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10/05/13



ANNOUNCEMENT UNDER THE COMPANY TAKE-OVERS AND MERGERS CODE 1995 (AS AMENDED IN 2003) AND GAZETTED IN THE GAZETTE EXTRAORDINARY NO. 875/9 DATED 16TH JUNE 1995 AND AMENDED BY GAZETTE NO. 1299/6 DATED 29TH JULY 2003

MANDATORY OFFER BY ROYAL CERAMICS LANKA PLC TO PURCHASE ALL THE REMAINING ORDINARY SHARES OF LANKA CERAMIC PLC (PQ 157)

BACKGROUND TO THE OFFER

Royal Ceramics Lanka PLC (RCP) a Company incorporated in Sri Lanka (bearing registration no.PQ 125) and having its registered office at No. 10, R A De Mel Mawatha, Colombo 03 (hereinafter referred to as the "Offeror") hereby announces that in compliance with the provisions of the Takeovers and Mergers Code 1995 (as amended in 2003) (Code) published under the rules made by the Securities and Exchange Commission of Sri Lanka under Section 53 of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 as amended, it shall make a mandatory offer to holders of ordinary shares carrying voting rights of Lanka Ceramic PLC (Lanka Ceramic) subject to the terms and conditions hereinafter stipulated

On 6th May 2013, Royal Ceramics Lanka PLC by the purchase of 22,834,046 shares at prices between Rs. 86.90/- and Rs. 120/- per share, which constitutes approximately 76.11% of the shares in issue in Lanka Ceramic, triggered the Company Take-overs and Mergers Code 1995(as amended in 2003) (Code) in terms of Rule 31(1)(a), which states as follows:

"Where any person acquires, whether by a series of transactions over a period of time or, otherwise, shares which taken together with shares held or acquired by persons acting in concert with such person, carry thirty per centum or more of the voting rights of a company such person shall extend within 35 days, an offer in accordance with this rule to the holders of any class of equity shares which carry voting rights and in which such person or persons acting in concert with him holds shares".

The Offeror purchased a further 116,904 ordinary shares and 12,358 ordinary shares on 7th and 8th May 2013, respectively both tranches being at a price of Rs. 120/- per share.

As a result of such acquisitions, the Offeror together with the parties acting in concert, namely Vallibel One PLC, Mr. Wannakuwattewaduge Don Nimal Hemasiri Perera and Mr. Anthony Asokumar Page hold 22,963,306 ordinary shares, 1,000,000 ordinary shares, 1,033,540 ordinary shares and 1,350,000 ordinary shares respectively in Lanka Ceramic aggregating 26,346,846 ordinary shares collectively amounting to 87.82% of the voting rights of Lanka Ceramic in the manner set out below;

Name	Date	No. of Ordinary Shares	Percentage
Royal Ceramics Lanka PLC	purchased on 6 th May 2013	22,834,046	76.11
	purchased on 7 th May 2013	116,904	0.39
	purchased on 8 th May 2013	12,356	0.04
Vallibel One PLC	purchase on 6 th May 2013	1,000,000	3.33
Mr. Wannakuwattewaduge Don Nimal Hemasiri Perera	purchase on 6 th May 2013	1,033,540	3.45
Mr. Anthony Asokumar Page	held as at 5 th May 2013	350,000	1.17
	purchase on 6 th May 2013	1,000,000	3.33
Total holding		26,346,846	87.82

ROYAL CERAMICS LANKA PLC

Company Reg. No.: PQ 125

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In terms of Rule 31(1)(a) above referred to, it has become obligatory on the part of the Offeror to make an offer under the said Rule to all the other shareholders of Lanka Ceramic to purchase their shares at a price not less than the highest price paid by the Offeror together with the parties acting in concert for the shares of Lanka Ceramic within the preceding twelve months.

The highest price at which the shares of Lanka Ceramic had been acquired by the Offeror and the parties acting in concert with the Offeror within the preceding twelve months is Rs. 120/- per share.

1. TERMS OF THE OFFER

The Offeror offers to purchase from the shareholders of Lanka Ceramic all the remaining ordinary shares (other than the 26,346,846 shares already held by the Offeror and the parties acting in concert, namely Vallibel One PLC, Mr. Wannakuwattewaduge Don Nimal Hemasiri Perera and Mr. Anthony Asokumar Page, constituting 87.82%) at a price of Rs. 120/- per share being the price at which the Offeror acquired the shares of Lanka Ceramic on the trading floor on 6th May 2013 which is the highest price paid by the Offeror and the parties acting in concert during the period of one year prior to the date on which the obligation to make a Mandatory Offer arose, inclusive of the date of such acquisition. The number of such remaining shares, for which this offer is made, amounts to 3,653,154 shares constituting approximately 12.18% of the total number of shares in issue in Lanka Ceramic. The offer to be made by the Offeror as herein contemplated shall be open to all ordinary shareholders of Lanka Ceramic registered in the books of Lanka Ceramic at the close of the offer.

2. THE IDENTITY OF THE OFFEROR

Royal Ceramics (Lanka) PLC is a Company duly incorporated in Sri Lanka and presently re-registered under the Companies Act No. 7 of 2007 bearing registration no. PQ 125. The registered Office of the Offeror is situated at No. 10, R A De Mel Mawatha, Colombo 03.

The principle activities of the Offeror consist of manufacturing and marketing wall and floor tiles. The following companies are fully owned subsidiaries of RCP;

- Royal Porcelain (Private) Limited
- Rocell Bathware Limited
- Royal Ceramic Distributors (Private) Limited

3. EXISTING SHAREHOLDING IN THE OFFEREE COMPANY

(aa) The number of Lanka Ceramic shares the Offeror owns or over which the Offeror has control	22,963,306
(bb) The number of Lanka Ceramic shares owned or controlled by any person acting in concert with the Offeror	3,383,540
(cc) The number of Lanka Ceramic shares in respect of which the Offeror has received an undertaking by any shareholder to accept the Offer	Nil

3. CONDITIONS OF THE OFFER.

The Offer shall be unconditional as to acceptance from the commencement of the Offer.

Unconditional as to acceptance shall mean;

"The Offeror must accept and pay for all shares tendered at the offer price while the shareholders of the offeree lose their right to withdraw the shares"

The Offeror hereby undertakes to accept and pay for any valid acceptances received with the written concurrence of the shareholders who accepted the Offer.

4. FURTHER DETAILS OF THE OFFER

A detailed Mandatory Offer Document giving other relevant information including the period during which the offer would be kept open in terms of the aforesaid Company Take-Overs and Mergers Code, will be forwarded to all shareholders of Lanka Ceramic within thirty five days (35) days of incurring the obligation to make the Mandatory Offer [on or before 7th June 2013].

A shareholder who does not receive a copy of the Mandatory Offer Document due to a postal delay or any other reason is advised to collect a copy of the Mandatory Offer Document from the Offeror at No. 10, R A De Mel Mawatha, Colombo 03.

The Directors of the Offeror Company do hereby declare and confirm that this Announcement has been seen and approved and that they collectively and individually accept full responsibility for the completeness and accuracy of the information given in this Announcement, and confirm to the best of our knowledge that there are no other facts, the omissions of which would make any statements herein misleading.

BY ORDER OF THE BOARD
ROYAL CERAMIC LANKA PLC


Mr. T G Thoradeniya
DIRECTOR



Mr. M D S Goonatilleke
DIRECTOR

This 10th day of May 2013