

Kegalle Plantations PLC

Interim Financial Statements
for the nine months ended
31 December 2013

INTERIM FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

As at 31 December	Company			Group		
	2013 Rs. '000	2012 Rs. '000	Year Ended 31 March 2013 Rs. '000	2013 Rs. '000	2012 Rs. '000	Year Ended 31 March 2013 Rs. '000
ASSETS						
Non - Current Assets						
Leasehold property, plant and equipment	259,926	275,419	271,639	259,926	275,419	271,639
Freehold property, plant and equipment	405,412	388,920	397,104	462,762	451,169	459,104
Bearer biological assets	1,468,116	1,261,672	1,316,452	1,468,116	1,261,672	1,316,452
Consumable biological assets	39,571	35,020	39,571	39,571	35,020	39,571
Long term investments	597,000	570,000	597,000	674,827	575,966	606,825
	<u>2,770,026</u>	<u>2,531,032</u>	<u>2,621,766</u>	<u>2,905,203</u>	<u>2,599,247</u>	<u>2,693,591</u>
Current Assets						
Inventories	281,215	205,231	241,741	280,824	205,006	241,440
Trade and other receivables	292,562	330,375	241,752	303,774	343,112	247,211
VAT recoverable	23,092	21,492	23,092	23,099	21,499	30,377
Amounts due from related Companies	103,324	86,369	122,951	60,939	41,517	78,097
Short term investment	3,479,208	2,363,040	2,373,005	3,479,208	2,363,040	2,373,005
Cash and bank balances	23,102	33,172	26,416	23,116	33,185	26,525
	<u>4,202,502</u>	<u>3,039,679</u>	<u>3,028,955</u>	<u>4,170,959</u>	<u>3,007,359</u>	<u>2,996,655</u>
Total Assets	<u>6,972,528</u>	<u>5,570,711</u>	<u>5,650,721</u>	<u>7,076,162</u>	<u>5,606,606</u>	<u>5,690,246</u>
EQUITY & LIABILITIES						
Capital & Reserves						
Stated capital (Note 2)	250,000	250,000	250,000	250,000	250,000	250,000
General reserve	225,000	225,000	225,000	225,000	225,000	225,000
Timber reserve	8,600	4,049	8,600	8,600	4,049	8,600
Retained profit	2,811,014	2,692,278	2,853,357	2,890,711	2,699,910	2,865,728
Shareholders' Fund	<u>3,294,613</u>	<u>3,171,327</u>	<u>3,336,956</u>	<u>3,374,310</u>	<u>3,178,959</u>	<u>3,349,327</u>
Non - Current Liabilities						
Loans & borrowings	2,100,034	992,402	958,249	2,100,034	992,402	958,249
Retirement benefit obligations	464,034	403,302	407,809	464,129	403,397	407,904
Deferred income	197,961	198,616	197,603	208,976	213,984	211,883
Deferred tax liability	98,532	85,179	98,532	98,532	85,179	98,532
Liability to make lease payment after one year	274,418	278,739	277,932	274,418	278,739	277,932
	<u>3,134,979</u>	<u>1,958,238</u>	<u>1,940,125</u>	<u>3,146,089</u>	<u>1,973,701</u>	<u>1,954,501</u>
Current Liabilities						
Loans & borrowings	266,370	147,749	149,671	266,370	147,749	149,671
Liability to make lease payment within one year	4,627	4,449	4,449	4,627	4,449	4,449
Trade and other payables	242,109	257,669	194,897	249,833	265,367	202,575
Dividend payable	4,678	2,047	2,611	4,678	2,047	2,611
Amounts due to related Companies	24,534	21,468	13,547	29,636	26,571	18,650
Income tax payable	619	7,765	8,463	619	7,765	8,463
	<u>542,936</u>	<u>441,147</u>	<u>373,639</u>	<u>555,763</u>	<u>453,948</u>	<u>386,419</u>
Total Equity & Liabilities	<u>6,972,528</u>	<u>5,570,711</u>	<u>5,650,721</u>	<u>7,076,162</u>	<u>5,606,606</u>	<u>5,690,246</u>
Net Asset Value per Share (Rs.)	131.78	126.85	133.48	134.97	127.16	133.97

The above figures are subject to audit

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Jagath Dissanayake
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board of Directors of Kegalle Plantations PLC.



S S Poholiyadde
Director

Colombo

10 February 2014



J H P Ratnayake
Director

INTERIM FINANCIAL STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME

	Company						Group							
	Quarter Ended			Nine Months Ended			Year Ended	Quarter Ended			Nine Months Ended			Year Ended
	2013	2012	Variance	2013	2012	Variance	31 March	2013	2012	Variance	2013	2012	Variance	31 March
For the the nine months ended 31 December	Rs. '000	Rs. '000	+ / (-)	Rs. '000	Rs. '000	%	2013	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%	2013
Continuing Operations														
Revenue	604,719	605,267	(0)	1,836,620	1,921,101	(4)	2,587,558	604,719	605,267	(0)	1,836,620	1,921,101	(4)	2,587,558
Cost of sales	(453,382)	(480,813)	6	(1,535,354)	(1,425,246)	(8)	(1,857,482)	(453,382)	(480,813)	6	(1,535,354)	(1,425,246)	(8)	(1,857,482)
Gross profit	151,337	124,454	22	301,266	495,855	(39)	730,075	151,337	124,454	22	301,266	495,855	(39)	730,075
Gain/(Loss) on fair value of biological assets	-	-	-	-	-	-	(6,796)	-	-	-	-	-	-	(6,796)
Other income	5,716	8,666	(34)	18,736	24,407	(23)	27,160	5,716	8,666	(34)	18,736	24,407	(23)	27,160
Administrative expenses	(13,980)	(13,653)	(2)	(42,107)	(41,435)	(2)	(54,151)	(13,980)	(13,653)	(2)	(42,107)	(41,435)	(2)	(54,151)
Management fee	(22,091)	(36,832)	40	(52,871)	(99,277)	47	(125,071)	(22,091)	(36,832)	40	(52,871)	(99,277)	47	(125,071)
Profit from operations	120,982	82,635	46	225,024	379,550	(41)	571,218	120,982	82,635	46	225,024	379,550	(41)	571,218
Finance income	29,457	35,600	(17)	188,100	128,158	47	165,653	29,457	35,600	(17)	188,100	128,158	47	165,653
Finance cost	(58,427)	(39,296)	(49)	(123,143)	(108,447)	(14)	(141,704)	(58,427)	(39,296)	(49)	(123,143)	(108,447)	(14)	(141,704)
Net finance income / (loss)	(28,970)	(3,696)	(684)	64,957	19,711	230	23,949	(28,970)	(3,696)	(684)	64,957	19,711	230	23,949
Share of result of associates	-	-	-	-	-	-	-	30,940	16,680	85	77,120	49,701	55	54,702
Profit before taxation	92,012	78,939	17	289,982	399,261	(27)	595,167	122,951	95,619	29	367,101	448,962	(18)	649,869
Tax expenses	(8,245)	(7,315)	13	(32,325)	(69,849)	54	(100,126)	(12,168)	(8,766)	(39)	(41,442)	(74,828)	45	(106,248)
Profit for the period from continuing operations	83,767	71,624	17	257,657	329,411	(22)	495,041	110,783	86,853	28	325,660	374,134	(13)	543,621
Discontinued Operations														
Loss from discontinued operations	-	-	-	-	-	-	-	(257)	(645)	60	(677)	(2,025)	67	(1,144)
Profit for the period	83,767	71,624	17	257,657	329,411	(22)	495,041	110,526	86,208	28	324,983	372,108	(13)	542,477
Other Comprehensive Income														
Other Comprehensive Income for the period, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the period, net of tax	83,767	71,624	17	257,657	329,411	(22)	495,041	110,526	86,208	28	324,983	372,108	(13)	542,477
Basic earnings per share from continuing operations (Rs.)	3.35	2.86		10.31	13.18		19.80	4.43	3.47		13.03	14.97		21.74

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 December 2013

	Company				
	Stated Capital	General Reserve	Timber Reserve	Retained Profit	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31 March 2012	250,000	225,000	4,049	2,362,866	2,841,915
Total Comprehensive Income for the period	-	-	-	329,411	329,411
Timber Reserve	-	-	-	-	-
Dividend Paid	-	-	-	-	-
Balance as at 31 December 2012	250,000	225,000	4,049	2,692,277	3,171,326

Balance as at 31 March 2013	250,000	225,000	8,600	2,853,357	3,336,956
Total Comprehensive Income for the period	-	-	-	257,657	257,657
Timber Reserve	-	-	-	-	-
Dividend Paid	-	-	-	(300,000)	(300,000)
Balance as at 31 December 2013	250,000	225,000	8,600	2,811,014	3,294,613

For the nine months ended 31 December 2013

	Group				
	Stated Capital	General Reserve	Timber Reserve	Retained Profit	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31 March 2012	250,000	225,000	4,049	2,327,801	2,806,850
Total Comprehensive Income for the period	-	-	-	372,108	372,108
Timber Reserve	-	-	-	-	-
Dividend Paid	-	-	-	-	-
Balance as at 31 December 2012	250,000	225,000	4,049	2,699,910	3,178,958

Balance as at 31 March 2013	250,000	225,000	8,600	2,865,728	3,349,328
Total Comprehensive Income for the period	-	-	-	324,983	324,983
Timber Reserve	-	-	-	-	-
Dividend Paid	-	-	-	(300,000)	(300,000)
Balance as at 31 December 2013	250,000	225,000	8,600	2,890,711	3,374,310

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

CASH FLOW STATEMENTS

For the the nine months ended 31 December	Company			Group		
	Year Ended			Year Ended		
	2013	2012	2013	2013	2012	2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES						
Net Profit before Taxation from continuing operations	289,982	399,261	595,167	367,101	448,962	649,869
Net Loss before Taxation from discontinuing operations	-	-	-	(677)	(2,025)	(1,144)
ADJUSTMENTS FOR						
Interest income	(188,100)	(128,158)	(165,653)	(188,100)	(128,158)	(165,653)
Depreciation, amortization and Impairment Loss	75,089	72,172	94,215	79,739	77,219	99,510
Provision for defined benefit plan costs	87,645	31,295	48,849	87,645	31,295	48,849
Amortization of grants	(4,315)	(4,312)	(5,753)	(7,579)	(7,576)	(10,105)
Share of result of associates	-	-	-	(77,120)	(49,701)	(54,702)
Profit on sale of property, plant & equipment	(2,850)	-	(3,502)	(2,850)	-	(3,502)
Finance costs	123,143	108,447	141,704	123,143	108,459	141,704
(Gains)/losses on fair value of biological assets	-	-	6,796	-	-	6,796
Operating profit before working capital changes	380,593	478,705	711,823	381,302	478,475	711,622
(Increase)/decrease in trade & other receivables	(50,811)	(54,827)	32,197	(49,285)	(54,827)	32,197
(Increase)/decrease in inventories	(39,475)	(4,915)	(40,678)	(39,384)	(4,465)	(40,153)
(Increase)/decrease in amounts due from related companies	19,627	17,708	(18,874)	19,627	17,708	(18,874)
Increase/(decrease) in trade & other payables	47,211	48,263	(14,509)	47,211	48,049	(14,564)
Increase/(decrease) in amounts due to related companies	10,986	15,613	7,693	8,564	15,613	7,515
Cash generated from / (used in) operations	368,132	500,547	677,652	368,036	500,553	677,743
Defined benefit plan costs paid	(31,420)	(31,031)	(44,076)	(31,420)	(31,031)	(44,076)
ESC paid	-	(1,710)	(1,710)	-	(1,710)	(1,710)
Finance cost paid	(89,180)	(77,667)	(100,313)	(89,180)	(77,679)	(100,313)
Income tax paid	(40,169)	(58,358)	(74,583)	(40,169)	(58,358)	(74,583)
Net cash from operating activities	207,364	331,781	456,970	207,268	331,775	457,061
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES						
Investments in associates	-	(120,000)	(147,000)	-	(120,000)	(147,000)
Interest received	188,100	128,158	165,653	188,100	128,158	165,653
Grant received	4,673	3,295	3,723	4,673	3,295	3,723
Proceeds from sale of property, plant & equipment	2,850	-	3,502	2,850	-	3,502
Field development expenditure	(221,938)	(146,751)	(223,167)	(221,938)	(146,751)	(223,167)
Purchase of property, plant & equipment	(1,403)	(13,649)	(30,554)	(1,403)	(13,649)	(30,554)
Net cash from / (used in) investing activities	(27,718)	(148,947)	(227,843)	(27,718)	(148,947)	(227,843)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES						
Dividend paid	(297,941)	177	741	(297,941)	177	741
Payment of Government lease rentals	(33,963)	(30,780)	(41,391)	(33,963)	(30,780)	(41,391)
Payment of Government lease rentals - Capital	(3,337)	(3,471)	(4,278)	(3,337)	(3,471)	(4,278)
Proceeds from loans	1,383,456	519,267	519,267	1,383,456	519,267	519,267
Repayment of loans	(119,028)	(87,818)	(124,780)	(119,028)	(87,818)	(124,780)
Net Cash from / (used in) Financing Activities	929,187	397,375	349,559	929,187	397,375	349,559
Net increase/(decrease) in cash & cash equivalents	1,108,833	580,209	578,686	1,108,737	580,203	578,776
Cash & cash equivalents at the beginning of the period	2,393,476	1,814,790	1,814,790	2,393,586	1,814,809	1,814,809
Cash & cash equivalents at the end of the period	3,502,309	2,394,999	2,393,476	3,502,323	2,395,012	2,393,586
NOTES						
A. Cash & cash equivalents at the beginning of the period						
Cash in Hand & at Bank	26,416	12,783	12,783	26,525	12,802	12,802
Bank Overdraft	(5,945)	(4,086)	(4,086)	(5,945)	(4,086)	(4,086)
Investment in Treasury Bills, REPO & Others	2,373,005	1,806,093	1,806,093	2,373,005	1,806,093	1,806,093
	2,393,476	1,814,790	1,814,790	2,393,586	1,814,809	1,814,809
B. Cash & cash equivalents at the end of the period						
Cash in Hand & at Bank	23,102	33,172	26,416	23,116	33,185	26,525
Bank Overdraft	-	(1,213)	(5,945)	-	(1,213)	(5,945)
Investment in Treasury Bills, REPO & Others	3,479,208	2,363,040	2,373,005	3,479,208	2,363,040	2,373,005
	3,502,309	2,394,999	2,393,476	3,502,323	2,395,012	2,393,586
<i>The above figures are subject to audit</i>						

INTERIM FINANCIAL STATEMENTS

Explanation of transition to SLFRSs

RECONCILIATION OF FINANCIAL POSITION

Reconciliation of Financial Position as at 31 December 2012

	Notes	Company			Group		
		SLFRS/LKAS 2012 Rs.'000	Remeasurements Rs.'000	SLAS 2012 Rs.'000	SLFRS/LKAS 2012 Rs.'000	Remeasurements Rs.'000	SLAS 2012 Rs.'000
ASSETS							
<u>Non Current Assets</u>							
Leasehold property, plant and equipment		275,419	-	275,419	275,419	-	275,419
Freehold property, plant and equipment	C	388,920	6,288	382,632	451,169	6,288	444,881
Bearer biological assets	D	1,261,672	(38,372)	1,300,044	1,261,672	(38,372)	1,300,044
Consumable biological assets	D	35,020	35,020	-	35,020	35,020	-
Long term investments		570,000	-	570,000	575,966	-	575,966
Total Non Current Assets		2,531,032	2,937	2,528,095	2,599,247	2,937	2,596,310
<u>Current Assets</u>							
Inventories	E	205,231	(138,235)	343,466	205,006	(138,235)	343,241
Trade and other receivables		330,375	-	330,375	343,112	-	343,112
VAT recoverable		21,492	-	21,492	21,499	-	21,499
Amounts due from related Companies		86,369	-	86,369	41,517	-	41,517
Short term investment		2,363,040	-	2,363,040	2,363,040	-	2,363,040
Cash and bank balances		33,172	-	33,172	33,185	-	33,185
Total Current Assets		3,039,679	(138,235)	3,177,914	3,007,359	(138,235)	3,145,594
TOTAL ASSETS		5,570,711	(135,298)	5,706,009	5,606,606	(135,298)	5,741,904
EQUITY AND LIABILITIES							
<u>Equity</u>							
Stated capital		250,000	-	250,000	250,000	-	250,000
General reserve		225,000	-	225,000	225,000	-	225,000
Retained earnings	G	2,696,327	(159,067)	2,855,394	2,703,959	(159,067)	2,863,026
Shareholders' Fund		3,171,327	(159,067)	3,330,394	3,178,959	(159,067)	3,338,026
<u>Non Current Liabilities</u>							
Loans & borrowings		992,402	-	992,402	992,402	-	992,402
Retirement benefit obligations		403,302	-	403,302	403,397	-	403,397
Deferred income		198,616	-	198,616	213,984	-	213,984
Deferred tax liability	F	85,179	23,770	61,409	85,179	23,770	61,409
Liability to make lease payment after one year		278,739	-	278,739	278,739	-	278,739
Total Non Current Liabilities		1,958,238	23,770	1,934,468	1,973,701	23,770	1,949,931
<u>Current Liabilities</u>							
Loans & borrowings		147,749	-	147,749	147,749	-	147,749
Liability to make lease payment within one year		4,449	-	4,449	4,449	-	4,449
Trade and other payables		257,669	-	257,669	265,367	-	265,367
Dividend payable		2,047	-	2,047	2,047	-	2,047
Amounts due to related Companies		21,468	-	21,468	26,571	-	26,571
Income tax payable		7,765	-	7,765	7,765	-	7,765
Total Current Liabilities		441,147	-	441,147	453,948	-	453,948
TOTAL EQUITY AND LIABILITIES		5,570,711	(135,298)	5,706,009	5,606,606	(135,298)	5,741,904

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

Explanation of transition to SLFRSs (Contd.)

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME

Reconciliation of Total Comprehensive Income for the nine months ended 31 December 2012

	Notes	Company			Group		
		SLFRS\LKAS	Remeasurements	SLAS	SLFRS\LKAS	Remeasurements	SLAS
		2012		2012	2012		2012
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<u>Continuing Operations</u>							
Revenue	A	1,921,101	(74,752)	1,995,853	1,921,101	(74,752)	1,995,853
Cost of sales	B	(1,425,245)	(186)	(1,425,059)	(1,425,245)	(186)	(1,425,059)
Gross profit		495,856	(74,938)	570,794	495,856	(74,938)	570,794
Gain/(Loss) on fair value of biological assets	D	-	-	-	-	-	-
Other income		24,408	-	24,408	24,408	-	24,408
Administrative expenses		(41,437)	-	(41,437)	(41,437)	-	(41,437)
Management fee		(99,277)	-	(99,277)	(99,277)	-	(99,277)
Profit from operations		379,550	(74,938)	454,488	379,550	(74,938)	454,488
Finance income		128,158	-	128,158	128,158	-	128,158
Finance cost		(108,447)	-	(108,447)	(108,447)	-	(108,447)
Net finance income		19,711	-	19,711	19,711	-	19,711
Share of result of associates		-	-	-	49,701	-	49,701
Profit before taxation		399,261	(74,938)	474,199	448,962	(74,938)	523,900
Tax expenses	F	(69,849)	-	(69,849)	(74,828)	-	(74,828)
Profit for the year from continuing operations		329,411	(74,938)	404,350	374,134	(74,938)	449,072
<u>Discontinued Operations</u>							
Loss from discontinued operations		-	-	-	(2,025)	-	(2,025)
Profit for the year		329,411	(74,938)	404,350	372,108	(74,938)	447,047
<u>Other Comprehensive Income</u>							
Other Comprehensive Income for the period, net of tax		-	-	-	-	-	-
Total Comprehensive Income for the period, net of tax		329,411	(74,938)	404,350	372,108	(74,938)	447,047

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Notes to the Reconciliation of Financial Position as at 31 December 2012 and Total Comprehensive Income ("CI") for the nine months ended 31 December 2012.

A Revenue

Profit & Loss of the perennial crop has been recognized in the financial period of harvesting in terms of SLAS 32. Thus the unsold stocks were treated as a part of revenue. The scope of revenue recognition was changed to LKAS 18. Accordingly, the revenue is recognized based on the date of auction where the recognition criterias are met and therefore the quantity which is sold at auction is treated as the sales.

The turnover in the Statement of Comprehensive Income for the nine months ended 31 December 2012 was decreased by Rs. 74.7 Mn.

Nature of SLFRS/LKAS Adjustment	CI for nine months ended	
	31 December 2012	
	Rs.'000	
Removal of unsold stock which was part of the revenue	(299,451)	
Removal of cost of last year's stock	224,698	
Company/Group Total	(74,752)	

B Cost of Sales

Recognition of the cost of sales has been changed simultaneous to the changes to the revenue recognition. Thus, cost of sales consists of the directly attributable cost of the goods sold. Cost of opening stocks and the closing stocks were adjusted to the cost of production in arriving this. Further, the measurement of unsold rubber, tea and coconut stocks have been changed and also the depreciation charge for the period has been changed as a result of changes of the useful lives and residual values.

Nature of SLFRS/LKAS Adjustment	CI for nine months ended	
	31 December 2012	
	Rs.'000	
Opening stock adjustment - Identifying the stocks at cost or NRV whichever is lower	(76,555)	
Closing stock adjustment - Identifying the stocks at cost or NRV which ever is lower	151,211	
Cost of unsold stocks	(299,451)	
Cost of opening stocks	224,698	
Effect on depreciation for the period due to changes in useful lives of assets	(89)	
Company/Group Total	(186)	

C Freehold Property, Plant & Equipment

The useful lives of the fully depreciated Colour Separators were re-estimated from the date of acquisition.

As a result, the depreciation in CI for period ended 31 December 2012 has been increased.

Nature of SLFRS/LKAS Adjustment	Net assets as at		CI for nine months ended
	31 December 2012	31 March 2012	31 December 2012
	Rs.'000	Rs.'000	Rs.'000
Accumulated Depreciation as per SLAS	13,231	12,438	794
Accumulated Depreciation as per SLFRS	8,582	7,878	704
Effect on depreciation for the period by restatement of depreciation policy	4,649	4,560	89
Company/Group Total	4,649	4,560	89

D Biological Assets

LKAS 41 applied for consumable biological assets thus the fair value of managed trees was ascertained by professionally qualified valuers. As a result, the net assets of opening Statement of Financial Position has been decreased by Rs. 3.3 Mn.

Nature of SLFRS/LKAS Adjustment	Net Assets As at		CI for nine months ended
	31 December 2012	31 March 2012	31 December 2012
	Rs.'000	Rs.'000	Rs.'000
Cost of managed timber classified as biological assets	35,020	38,372	-
Gain/(loss) on fair value of managed trees	-	(3,351)	-
Company/Group Total	35,020	35,020	-

The gain or losses arising from biological transformation relating to the nine months ended 31 December 2012 have not been recognised in the interim accounts.

INTERIM FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

E Inventory

The produce stock from biological assets i.e. rubber & tea were valued at estimated selling price or since realized price in terms of SLAS 32. With the conversion to new Accounting Standards, the agricultural produce that are harvested from biological assets i.e. latex and green leaf are required to measure at its fair value less cost to sell at the point of harvest. Accordingly, the measurement of inventory is carried at the lower of cost and estimated net realizable value in accordance with LKAS 2.

Nature of SLFRS/LKAS Adjustment	Net Assets As at		CI for nine months ended
	31 December 2012	31 March 2012	31 December 2012
	Rs.'000	Rs.'000	Rs.'000
Change in Valuation of rubber and tea stock at lower of fair value or NRV	(138,235)	(63,207)	(75,028)
Company/Group Total	(138,235)	(63,207)	(75,028)

F Deferred Tax Liability

The deferred tax effect is predominantly arises because of the taxable temporary difference as a result of changing depreciation policy and fair valuation of consumable biological assets.

Nature of SLFRS/LKAS Adjustment	Net Assets As at		CI for nine months ended
	31 December 2012	31 March 2012	31 December 2012
	Rs.'000	Rs.'000	Rs.'000
Total deferred tax effect	23,770	23,770	-
Company/Group Total	23,770	23,770	-

G Retained Earnings

The changes up to 31 December 2012 due to SLFRS/LKAS conversion adjusted through retained earnings.

Nature of SLFRS/LKAS Adjustment	Net assets as at	
	31 December 2012	31 March 2012
	Rs.'000	Rs.'000
Gains and losses on fair value of consumable biological assets	-	(3,351)
Effect on depreciation for the year by restatement of depreciation policy	2,937	6,199
Valuation of rubber, tea and coconut stocks at lower of cost or NRV	(138,235)	(63,207)
Total deferred tax effect on SLFRS/LKAS adjustments	(23,770)	(23,770)
Company/Group Total	(159,067)	(84,129)
Accumulated	(74,938)	

2. Stated Capital of Kegalle Plantations PLC amounts to Rs. 250,000,010 represented by 25,000,001 Ordinary Shares.
3. The Interim Financial Statements of the Company/Group are unaudited and have been prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and are in compliance with Sri Lanka Accounting Standard 34 - Interim Financial Reporting. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the Interim Financial Statements of the Company/Group. They also comply with the accounting policies and methods set out in the Annual Report for the year ended 31 March 2013.
4. The presentation and classification of figures for the corresponding period of the previous quarter have been amended, where relevant, for better presentation and to be comparable with those of the current quarter.
5. Other than contingent liabilities which may arise from the fair value adjustments, there has been no material changes in the nature of the contingent liabilities, what was disclosed in the Annual Report for the year ended 31 March 2013.
6. No circumstances have arisen since the Statement of Financial Position date, which would require adjustment or disclosure in the Interim Financial Statements.

INTERIM FINANCIAL STATEMENTS

SHAREHOLDER & INVESTOR INFORMATION

<u>Market price per share</u>	Quarter Ended		Nine Months Ended		Year Ended
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	31 March 2013 Rs.
For the nine months ended 31 December					
Highest	103.70	116.00	121.90	119.50	119.50
Lowest	92.30	100.00	90.00	86.20	86.20
Last Traded	102.90	104.00	102.90	104.00	112.00

Twenty largest shareholders of the Company are as follows:

As at	31 December 2013		31 March 2013	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
Name of the Shareholder				
1 RPC Plantation Management Services (Pvt) Ltd	19,096,044	76.38%	18,258,331	73.03%
2 J B Cocoshell (Pvt) Ltd	613,553	2.45%	606,500	2.43%
3 Almar Trading Co. (Pvt) Ltd	243,600	0.97%	243,600	0.97%
4 HSBC International Nominees Ltd - SSBT - Deutsche Bank	200,000	0.80%	200,000	0.80%
5 Tranz Dominion, L.L.C	185,000	0.74%	185,000	0.74%
6 Mr. A. K. Kumarasena	125,151	0.50%	125,151	0.50%
7 Employees Provident Fund	122,300	0.49%	122,300	0.49%
8 Mr. T. T. T. Al-Nakib	102,930	0.41%	-	-
9 Deutsche Bank AG As Trustee to Candor Growth Fund	100,000	0.40%	200,000	0.80%
10 Cocoshell Activated Carbon Company Limited	90,131	0.36%	94,500	0.38%
11 Mr. M. J. Fernando	85,500	0.34%	85,500	0.34%
12 Waldock Mackenzie Ltd / Hi-Line Trading (Pvt) Ltd	81,599	0.33%	131,999	0.53%
13 Askold (Pvt) Ltd	67,250	0.27%	67,250	0.27%
14 Dr. W. P. Somasiri	52,500	0.21%	-	-
15 Mr. N. Balasingam	50,600	0.20%	-	-
16 Bank of Ceylon - No. 1 Account	50,600	0.20%	-	-
17 Mrs. P. C. Cooray	50,600	0.20%	-	-
18 Harnam Holdings SDN BHD	50,000	0.20%	-	-
19 Claridge Fund (Pvt) Ltd - No. 1 Account	45,300	0.18%	-	-
20 Mr. P. Subasinghe	42,784	0.17%	-	-
Sub Total	21,455,442	85.82%	-	-
Balance held by 8,967 Shareholders (31 March 2013 - 9,090 Shareholders)	3,544,559	14.18%	3,858,571	15.43%
Total Shares	25,000,001	100.00%	25,000,001	100.00%

The percentage of shares held as follows:

	31 December 2013		31 March 2013	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
Public Holding	5,887,250	23.55%	6,731,863	26.93%
Other Holding	19,112,751	76.45%	18,268,138	73.07%
	25,000,001	100.00%	25,000,001	100.00%

The number of shares held by the Board of Directors are as follows:

As at	Number of Shares	
	31 December 2013	31 March 2013
Dr. Sena Yaddhige	-	-
Mr. J H P Ratnayake	-	-
Mr. S S Poholiyadde	3,307	307
Prof. R C W M R A Nugawela	-	-
Dr. S S B D G Jayawardena	-	-

INTERIM FINANCIAL STATEMENTS

SEGMENT INFORMATION

For the nine months ended 31 December

	Company			Group		
	Year Ended 31 March			Year Ended 31 March		
	2013	2012	2013	2013	2012	2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Rubber						
Revenue	1,043,791	1,201,690	1,630,201	1,043,791	1,201,690	1,630,201
Revenue expenditure	(723,354)	(721,346)	(921,883)	(723,354)	(721,346)	(921,883)
Depreciation / amortization	(49,221)	(47,225)	(61,757)	(49,221)	(47,225)	(61,757)
Other non cash expenses - gratuity	(50,033)	(18,836)	(26,616)	(50,033)	(18,836)	(26,616)
Segment Result - Gross Profit	221,183	414,283	619,946	221,183	414,283	619,946
Tea						
Revenue	688,406	615,028	805,449	688,406	615,028	805,449
Revenue expenditure	(633,484)	(577,367)	(768,868)	(633,484)	(577,367)	(768,868)
Depreciation / amortization	(24,675)	(23,764)	(30,859)	(24,675)	(23,764)	(30,859)
Other non cash expenses - gratuity	(37,612)	(12,460)	(21,631)	(37,612)	(12,460)	(21,631)
Segment Result - Gross Profit	(7,365)	1,436	(15,908)	(7,365)	1,436	(15,908)
Coconut						
Revenue	39,580	32,923	45,309	39,580	32,923	45,309
Revenue expenditure	(16,687)	(23,970)	(24,817)	(16,687)	(23,970)	(24,817)
Depreciation / amortization	(223)	(212)	(305)	(223)	(212)	(305)
Other non cash expenses - gratuity	-	-	(602)	-	-	(602)
Segment Result - Gross Profit	22,670	8,741	19,584	22,670	8,741	19,584
Others						
Revenue	64,844	71,460	106,599	64,844	71,460	106,599
Revenue expenditure	-	-	(58)	-	-	(58)
Depreciation / amortization	(66)	(66)	(88)	(66)	(66)	(88)
Other non cash expenses - gratuity	-	-	-	-	-	-
Segment Result - Gross Profit	64,778	71,394	106,454	64,778	71,394	106,454
Total Segments						
Revenue	1,836,620	1,921,101	2,587,558	1,836,620	1,921,101	2,587,558
Revenue expenditure	(1,373,526)	(1,322,683)	(1,715,626)	(1,373,526)	(1,322,683)	(1,715,626)
Depreciation / amortization	(74,184)	(71,267)	(93,008)	(74,184)	(71,267)	(93,008)
Other non cash expenses - gratuity	(87,645)	(31,296)	(48,849)	(87,645)	(31,296)	(48,849)
Total Segment Results - Gross Profit	301,266	495,855	730,075	301,266	495,855	730,075
Gain/(Loss) on fair value of biological assets	-	-	(6,796)	-	-	(6,796)
Other income	18,736	24,407	27,160	18,736	24,407	27,160
Administration expenses	(42,107)	(41,435)	(54,151)	(42,107)	(41,435)	(54,151)
Management fee	(52,871)	(99,277)	(125,071)	(52,871)	(99,277)	(125,071)
Finance income	188,100	128,158	165,653	188,100	128,158	165,653
Finance cost	(123,143)	(108,447)	(141,704)	(123,143)	(108,447)	(141,704)
Share of result of associates	-	-	-	77,120	49,701	54,702
Profit for the period from continuing operations	289,982	399,261	595,167	367,101	448,962	649,869
Loss from discontinued operations	-	-	-	(677)	(2,025)	(1,144)
Profit Before Tax	289,982	399,261	595,167	366,424	446,936	648,725

The above figures are subject to audit

CORPORATE INFORMATION

Name of the Company	: KEGALLE PLANTATIONS PLC
Legal Form	: A Quoted Public Company with limited liability, Incorporated in Sri Lanka under the Companies Act No. 07 of 2007.
Date of Incorporation	: 22 June 1992
Company Registration No	: New Registration No. P Q 135 [Old No. N (PBS/CGB) 140]
Head/Registered Office	: No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Principal Business Activities	: Cultivation, Manufacture and Sale of Rubber, Tea, Coconut, Cardamom & other agricultural produce.
Ultimate Parent Enterprise	: Richard Pieris & Company PLC No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Board of Directors	: Dr. Sena Yaddehige - Chairman Mr. J H P Ratnayeke - Deputy Chairman Mr. S S Poholiyadde Prof. R C W M R A Nugawela Dr. S S B D G Jayawardena
Stock Exchange Listing	: The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka.
Secretaries	: Richard Pieris Group Services (Pvt) Limited No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka Telephone : + (94) 11 4310500
Auditors	: Messrs. Ernst & Young, Chartered Accountants, No. 201, De Saram Place, Colombo 10.
Bankers	: Hatton National Bank PLC Bank of Ceylon - Corporate Branch & Regional Branches NDB Bank PLC Peoples Bank Seylan Bank PLC Commercial Bank of Ceylon PLC Indian Overseas Bank/Indian Bank/State Bank of India
Legal Advisors	: Paul Ratnayeke Associates International Legal Consultants, Solicitors and Attorneys-at-Law, No. 59, Gregory's Road, Colombo 7, Sri Lanka.
Contact Details	: Telephone : + (94) 11 4310500 Facsimile : + (94) 11 4310799 Internet : www.arpico.com E-mail : kpl.rpk@arpico.com

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