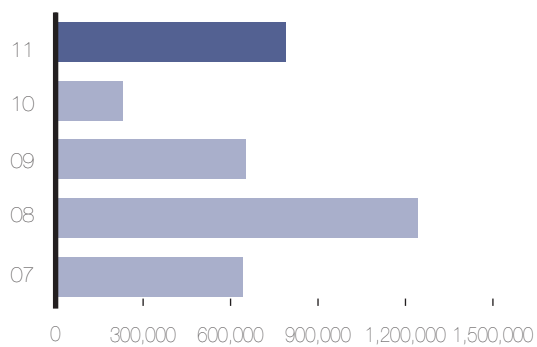
Profit After Taxation (Rs. '000)



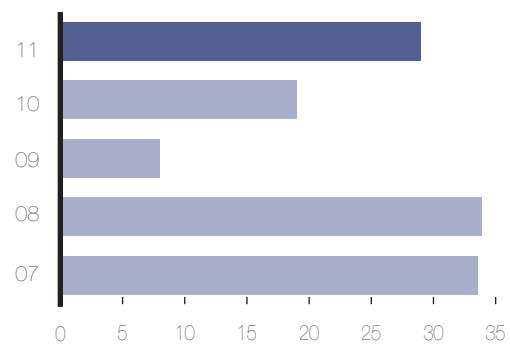
Contribution to the Government (Rs. '000)



Capital Expenditure (Rs. '000)



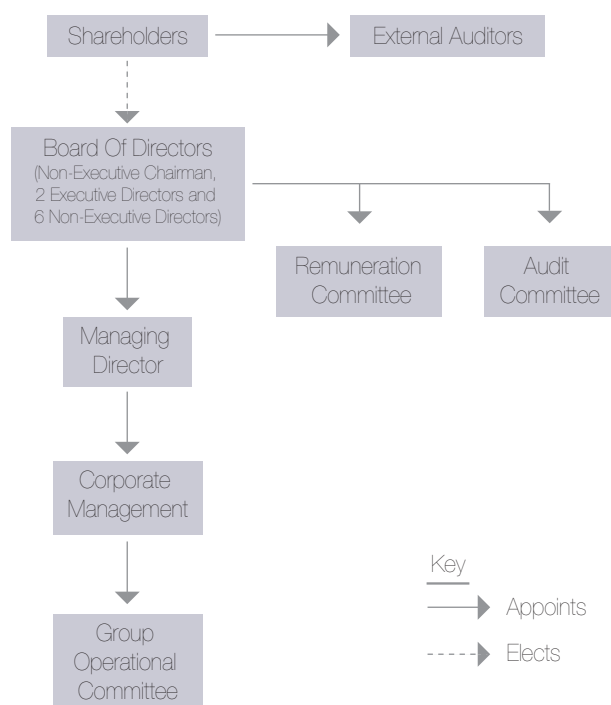
Net Sales Growth Rate (%)



Corporate Governance

The Group manages its affairs in accordance with appropriate standards for good corporate governance. The Board is committed to enhancing stakeholder value whilst ensuring that proper internal control systems are in place by complying with generally accepted corporate governance practices as well as specific requirements under the rules set out in Section 7.10 of the Colombo Stock Exchange's New Listing Rules and the Code of Best Practices issued by the Institute of Chartered Accountants of Sri Lanka on matters relating to the financial aspect of corporate governance as a useful guideline.

Rocell's Governance Guidelines provide Directors and management with a road map of their respective responsibilities. These guidelines, which will be updated periodically, detail clearly those matters requiring Board and Committee approval, advice or review. The Group's Governance Framework is depicted in the following diagram.



In our framework of Governance, we have identified the importance of providing the Board information which is

comprehensible, relevant, reliable and timely. Critical information needs to be presented in such a way that it cannot be ignored.

Strategic Direction and Implementation

Group strategies are subjected to a comprehensive annual review by the Board and are discussed further as necessary during the year.

The Corporate Management has been delegated authority to formulate strategies, seek approval for such strategies and implement them within the policy framework established by the Board. The achievement of targets through implementation of strategies formulated, current performance and the short-term outlook are reviewed at Operational Committee meetings which are held monthly.

Board of Directors

The Board, comprising of professional and experienced business leaders of high repute, is entrusted with, and responsible for providing strategic direction to the company in an honest, fair, diligent and ethical manner.

Core Duties of the Board

The Board, which is elected by the shareholders, is the ultimate decision-making body of the Company, except with respect to matters reserved to shareholders. The primary function of the Board is to exercise its collective business judgment to act in what it reasonably believes to be in the best interests of the Company and its shareholders. In exercising its business judgment, the Board acts as an advisor and counsellor to the senior management and defines and enforces standards of accountability – all with a view to enabling senior management to execute their responsibilities fully and in the interests of shareholders. The following are the Board's primary responsibilities, some of which may be carried out by Sub-Committees of the Board or the independent Directors as appropriate:

- Overseeing the conduct of the Company's business so that it is effectively managed in the long-term interests of shareholders;
- Selecting, evaluating and compensating the Managing Director and planning for Managing Director succession, as

well as monitoring management's succession planning for other key executives;

- Overseeing and reviewing the Company's strategic direction and objectives, taking into account (among other considerations) the Company's risk profile and exposures;
- Monitoring the Company's accounting and financial reporting practices and reviewing the Company's financial and other controls;
- Overseeing the Company's compliance with applicable laws and regulations; and
- Overseeing the processes that are in place to safeguard the Company's assets and mitigate risks.

In discharging its duties, the Board is entitled to rely on the advice, reports and opinions of management, auditors and outside experts. In that regard, the Board and its Committees shall be entitled, at the expense of the Company, to engage such independent legal, financial or other advisors as they deem appropriate, without consulting or obtaining the approval of any officer of the Company.

Composition of the Board

The Board consist of nine Directors, seven Non-Executive Directors and two Executive Directors being the Managing Director - Mr. Nimal Perera and the Director Marketing & Business Development - Mr. Tharana Thoradeniya. Mr. B.M. Amarasekera resigned from the board due to his retirement on 19 July 2010 and Mr. F.P. de Alwis passed away and ceased to hold office as Director with effect from 7 October 2010.

There is a balance of Executive and Non-Executive Directors to ensure that the decisions taken by the Board are collective. The Non-Executive Directors do not have any business interest that could materially interfere with the exercise of their independent judgment.

Each Non-Executive Director has submitted a Declaration of his independence or non- independence as required under the Listing Rules of the Colombo Stock Exchange.

The Board has resolved that Mr. R.B. Thambiayah, Mr. L.T. Samarawickrama, Mr. M.D.S. Goonatilleka, Mr. R.N. Asirwatham and Mr. G.A.R.D. Prasanna can be classified as Independent Non-Executive Directors although they serve on the boards of other subsidiary companies of RCL in which a majority of the other members of the Board are also Directors.

Board Sub-Committees

Audit Committee

The Audit Committee is responsible for monitoring the integrity of financial statements of the Company by ensuring compliance with relevant financial reporting regulations and requirements. The Audit committee also oversees the relationship between the Company and the Auditor and reviews the Company's financial reporting system.

The Board has appointed an Audit Committee consisting entirely of Non-Executive Independent Directors which is chaired by Mr. M.D.S. Goonatilleke. A comprehensive Report of the Audit Committee appears on page 39.

Remuneration Committee

The Remuneration Committee decides on the remuneration of Executive Directors and sets guidelines for the remuneration of the management staff within the Group. The Committee, consisting of Non-Executive directors, all of whom are Independent, is chaired by Mr. R.B. Thambiayah. The Report of the Remuneration Committee appears on page 41. The total of Directors' Remuneration is reported in Note 27 to the Financial Statements, on page 81.

Board Meetings and Attendance

Scheduled Board and Board Sub-Committee meetings are arranged well in advance to ensure, as far as possible, that the Directors can manage their time commitments. All Directors are provided with supporting papers and relevant information for each meeting and are expected to attend, unless there are exceptional circumstances that prevent them from doing so. Regular meetings of the Main Board are scheduled once a month to consider, among other matters, the performance and financial statements for the period and to approve routine capital expenditure of the Company. Special Board meetings

Corporate Governance

Name	Directorship Status	Main Board	Audit Committee	Remuneration Committee
Total Number of Meetings Held		12	3	3
Mr. A M Weerasinghe	Non-Executive Chairman	12/12*	N/A	N/A
Mr. K D D Perera	Non-Executive Deputy Chairman	2/12	N/A	N/A
Mr. W D N H Perera	Managing Director	12/12	3/3♦	3/3♦
Mr. T G Thoradeniya	Executive Director	10/12	N/A	N/A
Mr. B M Amarasekera (resigned w.e.f 19 th July 2010)	Independent Non-Executive Director	3/3	1/1	0/0*
Mr. F P de Alwis (resigned w.e.f 7 th October 2010)	Independent Non-Executive Director	4/5	N/A	N/A
Mr. R B Thambiayah	Independent Non-Executive Director	10/12	N/A	3/3*
Mr. L T Samarawickrama	Independent Non-Executive Director	9/12	3/3	3/3
Mr. M D S Goonetilleke	Independent Non-Executive Director	12/12	3/3*	3/3
Mr. G A R D Prasanna	Independent Non-Executive Director	11/12	N/A	N/A
Mr. R N Asirwatham	Independent Non-Executive Director	12/12	2/3	N/A

*Chairman

♦ By invitation

were also held as and when required to discuss urgent matters. Attendance at the scheduled Board meetings is set out below.

Relationship with Shareholders

Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Group considers as its principal communication with them and other stakeholders. The shareholders have the opportunity of meeting the Board and forwarding their questions at the Annual General Meeting. The Board believes the AGM as a means of continuing effective dialogue with shareholders. The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the Financial Statements for the year. However, this does not limit the shareholders' communication with the Board, and they are free to communicate anytime with the Managing Director, Company Secretary or any of the senior managers depending on the matter to be addressed.

Internal Control

The Board places a high priority on internal controls to manage the day-to-day affairs of the company.

The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls, including financial, operational and compliance control and risk management. It is important to state, however that any system can ensure only reasonable, and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time.

The Group's Internal Audit Department plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where necessary. The Internal Audit reports are made available to the Managing Director, Head of Finance & Treasury and the Audit Committee.

The Group also obtains the services of independent professional accounting firms other than the statutory auditors to carry out internal audits and reviews to supplement the work done by the Internal Audit Department.

The board has reviewed the effectiveness of the system of financial controls for the period up to date of signing the accounts.

Disclosure

The Board's policy is to disclose all relevant information to stakeholders, within the bounds of prudent commercial judgment, in addition to preparing the financial statements in accordance with Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, and in conformity with Stock Exchange disclosure requirements.

Going Concern

The Board of Directors, after conducting necessary inquiries and reviews of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash

flows and borrowing facilities, has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.

Compliance

The Group's level of Compliance with the CSE's New Listing Rules – Section 7.10 on Corporate Governance are given in the table below.

Other Information

The Annual Report contains statements from the Board, including the responsibilities of the Directors for the preparation of the Financial Statements, and the Directors are of the view that they have discharged their responsibilities as set out in this statement. The performance of the company and its subsidiaries during the year under review and the future prospects of the Group are covered in the Managing Director's review of operations and the Management Discussion.

Corporate Governance Principles	CSE Rule Reference	Compliance Status	Rocell's level of Compliance
Non-Executive Directors	7.10.1	Compliant	Seven out of nine Directors are Non-Executive
Independent Directors	7.10.2	Compliant	Five out of seven Non-Executive Directors are "Independent".
Disclosures relating to Directors	7.10.3	Compliant	Given under the heading of Composition of the Board of this Report and also refer page 12.
Remuneration Committee	7.10.5 (a) 7.10.5 (b) 7.10.5 (c)	Compliant	The Committee comprises of three Non-Executive Independent Directors Please refer Remuneration Committee Report on page 41. The aggregate remuneration paid to Executive and Non-Executive Directors is given under Note 27 to the Financial Statements on page 81.
Audit Committee	7.10.6 (a) 7.10.6 (b) 7.10.6 (c)	Compliant	The Committee comprises of three Non-Executive Directors, all of whom are Independent. The Chairman of the Committee is a Member of a recognised professional accounting body. The Managing Director and the Head of Finance & Treasury attend Committee meetings by invitation. Please refer Audit Committee Report on page 39. The names of the Audit Committee members and the basis of determination of the independence of the auditor is also given in the Audit Committee report.

Statement of Directors' Responsibilities

The responsibilities of the Directors in relation to the financial statements of the Company are set out in the following statement. The responsibility of the Auditors, in relation to the financial statements, prepared in accordance with the provision of the Companies Act No. 07 of 2007, is set out in the Independent Auditors' report appearing on page 45.

The Companies Act No. 07 of 2007 stipulates that Directors are responsible for the preparation of financial statements for each financial year and place before a general meeting financial statements, comprising a Profit and Loss Account and a Balance Sheet which presents a true and fair view of the state of affairs of the Company as at the end of the financial year and which comply with the requirements of the above Act.

The financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards. In preparing the financial statements appropriate accounting policies have been selected and applied consistently, whilst reasonable and prudent judgments and estimates have been made.

As per Section 148 of the Act, the Directors are required to maintain sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to ensure that the financial statements presented comply with the requirements of the Companies Act.

The Directors are also responsible for devising proper internal controls for safeguarding the assets of the Company against unauthorised use or disposition and prevention and detection of fraud and for reliability of financial information used within the business or publication.

The Directors continue to adopt the going concern basis in preparing accounts and after making inquiries and following a review of the Company's budget for the financial year 2011/2012, including cash flows and borrowing facilities, consider that the company has adequate resources to continue in operation.

The Board of Directors is of the opinion that Board has discharged its responsibilities as set out above.

By order of the Board of
Royal Ceramics Lanka PLC

(sgd)
Secretaries & Registrars (Pvt) Limited
Secretaries

Colombo
20 May 2011

Report of the Audit Committee

Committee Composition

The Audit Committee comprises of three Non-Executive Directors, all of whom are Independent and is chaired by Mr. Goonatilleke, who is an Associate member of the Institute of Chartered Management Accountants (UK) and a passed finalist of the Institute of Chartered Accountants (Sri Lanka).

The members of the Board appointed Audit Committee are;

Mr. M D S Goonatilleke - Chairman

Mr. B M Amarasekara
(Resigned w.e.f. 19 July 2010)

Mr. L T Samarawickrama

Mr. R N Asirwatham

The Board Secretary functions as the Secretary to the Audit Committee.

The Audit Committee has a written Terms of Reference, dealing clearly with its authority and duties. This is established for the purpose of assisting the Board in fulfilling their oversight responsibilities regarding the integrity of the Financial Statements, risk management, internal control, and compliance with legal and regulatory requirements, review of External Auditor's performances, independence and the internal audit functions.

Meetings

The Audit Committee met three times during the year. The Managing Director, Head of Finance & Treasury, and Chief Internal Auditor also attended these meetings by invitation. The other executives and external auditors do so as and when required. Attendance by the Committee members at each of these meetings is given in the Corporate Governance Report on page 34.

Financial Reporting

As part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, the Committee has reviewed and discussed with the Management,

the annual and the quarterly Financial Statements prior to their issuance, including the extent of compliance with the Sri Lanka Accounting Standards and the Companies Act No. 07 of 2007. Matters of special interest in the current environment and the processes that support certifications of the Financial Statements by the Company's Managing Director and Head of Finance & Treasury were also brought up for discussion.

Risks and Controls

During the year, the Committee assessed the major business and control risks and the control environment prevalent in the Company and advised the Board on action to be taken in areas where weaknesses were observed. The Committee reviewed reports on losses resulting from frauds and operational failures, and scrutinised the effectiveness of the Company's internal control system already in place and the processes for identification, evaluation and management of all significant risks.

External Audit

The Committee met with the External Auditor during the year to discuss their audit approach and procedures, including matters relating to the scope of the audit. In addition, the annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process was also undertaken. The Lead Audit Partner is required to be rotated every five years, in order to ensure the independence of the Auditor.

The Committee reviewed the Management Letter issued by the External Auditor together with the management responses thereto. The Non-Audit Services provided by the External Auditor was also reviewed and the Committee was of the view that such services did not impair with their independence and were not within the category of services identified as restricted under The Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

The Letter of Representation issued to the External Auditor was tabled at the Audit Committee meeting.

Report of the Audit Committee

The re-appointment of the External Auditor, M/s Ernst & Young has been recommended to the Board of Directors and the Committee has also fixed the Auditor's remuneration, for approval by the shareholders at the Annual General Meeting.

Internal Audit

During the year, the Audit Committee reviewed the performance of the internal audit function, the findings of the audits completed which covered the head-office, showrooms, stores, factories, etc... with special reference to the internal controls regarding inventory and debtors, and the Department's resource requirements including succession planning and also approved the internal audit plan.

Regulatory Compliance

The Head of Finance & Treasury has submitted to the Audit Committee, a report on the extent to which the Company was in compliance with mandatory and statutory requirements. The Committee reviewed the procedures established by Management for compliance with the requirements of regulatory bodies and also ensured the full compliance to the Colombo Stock Exchange Rule No 7.10 on Corporate Governance disclosure requirements, which is given on page 34.

Committee Evaluation

The annual evaluation of the Committee was conducted by the Non-Executive Chairman, the Managing Director, the Head of Finance and Treasury, the Chief Internal Auditor and the External Auditor in accordance with International best practices and was deemed to be satisfactory.

(Sgd.)

M D S Goonatileke

Chairman

Audit Committee

20 May 2011

Report of the Remuneration Committee

The Remuneration Committee, appointed by and responsible to the Board of Directors, comprises three Non-Executive Independent Directors.

Mr. R B Thambiayah - Chairman
(w.e.f. 30 December 2010)

Mr. B M Amarasekera - Ex-Chairman
(Resigned w.e.f. 19 July 2010)

Mr. L T Samarawickrama

Mr. M D S Goonatilleke
(w.e.f. 30 December 2010)

Policy

The remuneration policy of the Company endeavours to attract, motivate, and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company. The Committee focuses and is responsible to ensure that the total package is competitive to attract the best talent for the benefit of the Company.

The remuneration framework of the Company for the Non-Executive Chairman, Managing Director and Corporate Management is designed to create and enhance value to all stakeholders of the Company and to ensure alignment with the short and long-term interests of the Company and its Executives and in designing competitive compensation packages, the Committee consciously balances the short-term performance with medium to long-term goals of the Company.

Scope

The Committee reviews all significant changes in the Corporate sector in determining salary structures and terms and conditions relating to staff at senior Executive level. In this decision making process, necessary information, and recommendations are obtained from the Managing Director. The Committee deliberates and recommends to the Board of Directors the remuneration packages and annual increments and bonuses of the Managing Director, members of the Corporate Management and senior Executive staff and lays down guidelines for the

compensation structure for all Executive staff and overviews the implementation thereof.

The Managing Director who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed.

Fees

All Non-Executive Directors receive a fee for attendance at Board meetings and serving on sub-committees. They do not receive any performance or incentive payments. The total remuneration to Directors is shown in Note 27 on page 81.

Meetings

The Committee met thrice during the financial year under review. A report of the decisions approved and recommended to the Board by the Committee has been approved by the Board of Directors.

Professional Advice

The Committee has the authority to seek external professional advice on matters within its purview.

Committee Evaluation

Self-assessment by Committee members was completed with at the commencement of 2010.

(Sgd.)

R B Thambiayah

Chairman

Remuneration Committee

20 May 2011



Precise

Financial Information

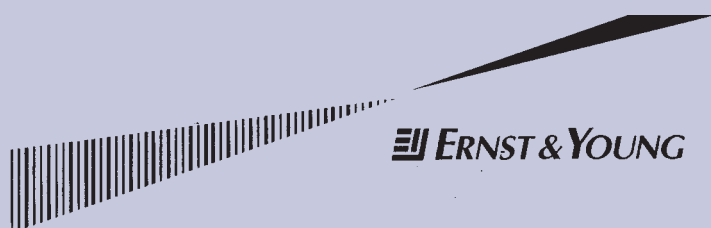


Not just any sink or any commode, Rocell masterpieces. Design paradigms that compete at the highest international arenas and is manufactured under ISO 14000, ISO 9001 and European CE certification.

Financial Calendar

Interim Report - 1st Quarter 2010/2011	15 July 2010
Rs. 2/50 per share First Interim Dividend for the financial year 2010/2011	14 September 2010
Interim Report - 2nd Quarter 2010/2011	21 October 2010
Interim Report - 3rd Quarter 2010/2011	10 January 2011
Interim Report - 4th Quarter 2010/2011	28 April 2011
Rs. 1/00 per share Second Interim Dividend for the financial year 2010/2011	20 May 2011
Annual Report 2010/2011	20 May 2011
21st Annual General Meeting	29 June 2011

Independent Auditors' Report



Chartered Accountants

201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : (0) 11 2463500
Fax : (0) 11 2697369
Tax : (0) 11 5578180
eysl@lk.ey.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROYAL CERAMICS LANKA PLC Report on the Financial Statements

We have audited the accompanying Financial Statements of Royal Ceramics Lanka PLC ("Company"), the Consolidated Financial Statements of the Company and its Subsidiaries which comprise the Balance Sheets as at 31 March 2011, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial

Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2011 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31 March 2011 and its Profit and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at 31 March 2011 and the Profit and Cash Flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its Subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Sections 151(2) and 153 (2) to 153(7) of the Companies Act No. 7 of 2007.

20 May 2011
Colombo.

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. Y A De Silva ACA W R H Fernando FCA FCMA
W K B S P Fernando FCA ACMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond)
H M A Jayasinghe FCA FCMA Ms. G G S Manatunga ACA Ms. L C G Nanayakkara FCA FCMA B E Wijesuriya ACA ACMA

Balance Sheet

As at 31 March	Note	Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	03	1,224,633,174	1,034,176,105	4,266,138,489	3,859,607,438
Investments in Subsidiaries	04	1,429,999,930	1,429,999,930	-	-
Other Receivables	06	183,961,983	173,941,350	183,961,983	173,941,350
		2,838,595,087	2,638,117,385	4,450,100,472	4,033,548,788
Current Assets					
Inventories	05	461,529,218	610,670,432	1,380,703,093	1,515,947,557
Trade and Other Receivables	06	563,361,932	494,858,344	647,379,480	566,534,674
Other Investments	07	1,919,782,728	312,524,052	1,919,782,728	312,524,052
Income Tax Recoverable		-	-	938,350	938,350
Cash and Cash Equivalents	14	46,992,243	42,376,554	61,167,881	55,381,434
		2,991,666,121	1,460,429,382	4,009,971,532	2,451,326,067
Total Assets		5,830,261,208	4,098,546,767	8,460,072,004	6,484,874,855
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	08	1,368,673,373	814,726,453	1,368,673,373	814,726,453
Reserves	09	-	365,714,239	100,734,594	466,448,833
Retained Earnings		2,058,975,079	1,150,356,468	3,581,146,346	2,605,149,770
Total Equity		3,427,648,452	2,330,797,160	5,050,554,313	3,886,325,056
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	10	318,899,021	177,811,872	994,949,656	670,024,875
Deferred Tax Liabilities	19	61,555,765	82,272,745	61,555,765	82,272,745
Retirement Benefit Liability	11	80,212,662	61,260,542	100,788,775	76,911,968
		460,667,448	321,345,159	1,157,294,196	829,209,588
Current Liabilities					
Trade and Other Payables	12	1,403,650,811	832,712,134	730,158,311	444,440,259
Dividend Payable	13	15,826,051	145,820,062	15,826,051	145,820,062
Income Tax Liabilities		35,252,593	20,028,743	35,252,593	20,028,743
Interest Bearing Loans and Borrowings	10	487,215,853	447,843,509	1,470,986,540	1,159,051,147
		1,941,945,308	1,446,404,448	2,252,223,495	1,769,340,211
Total Equity and Liabilities		5,830,261,208	4,098,546,767	8,460,072,004	6,484,874,855

I certify that these financial statements are in accordance with the requirements of the Companies Act No. 7 of 2007.



H. Somashantha

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;



A M Weerasinghe

Chairman



W D N H Perera

Managing Director

The Accounting Policies and Notes on pages 50 through 81 form an integral part of these financial statements

Colombo

May 20, 2011

Income Statement

Year ended 31 March	Note	Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Revenue	15	2,180,607,756	1,529,016,778	5,751,383,443	4,451,169,377
Cost of Sales		(1,142,049,418)	(771,755,243)	(3,096,817,905)	(2,332,449,181)
Gross Profit		1,038,558,338	757,261,535	2,654,565,538	2,118,720,196
Other Income and Gains	16	1,431,648,191	876,798,612	214,315,141	156,699,503
Distribution Expenses		(626,775,358)	(489,694,305)	(706,465,688)	(538,169,687)
Administrative Expenses		(303,646,613)	(266,003,930)	(423,971,098)	(355,236,715)
Finance Cost	17.1	(72,735,316)	(132,419,091)	(204,251,142)	(381,851,950)
Finance Income	17.2	438,055	1,280,546	672,511	1,482,840
Profit Before Tax	18	1,467,487,297	747,223,367	1,534,865,262	1,001,644,187
Income Tax Expense	19	(93,662,545)	(36,611,032)	(93,662,545)	(37,334,571)
Net Profit for the Year attributable to					
Equity holders of the Parent		1,373,824,752	710,612,335	1,441,202,717	964,309,616
Basic Earnings Per Share	20	12.40	6.41	13.01	8.70
Dividend Per Share	21	2.50	1.25	2.50	1.25

The Accounting Policies and Notes on pages 50 through 81 form an integral part of these financial statements.

Statement of Changes in Equity

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2009	814,726,453	367,343,301	576,601,801	1,758,671,555
Net Profit for the Year	-	-	710,612,335	710,612,335
Realised Surplus on Disposal of Property, Plant and Equipment Transferred to Retained Earnings	-	(1,629,062)	1,629,062	-
Dividends - 2009/10 - Interim	-	-	(138,486,730)	(138,486,730)
Balance as at 31 March 2010	814,726,453	365,714,239	1,150,356,468	2,330,797,160
Capitalisation of Reserves	553,946,920	(350,423,938)	(203,522,982)	-
Realised Surplus on Disposal of Property, Plant and Equipment Transferred to Retained Earnings	-	(15,290,301)	15,290,301	-
Net Profit for the Year	-	-	1,373,824,752	1,373,824,752
Dividends - 2009/10 - Final	-	-	(138,486,730)	(138,486,730)
Dividends - 2010/11 - First Interim	-	-	(138,486,730)	(138,486,730)
Balance as at 31 March 2011	1,368,673,373	-	2,058,975,079	3,427,648,452

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2009	814,726,453	468,077,895	1,777,697,822	3,060,502,170
Net Profit for the Year	-	-	964,309,616	964,309,616
Realised Surplus on Disposal of Property, Plant and Equipment Transferred to Retained Earnings	-	(1,629,062)	1,629,062	-
Dividends - 2009/10 - Interim	-	-	(138,486,730)	(138,486,730)
Balance as at 31 March 2010	814,726,453	466,448,833	2,605,149,770	3,886,325,056
Capitalisation of Reserves	553,946,920	(350,423,938)	(203,522,982)	-
Realised Surplus on Disposal of Property, Plant and Equipment Transferred to Retained Earnings	-	(15,290,301)	15,290,301	-
Net Profit for the Year	-	-	1,441,202,717	1,441,202,717
Dividends - 2009/10 - Final	-	-	(138,486,730)	(138,486,730)
Dividends - 2010/11 - First Interim	-	-	(138,486,730)	(138,486,730)
Balance as at 31 March 2011	1,368,673,373	100,734,594	3,581,146,346	5,050,554,313

The Accounting Policies and Notes on pages 50 through 81 form an integral part of these financial statements.

Cash Flow Statement

Year ended 31 March	Note	Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Cash Flows from / (used in) Operating Activities					
Profit from Operating Activities before tax		1,467,487,297	747,223,367	1,534,865,262	1,001,644,187
Adjustments for					
Dividend Income		(1,116,628,781)	(611,864,309)	(16,628,781)	(11,864,309)
Dividend Written back		(3,167,073)	-	(3,167,073)	
Interest Income		(438,055)	(1,280,546)	(672,511)	(1,482,840)
Depreciation of Property, Plant and Equipment		80,347,816	67,228,138	344,385,252	283,946,167
(Profit) / Loss on Sale of Property, Plant and Equipment		14,222,411	(20,384,438)	35,745,404	(20,451,438)
Finance Costs		72,735,316	132,419,091	204,251,142	381,851,950
Gain from Sale of Short-Term Investments		(199,451,460)	(170,086)	(199,451,460)	(170,086)
Investment Written off		-	13,260,000	-	13,260,000
Reversal of Provision made for Change in Market Value of the Investments		-	(121,745,574)	-	(121,745,574)
Provision for Defined Benefit Plans - Gratuity		21,248,690	18,073,426	26,519,833	24,978,804
Operating Profit before Working Capital Changes		336,356,161	222,759,069	1,925,847,068	1,549,966,861
(Increase) / Decrease in Inventories		149,141,214	(7,849,049)	135,244,464	(18,752,239)
(Increase) / Decrease in Trade and Other Receivables		(68,503,588)	462,221,200	(80,844,806)	(189,369,109)
Increase / (Decrease) in Trade and Other Payables		334,808,962	(292,609,751)	49,588,337	65,617,825
Cash Generated from Operations		751,802,749	384,521,469	2,029,835,063	1,407,463,338
Finance Costs Paid		(72,735,316)	(132,419,091)	(204,251,142)	(381,851,950)
Defined Benefit Plan Costs Paid		(2,296,569)	(1,658,216)	(2,643,026)	(1,914,586)
Income Tax Paid		(99,155,675)	(15,804,522)	(99,155,675)	(16,528,060)
Net Cash Flows from / (used in) Operating Activities		577,615,189	234,639,640	1,723,785,220	1,007,168,742
Cash Flows from / (used in) Investing Activities					
Acquisition of Property, Plant and Equipment		(275,008,098)	(136,500,560)	(758,164,205)	(231,264,675)
Proceeds from Sale of Property, Plant and Equipment		1,230,801	25,885,000	3,065,976	25,888,790
Proceeds from Sale of Short Term investments		483,084,290	40,248,047	483,084,290	40,248,047
Acquisition of Short-Term Investments		(1,664,782,423)	(63,485,015)	(1,664,782,423)	(63,485,015)
Acquisition of Investment in Subsidiary		-	(351,000,000)	-	-
Interest Received		438,055	1,280,546	672,511	1,482,840
Dividends Received		1,116,628,781	611,864,309	16,628,781	11,864,309
Net Cash Flows from/(used in) Investing Activities		(338,408,594)	128,292,327	(1,919,495,070)	(215,265,704)
Cash Flows from / (used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings		702,974,440	244,322,774	1,884,177,134	931,984,499
Repayment of Interest Bearing Loans and Borrowings		(600,628,607)	(462,190,223)	(1,483,244,813)	(1,521,349,566)
Capital Repayments under Finance Lease Liabilities		(2,225,426)	(1,076,756)	(8,602,758)	(4,333,728)
Dividends Paid		(403,800,398)	(413,947)	(403,800,398)	(413,947)
Net Cash Flows from/(used in) Financing Activities		(303,679,991)	(219,358,152)	(11,470,835)	(594,112,742)
Net Increase/(Decrease) in Cash and Cash Equivalents		(64,473,396)	143,573,815	(207,180,685)	197,790,296
Cash and Cash Equivalents at the beginning of the year	14	(79,696,960)	(223,270,775)	(306,605,959)	(504,396,255)
Cash and Cash Equivalents at the end of the year	14	(144,170,356)	(79,696,960)	(513,786,644)	(306,605,959)

The Accounting Policies and Notes on pages 50 through 81 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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 year ended 31 March 2011 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.

1.2 Parent Enterprise and Ultimate Parent Enterprise

The Company's ultimate parent undertaking is Vallibel One Limited (with effect from 26 October 2010).

1.3 Principal Activities and Nature of Operations

During the year the principal activities of the group were as follows:

Royal Ceramics Lanka PLC	- Manufacture and marketing of floor and wall tiles and undertaking designing and laying of tiles.
Royal Ceramics Distributors (Private) Limited	- Non Operational.
Royal Porcelain (Private) Limited	- Manufacture and marketing of floor tiles.
Rocell Bathware Limited	- Manufacture and marketing of sanitaryware.

1.4 Date of Authorization for Issue

The Consolidated Financial Statements of Royal Ceramics Lanka PLC, for the year ended 31 March

2011 were authorized for issue in accordance with the resolution of the Board of Directors on 20 May 2011.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The Financial Statements of Royal Ceramics Lanka PLC and its subsidiaries have been prepared on a historical cost basis, except for land and buildings that have been measured at fair value as explained in Note 3.4 to the Financial Statements. The Financial Statements are presented in Sri Lankan Rupees.

The preparation and presentation of these Financial Statements is in compliance with the Companies Act, No. 7 of 2007.

2.1.1 Statement of Compliance

The Financial Statements of Royal Ceramics Lanka PLC and all its subsidiaries (the Group) have been prepared in accordance with Sri Lanka Accounting Standards.

2.1.2 Comparative Information

The accounting policies adopted are consistent with those used in previous financial year.

Certain prior year figures and phases have been rearranged whenever necessary to conform to the current year presentation.

2.1.3 Going Concern

The Directors have made an assessment of the company's ability to continue as a going concern and they do not intend either to liquidate or cease trading.

2.2 Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies.

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The details of Subsidiaries are as follows:

Company Name	Year of Incorporation	Ownership Percentage
Royal Ceramics Distributors (Private) Limited.	1993/1994	100%
Royal Porcelain (Private) Limited	2000/2001	100%
Rocell Bathware Limited	2005/2006	100%

The consolidated financial statements incorporating all subsidiaries in the Group are prepared to common financial year ending March 31 using uniform Accounting Policies for like transactions and in similar circumstance and are applied consistently.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income, expenses, profits and losses resulting from intra-group transactions are eliminated in full.

2.3 Significant Accounting Judgments, Estimates and Assumptions

The Financial Statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the Balance Sheet and amounts charged to the Income Statement. These could result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant Notes to the Financial Statements.

Defined Benefit Plans

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further details are given in Note 11.

2.4 Summary of Significant Accounting Policies

2.4.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.4.2 Taxation

(a) Income Tax

Royal Ceramics Lanka PLC and Royal Ceramics Distributors (Private) Limited

The Provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue act No. 10 of 2006. Relevant details are disclosed in Note 19 to these Financial Statements.

Royal Porcelain (Private) Limited

Pursuant to agreement dated 20 December 2001 entered into with Board of Investment under section 17 of the Board of Investment Law, Inland Revenue Act relating to the imposition, payment and recovery of

Notes to the Financial Statements

income tax shall not apply for a period of 10 years from the year of assessment 2002/2003. This exemption expires on year of assessment 2012/2013.

Rocell Bathware Limited

Pursuant to agreement dated 07 July 2006 entered into with Board of Investment under section 17 of the Board of Investment Law, Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply for a period of 06 years from the year of assessment in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever year is earlier. After the expiration of tax exemption period the profits and income of the enterprise shall be charged for any year of assessment at the rate of 15%.

(b) Deferred Tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and

the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or subsequently enacted as at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in the equity statement and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relates to the same taxable entity and the same taxation authority.

Royal Porcelain (Private) Limited and Rocell Bathware Limited

As the Inland Revenue Act does not apply as stated above, temporary differences do not exist during the tax exemption period. Therefore deferred tax does not apply.

(c) Economic Service Charge (ESC)

As per the provisions of the Economic Service Charges Act No. 13 of 2006, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the income tax liability. Any unclaimed liability can be carried forward and set off against the income tax payable for further four years.

(d) Social Responsibility Levy (SRL)

As per the provisions of the Finance Act No 5 of 2005, as amended by the Finance Act No. 11 of 2006, SRL was introduced with effect from 1 January 2005. SRL is payable at the rate of 1.5% on all taxes and levies chargeable as specified in the First schedule of the Act. However, SRL has been abolished with effect from 1 April 2011.

(e) Turnover Based Taxes

Turnover based taxes include Value Added Tax (VAT), Turnover Tax (TT) and Nation Building Tax (NBT). The Company/Group pays such Taxes in accordance with the respective statutes. However, Turnover Tax has been abolished with effect from 1 January 2011.

2.4.3 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred except to the extent where borrowing cost that are directly attributable to acquisition, construction or production of assets that takes a substantial period of time to get ready for its intended use or sale. Such borrowing costs are capitalized as part of those assets.

2.4.4 Development Cost

Development expenditure incurred on product development is recognized as an asset to the extent that such expenditure is expected to generate future

economics benefits and amortized over the expected useful life time which is 5 years.

2.4.5 Inventories

Inventories are valued at lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition are accounted using the following cost formulae:

- (a) Raw material - at actual cost on first-in-first-out (FIFO) basis.
- (b) Finished goods and Work in progress - at the cost of direct material, direct labour and appropriated proportion of production overheads based on normal operating capacity.
- (c) Goods in transit have been valued at cost.

2.4.6 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.

Other receivables and dues from related parties are recognized at cost less allowances for bad and doubtful receivables.

2.4.7 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Notes to the Financial Statements

2.4.8 Property, Plant and Equipment

(a) Cost and Valuation

All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at revalued amounts less any subsequent depreciation thereon. All other property, plant and equipment are stated at cost less accumulated depreciation. Accumulated depreciation is provided for, on the bases specified in (c) below.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance, is recognised as an expense when incurred.

(c) Depreciation

Depreciation is calculated by using a straight-line basis on all property, plant and equipment, other than freehold land, in order to write off the cost or valuation over the estimated economic life of such assets. The annual rates of depreciation generally used by Companies in the group are as follows;

- Buildings, Water Supply Scheme and Electricity Distribution	Over 25 to 40 years
- Motor Vehicles, Furniture and Fittings, Household items - Heavy and Construction, Lab and Other Equipment	Over 05 years
- Tools, Sundry Inventory and Household items - Light	Over 02 years
- Factory Equipment, Plant and Machinery, Moulds and Communication Equipment	Over 10 to 20 years
- Office Equipment	Over 6.67 years
- Showroom Fixtures and Fittings	Over 10 to 15 years

(d) Revaluation

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(e) De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

(f) Capital Work in Progress

Capital work in progress represents the cost of civil construction work not completed and property plant and equipment that are not ready for their intended use.

2.4.9 Leases

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned as described in note 2.4.8.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

2.4.10 Investments

(a) Short Term Investments

Short-term investments are stated at lower of cost and market value on an aggregate portfolio basis, with any resultant gain or loss recognized in the income statement.

The cost of the investment is the cost of acquisition inclusive of brokering fee, duties and bank fees.

(b) Long Term Investments

Quoted and unquoted investments in shares held on long-term basis are stated at cost. The cost of the investment is the cost of acquisition inclusive of brokering fee, duties and bank fees.

Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions, other than temporary declines in carrying amounts are charged to income statement.

2.4.11 Provision

Provisions are recognized when the Company/Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.4.12 Retirement Benefit Obligations

(a) Defined Benefit Plan – Gratuity

The Group measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan with the advice of an independent professional actuary once in every three (03) years using the Projected Unit Credit Method as required by Sri Lanka Accounting Standards No 16 (Revised 2006)- Employee Benefits.

The item is stated under Retirement Benefit Liability in the Balance Sheet.

Notes to the Financial Statements

Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognised as income or expenses when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at the date.

The gains/losses are recognised over the expected average remaining working lives of the employees participating in the plan.

Funding Arrangements

The Gratuity liability is not externally funded.

(b) Defined Contribution Plans- Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. These are recognized as an expense in the income statement as incurred.

The group contributes 12% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.4.13 Impairment of Assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted

to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously re-valued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

2.5 Income Statement

2.5.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

(a) Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer; with the group retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Interest Income

Interest Income on investment is recognised on an accrual basis unless collectibility is in doubt.

(c) Dividends

Dividend Income is recognised when the shareholders' right to receive the payment is established.

(d) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

(e) Rental Income

Rental income is recognised on an accrual basis.

(f) Other

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant and equipment and other non current assets including investments have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued property, plant and equipment, amount remaining in revaluation reserve relating to that asset is transferred directly to Retained Earnings.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.6 Segment Reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services that is subject to risk and returns that are different from those of other business segments.

In accordance with SLAS 28 on Segment Reporting, segment information is presented in respect of the Group.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting the Financial Statements of the Group.

2.7 Effect of Sri Lanka Accounting Standards Issued but not yet Effective

The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka.

- a) Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44)
- Sri Lanka Accounting Standard 45 Financial Instruments; Recognition and Measurement (SLAS 45)
- Sri Lanka Accounting Standard 39 Share Based Payments (SLAS 39)

The effective date of SLAS 44, 45 and 39 was changed during the year to be effective for financial periods beginning on or after 01 January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned under note (b).

Due to the complex nature of the effects of these standards, the impact of adoption cannot be estimated as at the date of publication of these Financial Statements.

- b) Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of the Institute of Chartered Accountants of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 01 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.

	Balance As at 01.04.2010 Rs.	Charge for the Year Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
3. PROPERTY, PLANT AND EQUIPMENT - COMPANY (Contd....)				
3.2 Depreciation				
At Cost or Valuation				
Buildings	24,164,241	12,424,114	(1,804,960)	34,783,395
Water Supply Scheme	153,843	11,828	-	165,671
Lab Equipment	2,759,496	211,155	-	2,970,651
Motor Vehicles	20,860,877	4,195,632	(661,066)	24,395,443
Electricity Distribution	3,740,851	323,226	-	4,064,077
Office Equipment	89,012,484	8,922,344	-	97,934,828
Communication Equipment	6,090,307	569,534	-	6,659,841
Furniture and Fittings	15,648,460	6,511,190	-	22,159,650
Tools and Implements	44,259,083	5,177,782	-	49,436,865
Other Equipment	13,722,075	3,096,831	-	16,818,906
Factory Equipment	23,250,635	1,226	-	23,251,861
Construction Equipment	2,236,047	-	-	2,236,047
Plant and Machinery	597,616,073	14,049,892	-	611,665,965
Plant and Machinery Polishing Plant	52,384,212	3,283,411	-	55,667,623
Household Item - Heavy	33,690	-	-	33,690
Household Item - Light	1,393,510	684,838	-	2,078,348
Showroom Fixtures and Fittings	40,378,538	18,427,713	-	58,806,251
Stores Buildings on Lease hold Land	2,379,086	396,514	-	2,775,600
	940,083,508	78,287,231	(2,466,026)	1,015,904,713
Assets on Finance Leases				
Motor Vehicles	1,777,873	2,060,585	-	3,838,458
	1,777,873	2,060,585	-	3,838,458
Total Value of Depreciation	941,861,381	80,347,816	(2,466,026)	1,019,743,171

3.3 Net Book Values

	2011 Rs.	2010 Rs.
At Cost or Valuation	1,046,743,576	973,926,868
On Finance Leases	15,017,694	5,673,979
	1,061,761,270	979,600,847
In the Course of Construction	162,871,904	54,575,258
	1,224,633,174	1,034,176,105

Notes to the Financial Statements

- 3.4** The fair value of land and buildings was determined by means of a revaluation during the financial year 2008 by Mr. A.A.M. Fathihu, an independent valuer, in reference to market based evidence. The results of such valuation was incorporated in the financial statements from its effective date, which is 31st March 2008. The surplus arising from the revaluation net of deferred tax was transferred to a Revaluation Reserve.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation is as follows.

Class of Assets	Cost Rs.	Cumulative Depreciation if assets were carried at cost Rs.	Net Carrying Amount 2011 Rs.	Net Carrying Amount 2010 Rs.
Land	104,923,580	-	104,923,580	104,923,580
Buildings	170,439,803	70,940,138	99,499,665	106,040,159
	275,363,383	70,940,138	204,423,245	210,963,739

- 3.5** During the financial year, the company acquired Property, Plant and Equipment for cash to the aggregate value of Rs. 275,008,098/- (2010 - Rs. 136,500,560/-)
- 3.6** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 755,533,676/- (2010 - Rs. 711,529,634/-)

	Balance As At 01.04.2010 Rs.	Additions / Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
3. PROPERTY, PLANT AND EQUIPMENT - GROUP (Contd....)				
3.7 Gross Carrying Amounts				
At Cost or Valuation				
Freehold Land	472,713,636	15,547,750	-	488,261,386
Buildings	1,111,165,807	7,827,099	(20,002,181)	1,098,990,725
Water Supply Scheme	295,687	-	-	295,087
Lab Equipment	6,255,047	297,000	-	6,552,047
Motor Vehicles	59,734,408	32,872,403	(994,400)	91,612,411
Electricity Distribution	12,592,145	-	-	12,592,145
Office Equipment	134,218,832	11,690,546	-	149,909,379
Communication Equipment	9,612,823	4,226	-	9,617,049
Furniture and Fittings	141,199,784	25,293,613	-	166,493,397
Tools and Implements	68,853,509	4,489,887	(3,340)	13,340,056
Other Equipment	45,796,000	3,737,446	(42,713)	49,490,733
Factory Equipment	32,096,933	15,309	-	32,112,242
Moulds	122,854,155	3,444,177	-	126,298,332
Construction Equipment	2,341,595	3,715,215	-	6,656,810
Plant and Machinery	2,905,511,443	111,386,659	(37,876,380)	2,979,021,722
Plant and Machinery Polishing Plant	62,295,726	-	-	62,295,726
Household Item - Heavy	8,236,167	291,057	42,713	8,569,937
Household Item - Light	4,769,125	272,779	-	5,041,904
Showroom Fixtures and Fittings	217,794,359	46,103,944	-	263,898,303
Stores Buildings on Lease hold Land	9,038,945	-	-	9,038,945
	5,427,376,127	266,989,110	(58,876,301)	5,635,488,936
Assets on Finance Leases				
Furniture and Fittings	-	12,653,596	-	12,653,596
Construction and Other Equipment	-	5,329,148	-	5,329,148
Motor Vehicles	21,551,852	13,735,034	-	35,286,886
	21,551,852	31,717,778	-	53,269,630
	5,448,927,980	298,706,888	(58,876,301)	5,688,758,566
In the Course of Construction				
Capital Work in Progress	77,075,448	1,064,671,053	(573,650,259)	568,096,242
Total Gross Carrying Amount	5,526,003,428	1,363,377,941	(632,526,560)	6,256,854,808

Notes to the Financial Statements

	Balance As at 01.04.2010 Rs.	Charge for the Year Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2011 Rs.
3.8 Depreciation				
At Cost or Valuation				
Buildings	60,484,641	36,530,303	(2,359,483)	94,655,461
Water Supply Scheme	153,843	11,828	-	165,671
Lab Equipment	6,127,438	2,094,783	-	8,222,221
Motor Vehicles	34,835,920	9,590,839	(661,066)	43,765,693
Electricity Distribution	4,041,618	323,226	-	4,364,844
Office Equipment	94,295,907	11,357,625	-	105,653,532
Communication Equipment	6,266,122	750,880	-	7,017,002
Furniture and Fittings	54,745,801	33,227,302	-	87,973,103
Tools and Implements	61,973,255	6,095,328	-	68,068,583
Other Equipment	27,379,306	3,792,569	(1,843)	31,170,032
Factory Equipment	24,227,032	237,962	-	24,464,994
Construction Equipment	2,319,196	1,799,912	-	4,119,108
Plant and Machinery	1,157,281,742	189,858,260	(17,044,371)	1,330,095,631
Moulds	15,636,281	14,841,911	-	30,478,192
Plant and Machinery Polishing Plant	52,384,212	3,283,411	-	55,667,623
Household Item - Heavy	4,359,573	1,381,018	1,843	5,742,434
Household Item - Light	4,686,599	1,349,282	-	6,035,881
Showroom Fixtures and Fittings	40,921,502	19,181,438	-	60,102,940
Stores Buildings on Lease hold Land	6,038,126	2,226,034	-	8,264,160
	1,658,158,117	337,933,911	(20,064,920)	1,976,027,107
Assets on Finance Leases				
Furniture and Fittings	-	949,020	-	949,020
Construction and Other Equipment	-	621,734	-	621,734
Motor Vehicles	8,237,872	4,880,586	-	13,118,458
	8,237,872	6,451,340	-	14,689,212
Total Value of Depreciation	1,666,395,989	344,385,251	(20,064,920)	1,990,716,319

	2011 Rs.	2010 Rs.
3.9 Net Book Values		
At Cost	3,659,461,829	3,769,218,010
On Finance Leases	38,580,418	13,313,980
	3,698,042,247	3,782,531,990
In the Course of Construction	568,096,242	770,075,448
	4,266,138,489	3,859,607,438

- 3.10** The fair value of land and buildings was determined by means of a revaluation during the financial year 2008 by Mr. A.A.M. Fathihu, an independent valuer, in reference to market based evidence. The results of such valuation was incorporated in the financial statements from its effective date, which is 31st March 2008. The surplus arising from the revaluation net of deferred tax was transferred to a Revaluation Reserve.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation is as follows:

Class of Asset	Cost Rs.	Cumulative Depreciation if assets were carried at cost Rs.	Net Carrying Amount 2011 Rs.	Net Carrying Amount 2010 Rs.
Land	159,107,402	-	159,107,402	159,107,402
Buildings	415,757,216	128,292,059	287,465,157	301,167,648
	574,864,618	128,292,059	446,572,559	460,275,050

- 3.11** During the financial year, the company acquired Property, Plant and Equipment for cash to the aggregate value of Rs.758,164,205/- (2010 - Rs.231,264,675/-)

- 3.12** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 341,401,673/- (2010 Rs. 745,800,065/-)

	Holding 2011 %	Holding 2010 %	Cost 2011 Rs.	Directors' Valuation 2011 Rs.	Cost 2010 Rs.	Directors' Valuation 2010 Rs.
4. INVESTMENTS IN SUBSIDIARIES						
Company						
Non-Quoted						
Royal Ceramics						
Distributors (Pvt) Limited	100%	100%	500,000	-	500,000	-
Royal Porcelain (Pvt) Limited	100%	100%	500,000,000	500,000,000	500,000,000	500,000,000
Rocell Bathware Limited	100%	100%	929,999,930	929,999,930	929,999,930	929,999,930
Total Non-Quoted						
Investments in Subsidiaries			1,430,499,930	1,429,999,930	1,430,499,930	1,429,999,930
Total Gross Carrying						
Value of Investments			1,430,499,930		1,430,499,930	
Provision for Decline in Value			(500,000)		(500,000)	
Total Gross Carrying Value of						
Investments in Subsidiaries			1,429,999,930		1,429,999,930	

Notes to the Financial Statements

		Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
5. INVENTORIES					
Raw Materials		135,067,705	98,504,320	321,120,110	240,308,100
Construction Consumables		4,192,884	2,608,556	4,192,884	2,608,556
Spares and Consumables		144,853,784	118,134,486	319,990,873	269,114,560
Seat Covers and Accessories		-	-	80,304,395	67,202,827
Work in Progress		11,283,642	14,442,681	52,281,346	53,675,069
Finished Goods		189,643,355	381,930,766	614,587,904	889,421,022
Goods in Transit		2,400,568	10,769,472	18,480,100	13,679,071
		487,441,938	626,390,281	1,410,957,612	1,536,009,205
Less : Provision for Obsolete & Slow Moving Inventories		(25,912,720)	(15,719,849)	(30,254,519)	(20,061,648)
		461,529,218	610,670,432	1,380,703,093	1,515,947,557

		Current 2011 Rs.	Non Current 2011 Rs.	Total 2011 Rs.	Current 2010 Rs.	Non Current 2010 Rs.	Total 2010 Rs.
6. TRADE AND OTHER RECEIVABLES							
6.1 Company							
Trade Receivables		138,162,918	-	138,162,918	86,794,608	-	86,794,608
Receivables-Other		92,197,052	-	92,197,052	53,737,362	-	53,737,362
Related Parties (Note 6.1.1)		273,913,670	183,961,983	457,875,653	307,977,393	173,941,350	481,918,743
Advances and Prepayments		59,088,292	-	59,088,292	46,348,981	-	46,348,981
		563,361,932	183,961,983	747,323,915	494,858,344	173,941,350	668,799,694
6.1.1 Receivable from Related Parties							
Rocell Bathware Ltd		265,847,830	-	265,847,830	300,735,254	-	300,735,254
Royal Ceramics Distributors (Pvt) Ltd		7,399,176	-	7,399,176	7,242,139	-	7,242,139
Vallibel One Ltd		666,664	-	666,664	-	-	-
Rocell Ceramics Ltd		-	183,961,983	183,961,983	-	173,941,350	173,941,350
		273,913,670	183,961,983	457,875,653	307,977,393	173,941,350	481,918,743

	Current 2011 Rs.	Non Current 2011 Rs.	Total 2011 Rs.	Current 2010 Rs.	Non Current 2010 Rs.	Total 2010 Rs.
6.2 Group						
Trade Receivables	375,126,280	-	375,126,280	304,305,281	-	304,305,281
Provision for Bad and Doubtful Debts	-	-	-	(466,911)	-	(466,911)
	375,126,280	-	375,126,280	303,838,370	-	303,838,370
Receivables-Other	153,913,900	-	153,913,900	201,061,566	-	201,061,566
Related Parties (Note 6.2.1)	666,664	183,961,983	184,628,647	-	173,941,350	173,941,350
Advances and Prepayments	117,672,636	-	117,672,636	61,634,738	-	61,634,738
	647,379,480	183,961,983	831,341,463	566,534,674	173,941,350	740,476,024
6.2.1 Receivable from Related Parties						
Vallibel One Ltd	666,664	-	666,664	-	-	-
Rocell Ceramics Ltd	-	183,961,983	183,961,983	-	173,941,350	173,941,350
	666,664	183,961,983	184,628,647	-	173,941,350	173,941,350

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
7. OTHER INVESTMENTS				
Current				
Quoted				
Investments in Equity Securities (Note 7.1)	1,919,782,728	312,524,052	1,919,782,728	312,524,052
Total Carrying Value of Other Investments	1,919,782,728	312,524,052	1,919,782,728	312,524,052

	No. of Shares		Cost	Market	Cost	Market
	2011	2010	2011 Rs.	Value 2011 Rs.	2010 Rs.	Value 2010 Rs.
7.1 Investments in Equity Securities - Current						
Lanka Floor Tiles PLC	2,397	1,918	51,510	314,247	51,510	168,305
Lanka Walltile PLC	2,100	1,750	40,490	357,000	40,490	131,250
L. B. Finance PLC	3,818,694	3,363,497	297,498,843	668,653,319	59,612,382	208,536,814
The Fortress Resorts PLC	13,676,350	13,676,350	176,041,247	343,276,385	176,041,247	263,269,738
Hayleys PLC	3,495,633	177,190	1,143,071,949	1,335,681,369	27,704,543	39,867,750
ACL Cables PLC	19,600	-	1,881,196	1,842,400	-	-
NDB Bank PLC	-	240,000	-	-	49,073,880	50,400,000
John Keells Hotels PLC	2,000,000	-	42,428,400	34,400,000	-	-
Aitken Spence PLC	225,000	-	44,328,088	36,517,500	-	-
Tokyo Cement PLC	13,500	-	532,327	594,000	-	-
The Lanka Hospital Corporation PLC	475,800	-	25,377,448	21,315,840	-	-
Laugfs Gas PLC	587,300	-	31,475,546	26,076,120	-	-
Free Lanka Capital Holding PLC	5,320,000	-	25,129,020	25,129,020	-	-
Pan Asia Banking Corporation PLC	1,906,600	-	95,913,921	97,808,580	-	-
Central Finance Company PLC	30,100	-	36,012,743	38,338,370	-	-
Total Net Investments in Quoted Equity Securities			1,919,782,728	2,630,304,150	312,524,052	562,373,857

Notes to the Financial Statements

	2011		2010	
	Number of Voting Shares	Rs.	Number of Voting Shares	Rs.
8. STATED CAPITAL - COMPANY / GROUP				
Balance as at 01 April	55,394,692	814,726,453	55,394,692	814,726,453
Issue of Shares through Capitalisation of Reserves	55,394,692	553,946,920	-	-
Balance as at 31 March	110,789,384	1,368,673,373	55,394,692	814,726,453

Based on the resolution dated 30 December 2010, passed by the Board of Directors of the Company it was decided to capitalise reserves for the issue of 55,394,692 fully paid ordinary shares of Rs. 10/- each to the holders of ordinary shares of the Company as at end of trading on 10 January 2011, in the proportion of one new ordinary share for every one existing ordinary share. Accordingly, a sum of Rs. 350,423,938/- out of the funds standing to credit of the Company's revaluation reserve and a sum of Rs. 203,522,982/- from revenue reserves have been capitalised.

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
9. RESERVES				
Summary				
Revaluation Reserve (Note 9.1)	-	365,714,239	100,734,594	466,448,833
	-	365,714,239	100,734,594	466,488,833
9.1 Revaluation Reserve				
On: Property, Plant and Equipment				
As at 1 April	365,714,239	367,343,301	466,448,833	468,077,895
Realised Surplus on Disposal Transferred to Retained Earnings	(15,290,301)	(1,629,062)	(15,290,301)	(1,629,062)
Capitalisation of Reserves	(350,423,938)	-	(350,423,938)	-
As at 31 March	-	365,714,239	100,734,594	466,448,833

The above revaluation surplus consists of net surplus resulting from the revaluation of property plant and equipment as described in Note 3.4 and 3.10. The unrealised amount cannot be distributed to shareholders.

	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.	2010 Amount Repayable Within 1 Year Rs.	2010 Amount Repayable After 1 Year Rs.	2010 Total Rs.
10 INTEREST BEARING LOANS AND BORROWINGS						
10.1 Company						
Finance Leases (Note 10.1.1)	2,925,336	11,532,253	14,457,589	803,033	4,629,981	5,433,014
Long Term Loans (Note 10.1.2)	156,176,373	307,366,768	463,543,141	215,169,938	173,181,891	388,351,829
Short Term Loans (Note 10.1.3)	136,951,545	-	136,951,545	109,797,024	-	109,797,024
Bank Overdraft (Note 14.2)	191,162,599	-	191,162,599	122,073,514	-	122,073,514
	487,215,853	318,899,021	806,114,874	447,843,509	177,811,872	625,655,381

	As At 01.04.2010 Rs.	New Leases Obtained Rs.	Repayments Rs.	As At 31.03.2011 Rs.
10 INTEREST BEARING LOANS AND BORROWINGS (Contd.)				
10.1.1 Finance Leases				
Commercial Bank of Ceylon PLC	3,478,870	15,029,580	(2,694,533)	15,813,917
LB Finance PLC	4,548,224	-	(1,049,616)	3,498,608
	8,027,094	15,029,580	(3,744,149)	19,312,525
Gross Liability	8,027,094			19,312,525
Finance Charges Allocated to Future Periods	(2,594,080)			(4,854,936)
Net Liability	5,433,014			14,457,589
Payable within 1 year	803,033			2,925,336
Payable after 1 year before 5 years	4,629,981			11,532,253
	5,433,014			14,457,589

Security : Assets Leased

Terms of Payment : 48 - 60 Installments

	As At 01.04.2010 Rs.	Loans Obtained Rs.	Repayment Rs.	As At 31.03.2011 Rs.
10.1.2 Long Term Loans				
Commercial Bank of Ceylon PLC	156,729,440	300,000,000	(73,926,336)	382,803,104
Hatton National Bank PLC	125,340,862	-	(63,767,492)	61,573,370
HSBC Limited	96,666,667	-	(77,500,000)	19,166,667
NDB Bank PLC	9,614,860	-	(9,614,860)	-
	388,351,829	300,000,000	(224,808,688)	463,543,141
Payable within 1 year	215,169,938			156,176,373
Payable after 1 year	173,181,891			307,366,768
	388,351,829			463,543,141

Details of the Long Term Loans of the company are given in note no 10.2.3

	As At 01.04.2010 Rs.	Loans Obtained Rs.	Repayment Rs.	As At 31.03.2011 Rs.
10.1.3 Short Term Loans				
Commercial Bank of Ceylon PLC	72,916,522	291,621,724	(249,856,174)	114,682,072
Seylan Bank PLC	18,844,000	55,305,000	(61,434,000)	12,715,000
HSBC Limited	18,036,502	56,047,716	(64,529,745)	9,554,473
	109,797,024	402,974,440	(375,819,919)	136,951,545

Notes to the Financial Statements

	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.	2010 Amount Repayable Within 1 Year Rs.	2010 Amount Repayable After 1 Year Rs.	2010 Total Rs.
10 INTEREST BEARING LOANS AND BORROWINGS (Contd.)						
10.2 Group						
Finance Leases (10.2.1)	9,337,673	26,215,777	35,553,450	4,768,657	7,824,071	12,592,728
Long Term Loans (10.2.2)	424,248,854	968,733,879	1,392,982,733	503,879,247	662,200,804	1,166,080,051
Short Term Loans (10.2.4)	462,445,488	-	462,445,488	288,415,850	-	288,415,850
Bank Overdraft (14.2)	574,954,525	-	574,954,525	361,987,393	-	361,987,393
	1,470,986,540	994,949,656	2,465,936,196	1,159,051,147	670,024,875	1,829,076,022

	As At 01.04.2010 Rs.	New Leases Obtained Rs.	Repayments Rs.	As At 31.03.2011 Rs.
10.2.1 Finance Leases				
Commercial Bank of Ceylon PLC	12,003,759	43,916,632	(12,207,090)	43,713,301
LB Finance PLC	4,548,224		(1,049,616)	3,498,608
	16,551,983	43,916,632	(13,256,706)	47,211,909
Gross Liability	16,551,983			47,211,909
Finance Charges Allocated to Future Periods	(3,959,255)			(11,658,459)
Net Liability	12,592,728			35,553,450
Payable within 1 year	4,768,657			9,337,673
Payable after 1 year before 5 years	7,824,071			26,215,777
	12,592,728			35,553,450

Security : Assets Leased

Terms of Payment : 24 - 48 Installments

	As At 01.04.2010 Rs.	Loans Obtained Rs.	Repayments Rs.	As At 31.03.2011 Rs.
10.2.2 Long Term Loans				
Commercial Bank of Ceylon PLC	655,798,899	576,621,142	(270,232,056)	962,187,985
Hatton National Bank PLC	393,436,035	122,239,538	(145,607,492)	370,068,081
DFCC Bank PLC	10,563,590	41,560,000	(10,563,590)	41,560,000
HSBC Limited	96,666,667	-	(77,500,000)	19,166,667
NDB Bank PLC	9,614,860	-	(9,614,860)	-
	1,166,080,051	740,420,680	(513,517,998)	1,392,982,733
Payable within 1 year	503,879,247			424,248,854
Payable after 1 year	662,200,804			968,733,879
	1,166,080,051			1,392,982,733

10.2.3 Details of the Long Term Loans

Lender	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.	Included Under
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Company : Royal Ceramics Lanka PLC

Hatton National Bank PLC	Rs 100 Mn	For the expansion of the showroom network	59 equal monthly installments of Rs 1.67 Mn each & final installment of Rs 1.47 Mn	Primary Floating Mortgage bond over plant & machinery & land at Eheliyagoda	100 Mn	Property Plant and Equipment
Hatton National Bank PLC	Rs 100 Mn	To finance capital expenditure	60 equal monthly installments commencing from Sept 2006	Primary Floating Mortgage bond over plant & machinery & land at Eheliyagoda	100 Mn	Property Plant and Equipment
HSBC Limited	Rs. 310 Mn	To finance the cost of machinery imported for Rocell Bathware Ltd.	48 installments- 6months grace period commencing from June 2008	Primary mortgage over selected machinery at Rocell Bathware Limited Corporate Guarantee from Rocell Bathware Ltd.	300 Mn 300 Mn	Property Plant and Equipment
Commercial Bank of Ceylon PLC	Rs 185 Mn	To finance the cost of machinery imported for Rocell Bathware Ltd/ or to meet construction cost relating to the Rocell bathware project.	65 equal monthly installments with one year grace period commencing from August 2008	Tripate agreement between the Company, Bank and the Share broker over 1.1 Mn shares of Hayleys PLC. Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery and the machinery to be imported.	60 Mn 60 Mn	Investments Property Plant and Equipment
Commercial Bank of Ceylon PLC	Rs 300 Mn	To part finance the purchase of 1.1Mn shares of Hayleys PLC	48 equal monthly installment commencing from January 2011	Tripate agreement between the Company, Bank and the Share broker over 1.1 Mn shares of Hayleys PLC. Corporate guarantee from Royal Porcelain (Pvt) Ltd	300 Mn 300 Mn	Investment

Company : Royal Porcelain (Pvt) Ltd

Commercial Bank of Ceylon PLC	Rs. 400 Mn	Capital expenditure of the group	60 equal monthly installments commencing from December 2006	Primary concurrent mortgage bond (between HNB & DFCC) over the company's factory premises and machinery at Lot No. A1 situated in Uduwa, Horana. Corporate guarantee from Royal Ceramics Lanka PLC	400 Mn 400 Mn	Property Plant and Equipment
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Notes to the Financial Statements

10.2.3 Details of the Long Term Loans (Contd.)

Lender	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.	Included Under
Commercial Bank of Ceylon PLC	Rs. 45 Mn	To finance Importation of a printing machine & a complete sorting & palletizer machine for the walltile manufacturing project.	60 equal monthly installments commencing from July 2006	Primary Mortgage bond over a printing machine & a complete sorting & palletizer machine.	45 Mn	Property Plant and Equipment
				Corporate guarantee from Royal Ceramics Lanka PLC	45 Mn	
Commercial Bank of Ceylon PLC	Rs. 55 Mn	To finance the cost of 02 Ball Mills and batch Feeder	60 equal monthly installments commencing from April 2008	Primary Mortgage bond over 2 Ball Mills & Batch Feeder.	55 Mn	Property Plant and Equipment
				Corporate guarantee from Royal Ceramics Lanka PLC	55 Mn	
Commercial Bank of Ceylon PLC	Rs 22 Mn	To finance the cost of a Rotocolor Machine	60 equal monthly installments commencing from February 2008	Primary Mortgage bond over Roto color Machine.	22 Mn	Property Plant and Equipment
				Corporate guarantee from Royal Ceramics Lanka PLC	22 Mn	
Commercial Bank of Ceylon PLC	Rs 14 Mn	To finance the cost of a Dedusting System and Vacuum Cleaner	60 equal monthly installments commencing from April 2008	Primary mortgage bond over Dedusting System & vacuum Cleaner	14 Mn	Property Plant and Equipment
				Corporate guarantee from Royal Ceramics Lanka PLC	14 Mn	
Commercial Bank of Ceylon PLC	Rs 15 Mn	To finance the cost of an additional raw material storage building at the factory premises at Horana	60 equal monthly installments commencing from June 2008	Corporate guarantee from Royal Ceramics Lanka PLC	15 Mn	Property Plant and Equipment
Commercial Bank of Ceylon PLC	Rs 150 Mn	For the expansion of the group's show room network & to finance the increased cost of the Ball Mill, Batch Feeder & raw material storage yard at Horana	48 equal monthly installments with three months grace period commencing from May 2009	Corporate guarantee from Royal Ceramics Lanka PLC	150 Mn	Property Plant and Equipment

10.2.3 Details of the Long Term Loans (Contd.)

Lender	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.	Included Under
Commercial Bank of Ceylon PLC	Rs 100 Mn	To finance cost relating to a Press and Sorting machine.	59 equal monthly installments with three months grace period commencing from first draw down	Corporate Guarantee from Royal Ceramics Lanka PLC	100 Mn	Property Plant and Equipment
				Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery & the machinery to be imported.	100 Mn	
Commercial Bank of Ceylon PLC	Rs 280Mn	To part finance the factory capacity enhancement project at Horana including cost of machinery imported	59 equal monthly installments of Rs 4.67 Mn each & final installment of Rs 4.47 Mn commencing from November 2011	Corporate Guarantee from Royal Ceramics Lanka PLC	280 Mn	
Hatton National Bank PLC	Rs. 75Mn	To finance factory expansion and purchase of new machinery	60 equal monthly installments with twelve months grace period. Primary concurrent mortgage bond (between HNB & DFCC) cover the company's factory premises and machinery at Lot No. A1, situated in Uduwa, Horana.	Corporate Guarantee from Royal Ceramics Lanka PLC	75 Mn	Property Plant and Equipment
				Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery & the machinery to be imported.	75 Mn	
DFCC Bank PLC	Rs 150Mn	To part finance the factory capacity enhancement project at Horana including cost of machinery imported	60 equal monthly installments with Eighteen months grace period commencing from first drawn	Corporate Guarantee from Royal Ceramics Lanka PLC	150 Mn	Property Plant and Equipment
				Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery & the machinery to be imported.	150 Mn	

Notes to the Financial Statements

10.2.3 Details of the Long Term Loans (Contd.)

Lender	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.	Included Under
Company : Rocell Bathware Limited						
Commercial Bank of Ceylon PLC	Rs 150 Mn	To part finance the cost of machines imported through bank.	66 installments with grace period of 15 months commencing from December 2008	Primary concurrent mortgage bond to be executed with HNB over Lease hold property at Templeburg Industrial Estate, Panagoda, Building & machinery	150 Mn	Property Plant and Equipment
				Corporate guarantee from Royal Ceramics Lanka PLC	150 Mn	
Hatton National Bank PLC	Rs 300 Mn	Importation of plant & machinery & to meet other cost associated with the Rocell Bathware Ltd project.	66 installments with grace period of 15 months commencing from July 2008	Primary Mortgage bond with Commercial bank over Lease hold property at Templeburg Industrial Estate, Panagoda, Building & machinery	300 Mn	Property Plant and Equipment
				Corporate guarantee from Royal Ceramics Lanka PLC	300 Mn	
Hatton National Bank PLC	Rs 150 Mn	To retire the L/C's opened for Rocell bathware Ltd . To import required plant & machinery / pre engineered structure	66 instalment with grace period of 15 months commencing from March 2009	Concurrent Mortgage bond with Commercial bank over Lease hold property at Templeburg Industrial Estate, Panagoda, Building & machinery	150 Mn	Property Plant and Equipment
				Corporate guarantee from Royal Ceramics Lanka PLC	150 Mn	

	As At 01.04.2010 Rs.	Loans Obtained Rs.	Repayments Rs.	As At 31.03.2011 Rs.
10.2.4 Short term Loans				
Commercial Bank of Ceylon PLC	230,318,811	495,698,597	(545,852,170)	180,165,238
Seylan Bank PLC	25,485,000	130,657,000	(119,573,000)	36,569,000
Hatton National Bank PLC	4,851,000	9,220,000	(14,071,000)	-
DFCC Bank PLC	-	4,716,289	-	4,716,289
Standard Chartered Bank Limited	-	421,634,641	(205,097,955)	216,536,686
Hongkong and Shanghai Bank Corporation Limited	27,761,038	81,829,927	(85,132,690)	24,458,275
	288,415,850	1,143,756,454	(969,726,815)	462,445,488

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
11 RETIREMENT BENEFIT LIABILITY				
Retirement Benefit Obligation as at the beginning of the year	61,260,542	44,845,332	76,911,968	53,847,749
Charge for the year	21,248,690	18,073,426	26,519,833	24,978,805
Benefits Paid	(2,296,570)	(1,658,216)	(2,643,026)	(1,914,586)
Retirement Benefit Obligation as at the end of the year	80,212,662	61,260,542	100,788,775	76,911,968

Messrs. Actuarial & Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the Projected Unit Credit Method as at 31st March 2009. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Discount rate assumed (%)	11% p.a
Future salary increase (%)	10% - 15% p.a
Staff Turn Over	10% p.a

Retirement Age - Males - 55 years
- Females - 50 years

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
12. TRADE AND OTHER PAYABLES				
Trade Creditors	30,007,801	34,674,422	158,216,427	138,249,271
Payables - Other	78,741,145	83,850,847	101,017,930	102,266,423
- Related Parties (Note 12.1)	914,473,868	621,120,052	-	-
Sundry Creditors Including Accrued Expenses	380,427,997	93,066,813	470,923,954	203,924,565
	1,403,650,811	832,712,134	730,158,311	444,440,259

12.1 Payable to Related Parties

Royal Porcelain (Pvt) Ltd	914,473,868	621,120,052	-	-
	914,473,868	621,120,052	-	-

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
13. DIVIDEND PAYABLE				
Total Unclaimed Dividends	15,826,051	145,820,062	15,826,051	145,820,062

Notes to the Financial Statements

		Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
14.	CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT				
	Components of Cash and Cash Equivalents				
14.1	Favorable Cash and Cash Equivalent Balances				
	Cash and Bank Balances	46,992,243	42,376,554	61,167,881	55,381,434
14.2	Unfavorable Cash and Cash Equivalent Balances				
	Bank Overdraft	(191,162,599)	(122,073,514)	(574,954,525)	(361,987,393)
	Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	(144,170,356)	(79,696,960)	(513,786,644)	(306,605,959)

		Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
15	REVENUE				
15.1	Summary				
	Gross Revenue - Export	149,433,212	118,203,968	231,272,197	200,037,707
	- Local	2,274,177,926	1,580,312,364	6,182,031,538	4,761,495,553
	Total Gross Revenue	2,423,611,138	1,698,516,332	6,413,303,735	4,961,533,260
	Less: Sales Taxes - Value Added Tax	(242,876,667)	(169,305,642)	(661,469,012)	(510,081,102)
	- Turnover Tax	(126,715)	(193,912)	(451,280)	(282,781)
	Net Revenue	2,180,607,756	1,529,016,778	5,751,383,443	4,451,169,377
15.2	Goods and Services Analysis				
	Sale of Goods	2,180,607,756	1,529,016,778	5,751,383,443	4,451,169,377

		Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
16.	OTHER INCOME AND GAINS				
	Income from Investments with Related Parties - Non Quoted	1,100,000,000	600,000,000	-	-
	Dividends on Long - Term and Current Investments	16,628,781	11,864,309	16,628,781	11,864,309
	Profit on Disposal of Short Term Investments	199,451,460	170,086	199,451,460	170,086
	Service Fee Income - Related Parties	123,220,000	121,200,000	3,220,000	-
	Rent Income - Related Parties	53,572	52,054	-	-
	Profit / (Loss) on Disposal of Property, Plant and Equipment	(14,222,411)	20,384,438	(14,222,411)	20,451,438
	Sundry Income	6,516,789	1,382,150	9,237,311	2,468,096
	Reversal of Provision made for Change in Value of Short Term Investment	-	121,745,574	-	121,745,574
		1,431,648,191	876,798,612	214,315,141	156,699,503

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
17. FINANCE COST AND INCOME				
17.1 Finance Cost				
Interest Expense on Overdrafts	22,595,561	39,507,867	52,572,816	98,635,679
Interest Expense on Loans and Borrowings	48,682,165	92,156,188	147,030,163	280,474,803
Finance Charges on Lease Liabilities	1,457,590	755,036	4,648,163	2,741,468
	72,735,316	132,419,091	204,251,142	381,851,950
17.2 Finance Income				
Interest Income	438,055	1,280,546	672,511	1,482,840
	438,055	1,280,546	672,511	1,482,840

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
18. PROFIT BEFORE TAX				
Stated after Charging / Crediting ;				
Included in Cost of Sales				
Depreciation	27,824,544	28,574,438	263,947,615	250,247,436
Employee Benefits including the following	171,675,302	137,803,238	364,110,695	286,926,942
- Defined Benefit Plan Costs - Gratuity	10,363,957	8,606,734	13,971,205	15,512,112
- Defined Contribution Plan Costs - EPF and ETF	12,059,378	10,647,066	27,296,754	23,112,724
Export Duty Rebate	(1,616,445)	(1,040,352)	(2,493,862)	(1,844,576)
Provision for Inventory	10,192,871	-	10,192,871	-
Included in Administrative Expenses				
Depreciation	10,197,701	8,934,693	10,215,642	9,596,997
Employee Benefits including the following	97,287,867	73,832,632	97,287,867	73,832,632
- Defined Benefit Plan Costs - Gratuity	5,903,932	3,997,884	5,903,932	3,997,884
- Defined Contribution Plan Costs - EPF and ETF	9,631,707	7,261,774	9,631,707	7,261,774
Loss / (Gain) on Translation of Foreign Currency	740,582	(1,921,873)	2,647,129	(7,202,717)
Included in Distribution Expenses				
Depreciation	42,325,571	29,719,006	70,898,005	24,101,732
Damage Stocks net of Insurance Claims Received	2,955,362	3,889,242	7,144,765	10,233,446
Sales Promotion	55,446,597	8,522,249	61,200,156	14,497,037
Employee Benefits including the following	158,108,257	126,779,863	158,497,147	126,951,223
- Defined Benefit Plan Costs - Gratuity	5,010,518	5,468,809	5,010,518	5,468,809
- Defined Contribution Plan Costs - EPF and ETF	8,488,197	7,720,097	8,525,322	7,720,097

Notes to the Financial Statements

		Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
19	INCOME TAX EXPENSE				
	The Major Components of Income Tax Expense for the years ended 31 March are as follows :				
	Income Statement				
	Current Income Tax				
	Current Income Tax charge	105,419,376	43,032,461	105,419,376	43,032,461
	Under / (Over) Provision of Current Taxes in respect of Prior Years	8,960,150	(2,594,364)	8,960,150	(2,594,364)
	Unrecoverable ESC	-	-	-	723,539
		114,379,526	40,438,097	114,379,526	41,161,636
	Deferred Income Tax				
	Deferred Taxation Reversal (Note 19.2)	(20,716,981)	(3,827,065)	(20,716,981)	(3,827,065)
	Income Tax Expense Reported in the Income Statement	93,662,545	36,611,032	93,662,545	37,334,571

		Company		Group	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
19.1	A Reconciliation between Tax Expense and the product of Accounting Profit multiplied by the statutory Tax Rate is as follows :				
	Accounting Profit before tax from Continuing Operations	1,467,487,297	747,223,367	1,534,865,262	1,001,644,187
	Accounting Profit before Income Tax	1,467,487,297	747,223,367	1,534,865,262	1,001,644,187
	Income tax at the Statutory Income Tax rate 35% (2010 - 35%)	513,620,554	261,528,178	537,202,842	350,575,465
	Adjustments in Respect to Current Income Tax of Previous Year	8,960,150	(2,594,364)	8,960,150	(2,594,364)
	Depreciation in excess of Capital Allowances	(3,156,269)	(709,020)	(3,156,269)	(709,020)
	Disallowable Expenses	60,346,672	48,053,376	60,346,672	48,053,376
	Allowable Expenses	(71,903,386)	(43,191,327)	(71,903,386)	(43,191,327)
	Income Exempt from Taxes	(390,820,073)	(221,346,592)	(414,402,360)	(309,670,340)
	Income Taxed at Lower Rates	(4,226,043)	(1,938,102)	(4,226,043)	(1,938,102)
	Social Responsibility Levy at 1.5% of Income Tax	1,557,922	635,948	1,557,922	635,948
	Deferred Tax Reversed	(20,716,981)	(3,827,065)	(20,716,981)	(3,827,065)
	Income Tax Expense Reported in the Income Statement at the Effective Income Tax Rate	93,662,545	36,611,032	93,662,545	37,334,571
	Income Tax expense for the year is made up as follows				
	Income Tax on Profit of the Local Sales @ 35%	102,202,301	41,557,081	102,202,301	41,557,081
	Income Tax on Profit of the Export Sales @ 15%	3,217,075	1,475,380	3,217,075	1,475,380
	Under/(Over) Provision of Current Taxes in Respect of Prior Years	8,960,150	(2,594,364)	8,960,150	(2,594,364)
	Unrecoverable ESC	-	-	-	723,539
	Deferred Tax Reversed	(20,716,981)	(3,827,065)	(20,716,981)	(3,827,065)
		93,662,545	36,611,032	93,662,545	37,334,571
	Effective tax rate	6%	5%	6%	4%

	Balance Sheet		Income Statement	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
19.2 Deferred Tax Liability				
Company / Group				
Capital Allowances for Tax Purposes	83,529,878	102,733,766	(19,203,889)	1,731,804
Deferred Tax Assets	83,529,878	102,733,766		
Defined Benefit Plan Liability	(21,974,113)	(20,461,021)	(1,513,092)	(5,558,869)
Deferred Income Tax Income			(20,716,981)	(3,827,065)
Net Deferred Tax Liability	61,555,765	82,272,745		

Royal Ceramics Distributors (Pvt) Ltd which is a fully owned subsidiary of Royal Ceramics Lanka PLC has a Tax Loss that is available indefinitely for offset against future taxable profit of the Company subject to the limit of 35% of taxable profit in one year of assessment. A deferred tax asset has not been recognized in respect of this tax loss as it is anticipated that the deferred tax asset will not realize in the foreseeable future.

20. EARNINGS PER SHARE

20.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

20.2 The following reflects the income and share data used in the basic Earnings Per Share computation

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Amount Used as the Numerator:				
Net Profit for the year	1,373,824,752	710,612,335	1,441,202,717	964,309,616
Number of Ordinary Shares Used as the Denominator:				
Weighted Average number of Ordinary Shares in issue				
Applicable to basic Earnings Per Share	110,789,384	110,789,384	110,789,384	110,789,384

The number of shares held as at 31 March 2010 was 55,394,692. However it was restated as 110,789,384 in the comparative column as a result of issuing shares credited as fully paid up by way of capitalisation of reserves in the proportion of one new ordinary share for every one existing ordinary share, as required by SLAS-34- Earnings per Share.

20.3 There were no potentially dilutive Ordinary Shares outstanding at any time during the year.

Notes to the Financial Statements

	2011 Rs.	2010 Rs.
21. DIVIDEND PER SHARE		
Company / Group		
Interim Dividend for 2009/2010 : Rs. 2.50 per share	-	138,486,730
Final Dividend for 2009/2010 : Rs. 2.50 per share	138,486,730	-
First Interim Dividend for 2010/2011 : Rs. 2.50 per share	138,486,730	-
Total Gross Dividends	276,973,460	138,486,730
No of Shares	110,789,384	110,789,384
Total Dividend per Share	2.50	1.25
Proposed for approval at AGM (Not recorded as a liability as at 31 March 2011)		
Equity Dividend on Ordinary Shares		
Second Interim Dividend for 2010/2011 :Rs. 1.00 per Share	110,789,384	-
Final Dividend for 2010/2011 : Rs. 1.00 per Share (2009 / 2010 - Rs 2.50 per Share)	110,789,384	138,486,730
	221,578,768	138,486,730

22 SEGMENT INFORMATION AND REVENUE

Primary reporting format - Business Segments.

As at 31 March 2011, the qualifying segments under business segment reporting are as follows

- Tiles
- Sanitaryware

The following table presents revenue and profit and certain assets and liability information regarding the Group's business segments.

	Tiles		Sanitaryware		Total	
	2011	2010	2011	2010	2011	2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue						
Sales to External Customers	5,159,694,040	4,169,306,263	595,871,873	286,915,423	5,755,565,913	4,456,221,686
Inter-segment Sales	(4,182,470)	(5,052,309)	-	-	(4,182,470)	(5,052,309)
Total Revenue	5,155,511,570	4,164,253,954	595,871,873	286,915,423	5,751,383,443	4,451,169,377
Results						
Gross Profit	2,539,842,794	2,055,708,587	114,722,743	63,011,609	2,654,565,538	2,118,720,196
Other Income	214,154,242	156,442,995	160,899	256,508	214,315,141	156,699,503
Distribution Expenses	(680,448,956)	(510,268,356)	(26,016,732)	(27,901,331)	(706,465,688)	(538,169,687)
Administration Expenses	(405,769,969)	(339,207,101)	(18,201,129)	(16,029,614)	(423,971,098)	(355,236,715)
Profit before Tax and Finance Costs	1,667,778,112	1,362,676,125	70,665,782	19,337,172	1,738,443,893	1,382,013,297
Finance Costs	(164,824,983)	(313,547,001)	(39,426,159)	(68,304,949)	(204,251,142)	(381,851,950)
Finance Income	672,511	1,482,840	-	-	672,511	1,482,840
Profit before Income Tax	1,503,625,639	1,050,611,963	31,239,622	(48,967,776)	1,534,865,262	1,001,644,187
Income Tax Expense	(93,662,545)	(36,611,032)	-	(723,539)	(93,662,545)	(37,334,571)
Net Profit for the year	1,409,963,094	1,014,000,931	31,239,622	(49,691,315)	1,441,202,717	964,309,616
Assets and Liabilities						
Segment Assets	6,336,519,773	4,303,131,937	2,123,552,231	2,123,552,231	8,460,072,004	6,484,874,855
Total Assets	6,336,519,773	4,303,131,937	2,123,552,231	2,181,742,918	8,460,072,004	6,484,874,855
Segment Liabilities	2,769,521,084	1,869,122,883	639,996,607	729,426,916	3,409,517,691	2,598,549,799
Total Liabilities	2,769,521,084	1,869,122,883	639,996,607	729,426,916	3,409,517,691	2,598,549,799
Other Segment Information						
Property, Plant and Equipment acquired on Cash	751,240,247	161,691,643	6,923,958	69,573,032	758,164,205	231,264,675
Depreciation	249,815,289	201,817,727	94,569,962	82,128,440	344,385,251	283,946,167
Provisions of Employee Benefit Liabilities during the year	25,737,830	23,853,883	782,003	1,124,921	26,519,833	24,978,804

Notes to the Financial Statements

23. CONTINGENT LIABILITIES

Company has issued corporate guarantees in favour of its subsidiaries Royal Porcelain (Pvt) Ltd and Rocell Bathware Ltd securing the loan amount, interest and other charges of the loans as stated in note 10.2.3.

24. CAPITAL COMMITMENTS

The Group and Company's commitment for acquisition of Property, Plant and Equipment incidental to the ordinary course of business as at 31 March are as follows;

	Company		Group	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Contracted but not provided for	10,744,417	13,620,396	35,296,049	32,461,724
	10,744,417	13,620,396	35,296,049	32,461,724

No provision has been made in these Financial Statements in this regard as at 31 March 2011

25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the balance sheet date that require adjustment or disclosure in the Financial Statements except for the following;

- (a) The Directors recommended payment of a second interim dividend of Rs. 1.00 per share for the year ended 31 March 2011 paid to the Shareholders on 20 May 2011.
- (b) Subject to approval of the Shareholders at the Annual General Meeting on 20 May 2011, the Directors recommended the payment of a final dividend of Rs. 1.00 per share for the year ended 31 March 2011 on 20 May 2011.
- (c) The company acquired 100% stake in Ever Paint and Chemical Industries (Pvt) Ltd at an investment of Rs. 125 Mn on 1 April 2011.

26. ASSETS PLEDGED

The group has pledged its assets as security for the interest bearing loans and borrowings obtained as stated in note 10.2.3.

27. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

27.1 Transaction with the Related Entities - Subsidiaries

	Company	
	2011 Rs.	2010 Rs.
Nature of Transaction		
Sale of Goods/Services	7,381,341	7,225,792
Purchase of Goods/Services	(14,607,399)	(32,599,662)
Dividend Income	1,100,000,000	600,000,000
Service charges	138,203,233	136,823,571
Investments made by the Company	-	(351,000,000)
Net of Fund Transfers	(1,559,375,464)	(511,423,281)

Subsidiaries of the Group include Royal Porcelain (Private) Limited, Rocell Bathware Limited and Royal Ceramics Distributors (Private) Limited.

The company carried out above transactions under the ordinary course of its business at commercial rates. Fund transfers represent the sales proceeds of the subsidiaries received by the parent company and it will be settled by transferring of funds back to the relevant companies.

27. RELATED PARTY DISCLOSURES (Contd.)

27.2 Transactions with Key Management Personnel

Key management personnel include the Board of Directors of the Company and Directors in Subsidiaries

		Company	
		2011	2010
		Rs.	Rs.
27.2.1 Compensation to Key Management Personnel			
Nature of Transaction			
Short term Employee Benefits - Executive Directors		26,083,200	24,674,250
- Non Executive Directors		5,622,500	3,560,800
Post Employment Benefits - Executive Directors		860,695	656,201
		32,566,395	28,891,251

27.2.2 Other Transactions with Key Management Personnel

The Company has paid Rs. 4,524,670/- as rent and Rs. 1,132,293/- as transport charges to key management personnel during the year.

27.2.3 Transactions, arrangements and agreements involving companies controlled by or with significant influence of the Key Management Personnel.

	Company		Group	
	2011	2010	2011	2010
	Rs.	Rs.	Rs.	Rs.
a) Profit & Loss Account				
Sales of Goods/ Services	17,668,279	3,949,896	21,729,491	3,949,896
Purchase of Goods/Services	(2,951,886)	(1,981,289)	(2,951,886)	(1,981,289)
Dividends Received	16,617,058	2,772,372	16,617,058	2,772,372

		2011	2010
		Rs.	Rs.
Company / Group			
b) Balance Sheet			
Balance outstanding as at end of the year			
Lease Creditors - LB Finance PLC		(873,384)	(4,366,878)
Cash & Cash Equivalents - Sampath Bank PLC		3,258,491	2,080,488
- Pan Asia Bank PLC		4,855,573	1,266,918
Trade Debtors - Vallibel Lanka (Pvt) Ltd.		1,335,352	206,176
- Kandyan Resorts (Pvt) Ltd		33,802	-
Other Receivables - Amaya Leisure PLC		2,606,781	1,798,532
- Rocell Ceramics Ltd		183,961,983	173,941,350
- Vallibel One Ltd		666,664	-

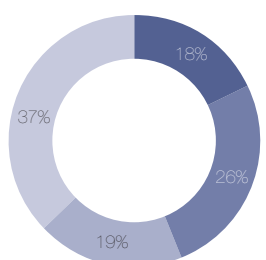
Other Related Companies as cited below represent transactions under the ordinary course of its business at commercial rates with entities either controlled or in which significant influence is held by key management personnel or their close family members.

Amaya Leisure PLC, Kandyan Resorts (Pvt) Ltd, L B Finance PLC, Vallibel Lanka (Pvt) Ltd, Pan Asia Bank PLC, Sampath Bank PLC, Rocell Ceramics Ltd, Hayleys PLC, Renuka Hotels PLC, Culture Club Resorts (Pvt) Ltd and The Fortress Resorts PLC

Group Value Added Statement

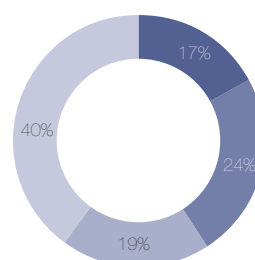
	2010/2011 Rs.'000		2009/2010 Rs.'000	
Turnover	6,413,304		4,961,533	
Other Income	214,315		156,700	
	6,627,619		5,118,233	
Less: Cost of Material and Services bought in	(3,111,805)		(2,330,236)	
	3,515,814		2,787,997	
Value Allocated to Employees				
Salaries and Wages and Other Benefits	620,810	17.65%	487,711	17.5%
To Government				
Income Tax	93,663		37,335	
VAT/TT/NBT	<u>811,502</u>	905,165	<u>632,783</u>	670,118
		25.75%		24.0%
To Providers of Capital				
Capitalisation of Reserves	203,523			
Dividends	276,973		138,487	
Finance Cost	<u>204,251</u>	684,748	<u>381,852</u>	520,339
		19.48%		18.6%
To Expansion and Growth				
Retained in Business	960,706		825,823	
Depreciation	344,385	1,305,091	283,946	1,119,769
		37.12%		39.9%
	3,515,814	100.0%	2,787,979	100.0%

Value Added 2011



- To Employees (18%)
- To Government (26%)
- To Providers of Capital (19%)
- To Expansion & Growth (37%)

Value Added 2010



- To Employees (17%)
- To Government (24%)
- To Providers of Capital (19%)
- To Expansion & Growth (40%)

Ten Year Summary - Company

	2011 Rs'000	2010 Rs'000	2009 Rs'000	2008 Rs'000	2007 Rs'000	2006 Rs'000	2005 Rs'000	2004 Rs'000	2003 Rs'000	2002 Rs'000
Trading Results										
Net Turnover	2,180,608	1,529,017	1,435,112	1,484,123	1,362,397	1,193,481	976,298	703,429	665,488	610,692
Other Income	1,431,648	876,799	481,761	202,217	200,300	119,820	168,545	69,789	78,101	4,903
Profit before Interest	1,540,223	879,642	441,083	356,391	337,323	441,354	285,289	80,937	161,139	104,061
Interest	(72,735)	(132,419)	(215,386)	(207,114)	(126,998)	(76,291)	(60,309)	(39,523)	(48,263)	(9,551)
Profit after Interest before Tax	1,467,487	747,223	225,697	149,276	210,325	365,063	224,980	41,414	112,876	94,510
Taxation	(93,663)	(36,611)	(20,011)	(27,310)	(57,511)	(44,048)	(23,093)	7,210	(41,097)	(2,035)
Net Profit	1,373,825	710,612	205,686	121,966	152,814	321,015	201,887	48,624	71,779	92,475
Balance Sheet										
Stated Capital	1,368,673	814,726	814,726	814,726	814,726	814,726	814,726	814,726	814,726	814,726
Capital Reserve	-	365,714	367,343	418,388	4,168	4,168	4,168	4,168	4,168	4,168
Retained Earnings	2,058,975	1,150,357	576,602	430,660	415,134	373,109	121,637	85,935	37,310	20,925
Shareholders' funds	3,427,648	2,330,797	1,758,671	1,663,775	1,234,028	1,192,003	940,531	904,829	856,204	839,819
Fixed Assets	1,224,633	1,034,176	970,404	929,883	489,995	455,546	490,390	415,689	403,628	444,604
Investments	1,613,962	1,603,941	1,264,888	1,772,020	1,306,903	979,964	545,519	522,911	500,500	500
Current Assets	2,991,666	1,460,429	1,766,129	919,250	661,905	650,981	762,052	1,001,260	676,892	864,372
Current Liabilities	(1,941,945)	(1,446,404)	(1,722,431)	(1,300,811)	(738,180)	(515,441)	(485,337)	(734,260)	(420,014)	(219,421)
Non Current Liabilities	(460,667)	(321,345)	(520,319)	(656,568)	(486,596)	(379,047)	(372,093)	(300,771)	(304,802)	(250,236)
	3,427,648	2,330,797	1,758,671	1,663,775	1,234,028	1,192,003	940,531	904,829	856,204	839,819

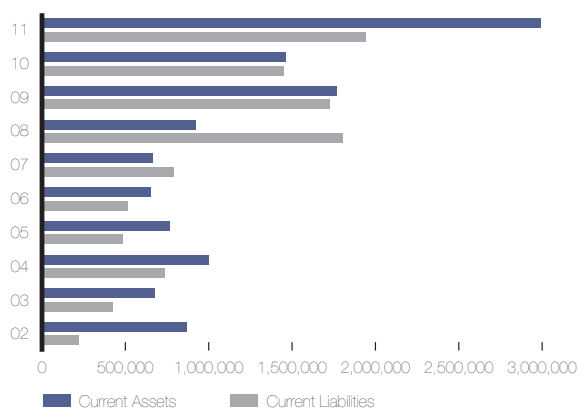
Ratios & Statistics

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Ordinary Dividends (Rs.'000)	276,973	138,487	110,789	55,395	110,789	55,395	110,789	55,394	55,394	110,789
Dividend per share (Rs.)*	2.50	1.25	1.00	0.50	1.00	1.00	1.00	0.50	0.50	1.00
Dividend Payout Ratio (%)	20	19	54	45	72	17	55	114	77	120
Earnings Per Share (Rs.)*	12.40	6.41	1.86	1.10	1.38	2.90	1.82	0.45	0.65	1.35
Market Value Per Share (Rs.)	157.00	113.00	27.50	42.50	35.00	34.00	45.00	16.50	15.00	17.00
Highest Market Value Per Share (Rs.)	335.00	116.50	51.00	45.00	43.00	50.00	57.50	28.20	22.50	33.00
Price Earnings Ratio (Times)	12.66	17.62	14.81	38.61	25.37	11.71	24.69	36.67	23.08	12.59
Net Assets Per Share (Rs.)*	30.94	21.04	15.87	15.02	11.14	10.89	8.49	8.15	7.75	7.60
Return on Equity (%)	40.08	30.49	11.70	7.33	12.38	26.93	21.47	5.37	8.38	11.01

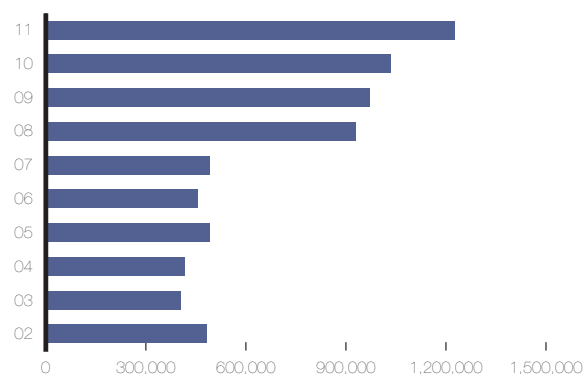
* Per Share information has been restated to reflect the present shareholding

Graphical Review of Ten Year Summary - Company

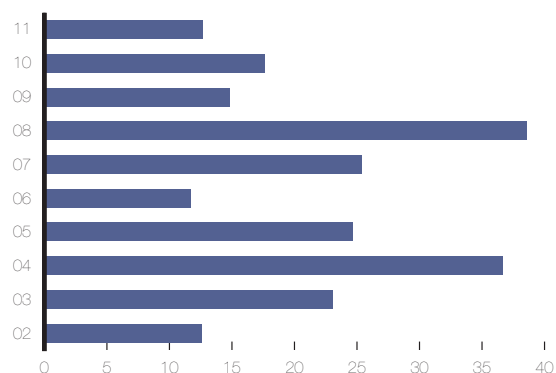
Current Assets & Liabilities (Rs. '000)



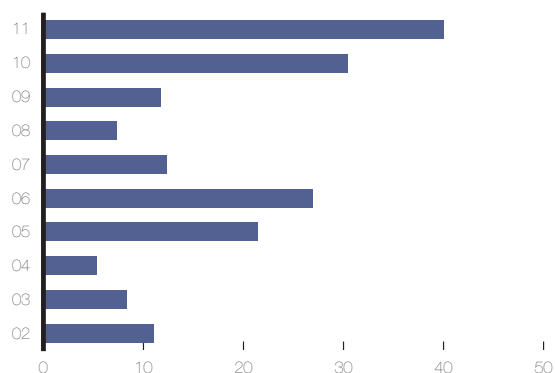
Fixed Assets (Rs. '000)



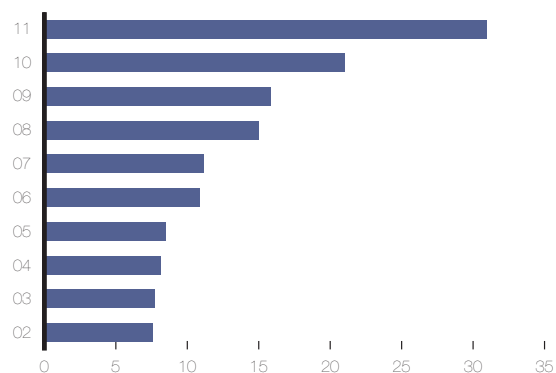
Price Earnings Ratio (Times)



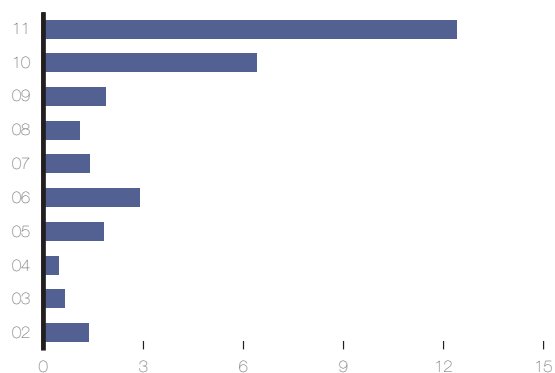
Return on Equity (ROE) (%)



Net Assets per Share (Rs.)



Earnings Per Share (Rs.)



Share Information

Shareholders

There were 12,288 registered shareholders as at 31 March 2011, distributed as follows.

Number of Shares held	Number of Shareholders	% of Number of Shareholders	Number of Shares	% Shareholding
1-1,000	10,659	86.74	2,481,442	2.24
1,001-10,000	1,284	10.45	4,060,959	3.67
10,001-100,000	272	2.21	8,902,181	8.03
100,001-1,000,000	65	0.53	16,789,406	15.15
1,000,001 & over	8	0.07	78,555,396	70.91
Total	12,288	100	110,789,384	100

39.54% of shares were held by public as at 31 March 2011.

Category Shareholders	Number of Shareholders	% of Number of Shareholders	Number of Shares	% Shareholding
Individual	11,857	96.49	28,330,314	25.57
Institutional	431	3.51	82,459,070	74.43
Total	12,288	100	110,789,384	100

Category Shareholders	Number of Shareholders	% of Number of Shareholders	Number of Shares	% Shareholding
Residents	12,148	98.86	108,652,718	98.07
Non-Residents	140	1.14	2,136,666	1.93
Total	12,288	100	110,789,384	100

Share Information

Twenty Major Shareholders

Shareholder	Number of Shares as at 31.03.2011	% of Issued Capital	Number of Shares as at 31.03.2010	% of Issued Capital
1 Vallibel One Limited	56,502,600	51.00	-	-
2 Mr. Amarakone Mudiyansele Weerasinghe	10,234,024	9.24	5,467,012	9.87
3 Employees Provident Fund	4,341,300	3.92	2,099,600	3.79
4 Sri Lanka Insurance Corporation - Life Fund	2,514,000	2.27	875,000	1.58
5 Bank Of Ceylon A/C Ceybank Unit Trust	1,698,752	1.53	2,703,526	4.88
6 Mrs. Pushpa Narhari Bhatt	1,219,880	1.10	649,940	1.71
7 Aviva NDB Insurance A/C No 7	1,030,500	0.93	142,000	0.26
8 Dehiwalage Luxshman Bernard Chandrasiri Perera	1,014,340	0.92	-	-
9 Bank of Ceylon No. 1 Account	955,900	0.86	-	-
10 Bank of Ceylon A/C Ceybank Century Growth Fund	770,140	0.70	370,120	0.67
11 National Savings Bank	741,000	0.67	-	-
12 Sri Lanka Insurance Corporation - General Fund	730,000	0.66	-	-
13 Union Assurance PLC/No.01 A/C	720,000	0.65	357,600	0.65
14 PABC/Emagewise (Pvt) Ltd	708,900	0.64	-	-
15 Mr. Moraji Meghji Udeshi	606,478	0.55	-	-
16 DFCC Vardhana Bank/ R.P.L & S.U.R Eheliyagoda	600,000	0.54	-	-
17 Mercantile Investments Limited	550,000	0.50	-	-
18 MAS Capital (Private) Limited	482,400	0.44	-	-
19 Swiss Lloyd Limited	450,000	0.41	-	-
20 Bank of Ceylon - No 2 A/C	443,100	0.40	500,000	0.9

Market Value per share

	2010/2011 Rs.	2009/2010 Rs.
High	335.00	116.50
Low	145.10	27.00
Closing	157.00	113.00

Glossary of Financial Terms

Accounting Policies

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Capital Employed

Total assets less interest free liabilities.

Capital Reserves

Profits of a Company that, for various reasons, are not regarded as distributable to shareholders as dividends. These include gains on revaluation of capital assets and share premium.

Cash and Cash Equivalent

Short-term highly liquid assets that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Contingencies

A condition or situation existing at balance sheet date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

Current Ratio

Current assets divided by current liabilities.

Deferred Taxation

Sum set aside for tax in the accounts of an entity that will become liable in a period other than that under review.

Dividend Cover

Post-tax profit divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Payout Ratio

Dividends Per Share divided by Earnings Per Share.

Earnings Per Share

Profits attributable to ordinary shareholders divided by the number of ordinary shares in issue and ranking for dividend.

Gross Dividend

Portion of profits, inclusive of tax withheld, distributed to shareholders.

Interest Cover

Earnings before interest and tax divided by interest expenses.

Net Assets Per Share

Shareholders' funds divided by the number of ordinary shares issued.

Operating Profit Margin

Operating profit divided by group turnover.

Price Earnings Ratio

Market price of a share divided by Earnings Per Share.

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return on Equity

Net Profit for the year divided by Equity Shareholders' fund.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Shareholders' Funds

Total of issued and fully paid up capital, and reserves.

Value Addition

The quantum of wealth generated by the activities of the group and its application.

Working Capital

Capital required to finance the day-to-day operations (current assets minus current liabilities).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twenty first Annual General Meeting of Royal Ceramics Lanka PLC will be held at 10.00 a.m. on the 29 June 2011 at Moonstone Ballroom, Ceylon Continental Hotel, Colombo, for the following purposes.

- 1) To receive and consider the Annual Report of the Board of Directors along with the Financial Statements of the company for the year ended 31 March 2011.
- 2) To re-elect Mr. L.T. Samarawickrama, who retires by rotation in terms of Article 85 of the Articles of Association as a Director of the Company.
- 3) To re-appoint M/s Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
- 4) To authorize the Directors to determine payments for the year 2011/2012 for charitable and other purposes as set out in the Companies Donations Act (Cap 147).
- 5) To declare a final Dividend of Rs. 1/- per share for the year ended 31 March 2011.

By Order of the Board of

Royal Ceramics Lanka PLC

(Sgd)

Secretaries & Registrars (Private) Limited

Secretaries

Colombo

20 May 2011

Notes:

- 1) A member entitled to attend or attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend or attend and vote instead of him/her. A Proxy may vote on a poll (and join in demanding a poll) but not on a show of hands.
- 2) A Form of Proxy is enclosed in this Report.
- 3) The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 10, R.A. de Mel Mawatha, Colombo 03, not less than 48 hours before the time for holding the Meeting.

Form of Proxy

*I/We Of being a
 *Member/Members of Royal Ceramics Lanka PLC, do hereby appoint of
 or failing him/her

Mr. A. M. Weerasinghe	of Colombo or failing him
Mr. K. D. D. Perera	of Colombo or failing him
Mr. W. D. N. H. Perera	of Colombo or failing him
Mr. R. B. Thambaiyah	of Colombo or failing him
Mr. L. T. Samarawickrema	of Colombo or failing him
Mr. T. G. Thoradeniya	of Colombo or failing him
Mr. M. D. S. Goonatilleke	of Colombo or failing him
Mr. G. A. R. D. Prasanna	of Colombo or failing him
Mr. R. N. Asirwatham	

as *my/our proxy to represent me/us and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29 June 2011 at Moonstone Ballroom, Ceylon Continental Hotel, Colombo, and any adjournment thereof and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors along with the Financial Statements of the company for the year ended 31 March 2011.	<input type="checkbox"/>	<input type="checkbox"/>
2) To re-elect Mr. L. T. Samarawickrama, who retires by rotation in terms of Article 85 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-appoint M/s Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4) To authorize the Directors to determine payments for the year 2011/2012 for charitable and other purposes as set out in the Companies Donations Act (Cap 147).	<input type="checkbox"/>	<input type="checkbox"/>
5) To declare a final Dividend of Rs. 1/- per share for the year ended 31 March 2011.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... day of Two Thousand and Eleven .

.....
 Signature

Notes

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.
- 3) If you wish your Proxy to speak at the meeting you should interpolate the words "and to speak" immediately after the words "to vote".

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 67 of the Articles of Association of the Company;
 - (i) in the case of an individual shall be signed by the appointer or by his attorney; and
 - (ii) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the Corporation.
4. In terms of Article 62 of the Articles of Association of the Company

In the case of joint-holders of a share the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. To be valid the completed Form of Proxy shall be deposited at the Registered Office of the Company situated at No. 10, R. A. de Mel Mawatha, Colombo 03, not less than forty eight (48) hours before the appointed time for the meeting.

Corporate Information

Name of the Company

Royal Ceramics Lanka PLC

Legal Form

A Public Quoted Company with limited liability incorporated under the provisions of Companies Act No. 07 of 2007.

Date of Incorporation

29th August 1990

Company Registration Number

PQ 125

Nature of Business

Manufacture and sale of Porcelain and Ceramic Tiles

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. Thambiayah
Mr. L.T. Samarawickrama
Mr. R.N. Asirwatham
Mr. G.A.R.D. Prasanna
Mr. M.D.S. Goonatilleke

Head Office and Registered Office

10, R.A. de Mel Mawatha, Colombo 03
Telephone : 011 4799400
Fax : 011 4720077
E-mail : ho.gen@rcl.lk
Website : www.roccl.com

Subsidiary Companies

Royal Porcelain [Pvt] Ltd.
Rocell Bathware Ltd.
Royal Ceramics Distributors [Pvt] Ltd.

Secretaries

Secretaries and Registrars [Pvt] Ltd.
32 A, 1st Floor,
Sir Mohamed Macan Markar Mawatha,
Colombo 03.
Tel : 011 2325761 / 011 5426111
Fax : 011 2342047
E-mail : s&r@eureka.lk

External 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
Standard Chartered Bank Ltd.
HSBC Ltd.
DFCC Bank PLC
Seylan Bank PLC
Bank of Ceylon.
NDB Bank PLC
PABC Bank PLC
Sampath Bank PLC

