

Kegalle Plantations PLC

Interim Financial Statements
for the Twelve months ended
31 March 2014


INTERIM FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION


	Company		Group	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
As at 31 March				
ASSETS				
Non - Current Assets				
Leasehold property, plant and equipment	255,811	271,639	255,811	271,639
Freehold property, plant and equipment	366,996	397,104	423,196	459,104
Bearer biological assets	1,549,826	1,316,452	1,549,826	1,316,452
Consumable biological assets	59,406	39,571	59,406	39,571
Long term investments	611,850	597,000	701,737	606,825
	2,843,889	2,621,766	2,989,975	2,693,591
Current Assets				
Inventories	313,890	241,741	313,498	241,440
Trade and other receivables	248,953	241,752	254,552	247,211
VAT recoverable	24,461	23,092	30,080	30,377
Income tax recoverable	8,722	-	8,722	-
Amounts due from related Companies	63,043	122,951	21,035	78,097
Short term investment	3,409,177	2,373,005	3,409,177	2,373,005
Cash and bank balances	34,360	26,416	34,370	26,525
	4,102,606	3,028,955	4,071,435	2,996,655
Total Assets	6,946,494	5,650,721	7,061,410	5,690,246
EQUITY & LIABILITIES				
Capital & Reserves				
Stated capital (Note 2)	250,000	250,000	250,000	250,000
General reserve	225,000	225,000	225,000	225,000
Timber reserve	(4,398)	8,600	(4,398)	8,600
Retained profit	2,871,918	2,853,357	2,963,885	2,865,728
Shareholders' Fund	3,342,520	3,336,956	3,434,487	3,349,327
Non - Current Liabilities				
Loans & borrowings	2,013,096	958,249	2,013,096	958,249
Retirement benefit obligations	446,412	407,809	446,506	407,904
Deferred income	197,074	197,603	207,002	211,883
Deferred tax liability	114,035	98,532	114,035	98,532
Liability to make lease payment after one year	273,305	277,932	273,305	277,932
	3,043,921	1,940,125	3,053,945	1,954,501
Current Liabilities				
Loans & borrowings	317,768	149,671	317,768	149,671
Liability to make lease payment within one year	4,627	4,449	4,627	4,449
Trade and other payables	218,534	194,897	226,358	202,575
Dividend payable	5,980	2,611	5,980	2,611
Amounts due to related Companies	13,145	13,547	18,247	18,650
Income tax payable	-	8,463	-	8,463
	560,053	373,639	572,979	386,419
Total Equity & Liabilities	6,946,494	5,650,721	7,061,410	5,690,246
Net Asset Value per Share (Rs.)	133.70	133.48	137.38	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.


Sudheera Eritakumbura
 Financial Controller

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
 29 May 2014


J H P Ratnayeke
 Director

INTERIM FINANCIAL STATEMENTS

INCOME STATEMENTS

	Company						Group					
	Quarter Ended			Year Ended			Quarter Ended			Year Ended		
	2014 Rs. '000	2013 Rs. '000	Variance + / (-) %	2014 Rs. '000	2013 Rs. '000	Variance + / (-) %	2014 Rs. '000	2013 Rs. '000	Variance + / (-) %	2014 Rs. '000	2013 Rs. '000	Variance + / (-) %
For the the year ended 31 March												
<u>Continuing Operations</u>												
Revenue	577,600	666,457	(13)	2,414,220	2,587,558	(7)	577,600	666,457	(13)	2,414,220	2,587,558	(7)
Cost of sales	(449,029)	(458,180)	2	(1,984,384)	(1,883,426)	(5)	(449,029)	(458,180)	2	(1,984,384)	(1,883,426)	(5)
Gross profit	128,571	208,277	(38)	429,836	704,132	(39)	128,571	208,277	(38)	429,836	704,132	(39)
Gain/(Loss) on fair value of biological assets	5,750	(6,796)	185	5,750	(6,796)	185	5,750	(6,796)	185	5,750	(6,796)	185
Other income	4,126	2,753	50	22,861	27,160	(16)	4,126	2,753	50	22,861	27,160	(16)
Administrative expenses	(6,925)	(12,715)	46	(49,032)	(54,151)	9	(6,925)	(12,715)	46	(49,032)	(54,151)	9
Management fee	(21,461)	(25,794)	17	(74,332)	(125,071)	41	(21,461)	(25,794)	17	(74,332)	(125,071)	41
Profit from operations	110,060	165,725	(34)	335,084	545,275	(39)	110,060	165,725	(34)	335,084	545,275	(39)
Finance income	41,422	37,494	10	229,522	165,653	39	41,422	37,494	10	229,522	165,653	39
Finance cost	(56,254)	(33,256)	(69)	(179,396)	(141,704)	(27)	(56,254)	(33,256)	(69)	(179,396)	(141,704)	(27)
Net finance income / (loss)	(14,832)	4,238	(450)	50,125	23,949	109	(14,832)	4,238	(450)	50,125	23,949	109
Share of result of associates	-	-	-	-	-	-	9,456	5,001	89	86,575	54,702	58
Profit before taxation	95,228	169,963	(44)	385,209	569,223	(32)	104,684	174,964	(40)	471,785	623,925	(24)
Tax expenses	(6,892)	(26,188)	74	(39,216)	(96,037)	59	(731)	(27,331)	97	(42,173)	(102,159)	59
Profit for the period from continuing operations	88,336	143,775	(39)	345,993	473,186	(27)	103,952	147,633	(30)	429,612	521,766	(18)
<u>Discontinued Operations</u>												
Loss from discontinued operations	-	-	-	-	-	-	211	881	(76)	(466)	(1,144)	59
Profit for the year	88,336	143,775	(39)	345,993	473,186	(27)	104,163	148,514	(30)	429,146	520,622	(18)
Basic earnings per share from continuing operations (Rs.)	3.53	5.75		13.84	18.93		4.16	5.91		17.18	20.87	

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME

	Company						Group					
	Quarter Ended			Year Ended			Quarter Ended			Year Ended		
	2014 Rs. '000	2013 Rs. '000	Variance + / (-) %	2014 Rs. '000	2013 Rs. '000	Variance + / (-) %	2014 Rs. '000	2013 Rs. '000	Variance + / (-) %	2014 Rs. '000	2013 Rs. '000	Variance + / (-) %
For the the year ended 31 March												
Profit for the year	88,336	143,775	(39)	345,993	473,186	(27)	104,163	148,514	(30)	429,146	520,622	(18)
Other Comprehensive Income												
Actuarial Gains and (Losses) on Defined benefit Plans	(3,477)	25,944	(113)	(3,477)	25,944	(113)	(3,477)	25,944	(113)	(3,477)	25,944	(113)
Income tax effect	548	(4,089)	113	548	(4,089)	113	548	(4,089)	113	548	(4,089)	113
	(2,929)	21,855	(113)	(2,929)	21,855	(113)	(2,929)	21,855	(113)	(2,929)	21,855	(113)
Share of Other Comprehensive Income of Equity Accounted Investees												
Net (Loss)/gain on available for sale financial assets	-	-	-	-	-	-	(3,750)	-	-	(3,750)	-	-
Income tax effect	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(3,750)	-	-	(3,750)	-	-
Actuarial Gains and (Losses) on Defined benefit Plans	-	-	-	-	-	-	193	-	-	193	-	-
Income tax effect	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	193	-	-	193	-	-
Other Comprehensive Income for the year, net of tax	(2,929)	21,855	(113)	(2,929)	21,855	(113)	(6,486)	21,855	(130)	(6,486)	21,855	(130)
Total Comprehensive Income for the year, net of tax	85,407	165,630	(48)	343,064	495,041	(31)	97,677	170,369	(43)	422,659	542,477	(22)

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Company				
	Stated Capital Rs. '000	General Reserve Rs. '000	Timber Reserve Rs. '000	Retained Profit Rs. '000	Total Rs. '000
Balance as at 31 March 2012	250,000	225,000	4,049	2,362,866	2,841,915
Profit for the Year	-	-	-	473,186	473,186
Other Comprehensive Income	-	-	-	21,855	21,855
Timber Reserve	-	-	4,551	(4,551)	-
Dividend Paid	-	-	-	-	-
Balance as at 31 March 2013	250,000	225,000	8,600	2,853,356	3,336,956

Balance as at 31 March 2013	250,000	225,000	8,600	2,853,357	3,336,956
Profit for the Year	-	-	-	345,993	345,993
Other Comprehensive Income	-	-	-	(2,929)	(2,929)
Timber Reserve	-	-	(12,997)	12,997	-
Dividend Paid	-	-	-	(337,500)	(337,500)
Balance as at 31 March 2014	250,000	225,000	(4,398)	2,871,918	3,342,520

For the year ended 31 March 2014

	Group				
	Stated Capital Rs. '000	General Reserve Rs. '000	Timber Reserve Rs. '000	Retained Profit Rs. '000	Total Rs. '000
Balance as at 31 March 2012	250,000	225,000	4,049	2,327,801	2,806,850
Profit for the Year	-	-	-	520,622	520,622
Other Comprehensive Income	-	-	-	21,855	-
Timber Reserve	-	-	4,551	(4,551)	-
Dividend Paid	-	-	-	-	-
Balance as at 31 March 2013	250,000	225,000	8,600	2,865,727	3,349,327

Balance as at 31 March 2013	250,000	225,000	8,600	2,865,728	3,349,328
Profit for the Year	-	-	-	429,146	429,146
Other Comprehensive Income	-	-	-	(6,486)	(6,486)
Timber Reserve	-	-	(12,997)	12,997	-
Dividend Paid	-	-	-	(337,500)	(337,500)
Balance as at 31 March 2014	250,000	225,000	(4,398)	2,963,885	3,434,487

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

CASH FLOW STATEMENTS

	Company		Group	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
For the the year ended 31 March				
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Net Profit before Taxation from continuing operations	385,209	569,223	471,785	623,925
Net Loss before Taxation from discontinuing operations	-	-	(466)	(1,144)
ADJUSTMENTS FOR				
Interest income	(229,522)	(165,653)	(229,522)	(165,653)
Depreciation, amortization and Impairment Loss	92,945	94,215	98,745	99,510
Provision for defined benefit plan costs	77,313	74,792	77,313	74,792
Amortization of grants	(5,768)	(5,753)	(10,119)	(10,105)
Share of result of associates	-	-	(86,575)	(54,702)
Profit on sale of property, plant & equipment	(2,850)	(3,502)	(2,850)	(3,502)
Finance costs	179,396	141,704	179,396	141,704
(Gains)/losses on fair value of biological assets	(5,750)	6,796	(5,750)	6,796
Operating profit before working capital changes	490,974	711,823	491,956	711,622
(Increase)/decrease in trade & other receivables	(8,570)	32,197	(7,044)	32,197
(Increase)/decrease in inventories	(72,149)	(40,678)	(72,058)	(40,153)
(Increase)/decrease in amounts due from related companies	59,908	(18,874)	57,062	(18,874)
Increase/(decrease) in trade & other payables	23,637	(14,509)	23,783	(14,564)
Increase/(decrease) in amounts due to related companies	(403)	7,693	(403)	7,515
Cash generated from / (used in) operations	493,397	677,652	493,297	677,743
Defined benefit plan costs paid	(42,187)	(44,076)	(42,187)	(44,076)
ESC paid	-	(1,710)	-	(1,710)
Finance cost paid	(134,112)	(100,313)	(134,112)	(100,313)
Income tax paid	(40,351)	(74,583)	(40,351)	(74,583)
Net cash from operating activities	276,746	456,970	276,646	457,061
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES				
Investments in associates	(14,850)	(147,000)	(14,850)	(147,000)
Interest received	229,522	165,653	229,522	165,653
Grant received	5,239	3,723	5,239	3,723
Proceeds from sale of property, plant & equipment	2,850	3,502	2,850	3,502
Field development expenditure	(290,313)	(223,167)	(290,313)	(223,167)
Purchase of property, plant & equipment	(4,155)	(30,554)	(4,155)	(30,554)
Net cash from / (used in) investing activities	(71,707)	(227,843)	(71,707)	(227,843)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Dividend paid	(334,131)	741	(334,131)	741
Payment of Government lease rentals	(45,284)	(41,391)	(45,284)	(41,391)
Payment of Government lease rentals - Capital	(4,449)	(4,278)	(4,449)	(4,278)
Proceeds from loans	1,372,665	519,267	1,372,665	519,267
Repayment of loans	(143,778)	(124,780)	(143,778)	(124,780)
Net Cash from / (used in) Financing Activities	845,023	349,559	845,023	349,559
Net increase/(decrease) in cash & cash equivalents	1,050,061	578,686	1,049,961	578,777
Cash & cash equivalents at the beginning of the period	2,393,476	1,814,790	2,393,586	1,814,809
Cash & cash equivalents at the end of the period	3,443,537	2,393,476	3,443,547	2,393,586
NOTES				
A. Cash & cash equivalents at the beginning of the period				
Cash in Hand & at Bank	26,416	12,783	26,525	12,802
Bank Overdraft	(5,945)	(4,086)	(5,945)	(4,086)
Investment in Treasury Bills, REPO & Others	2,373,005	1,806,093	2,373,005	1,806,093
	2,393,476	1,814,790	2,393,586	1,814,809
B. Cash & cash equivalents at the end of the period				
Cash in Hand & at Bank	34,360	26,416	34,370	26,525
Bank Overdraft	-	(5,945)	-	(5,945)
Investment in Treasury Bills, REPO & Others	3,409,177	2,373,005	3,409,177	2,373,005
	3,443,537	2,393,476	3,443,547	2,393,586

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Stated Capital of Kegalle Plantations PLC amounts to Rs. 250,000,010 represented by 25,000,001 Ordinary Shares.
2. 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.
3. 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.
4. 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.
5. No circumstances have arisen since the Statement of Financial Position date, which would require adjustment or disclosure in the Interim Financial Statements.
6. Actuarial gain on defined benefit plan has been recognized in Statement of Other Comprehensive Income in terms of provisions in LKAS 19. Where necessary, comparative figures have been reclassified to conform with the current period's presentation.

INTERIM FINANCIAL STATEMENTS

SHAREHOLDER & INVESTOR INFORMATION

<u>Market price per share</u>	Quarter Ended		Year Ended	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
For the year ended 31 March				
Highest	109.90	113.00	121.90	119.50
Lowest	95.00	103.00	90.00	86.20
Last Traded	105.00	112.00	105.00	112.00

Twenty largest shareholders of the Company are as follows:

As at	31 March 2014		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	19,155,477	76.62%	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 Freudenberg Shipping Agencies Fund	114,658	0.46%	-	-
9 Mr. T. T. T. Al-Nakib	110,143	0.44%	-	-
10 Deutsche Bank AG As Trustee to Candor Growth Fund	97,000	0.39%	200,000	0.80%
11 Mubasher Financial Services BSC	96,356	0.39%	-	-
12 Cocoshell Activated Carbon Company Limited	90,131	0.36%	94,500	0.38%
13 Mr. M. J. Fernando	85,500	0.34%	85,500	0.34%
14 Askold (Pvt) Ltd	67,250	0.27%	67,250	0.27%
15 Dr. W. P. Somasiri	52,500	0.21%	-	-
16 Mr. N. Balasingam	50,600	0.20%	-	-
17 Bank of Ceylon - No. 1 Account	50,600	0.20%	-	-
18 Mrs. P. C. Cooray	50,600	0.20%	-	-
19 Harnam Holdings SDN BHD	50,000	0.20%	-	-
20 Claridge Fund (Pvt) Ltd - No. 1 Account	45,300	0.18%	-	-
Sub Total	21,605,719	86.42%	-	-
Balance held by 8,913 Shareholders (31 March 2013 - 9,090 Shareholders)	3,394,282	13.58%	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 March 2014		31 March 2013	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
Public Holding	5,827,817	23.31%	6,731,863	26.93%
Other Holding	19,172,184	76.69%	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 March 2014	31 March 2013
Dr. Sena Yaddhegige	-	-
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 year ended 31 March

	Company		Group	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
<u>Rubber</u>				
Revenue	1,391,089	1,630,201	1,391,089	1,630,201
Revenue expenditure	(958,279)	(921,883)	(958,279)	(921,883)
Depreciation / amortization	(67,387)	(61,757)	(67,387)	(61,757)
Other non cash expenses - gratuity	(43,034)	(40,051)	(43,034)	(40,051)
Segment Result - Gross Profit	322,389	606,510	322,389	606,510
<u>Tea</u>				
Revenue	881,934	805,449	881,934	805,449
Revenue expenditure	(836,081)	(768,868)	(836,081)	(768,868)
Depreciation / amortization	(24,341)	(30,859)	(24,341)	(30,859)
Other non cash expenses - gratuity	(34,279)	(34,139)	(34,279)	(34,139)
Segment Result - Gross Profit	(12,768)	(28,417)	(12,768)	(28,417)
<u>Coconut</u>				
Revenue	51,235	45,309	51,235	45,309
Revenue expenditure	(20,668)	(24,817)	(20,668)	(24,817)
Depreciation / amortization	-	(305)	-	(305)
Other non cash expenses - gratuity	-	(602)	-	(602)
Segment Result - Gross Profit	30,567	19,584	30,567	19,584
<u>Others</u>				
Revenue	89,963	106,599	89,963	106,599
Revenue expenditure	(315)	(58)	(315)	(58)
Depreciation / amortization	-	(88)	-	(88)
Other non cash expenses - gratuity	-	-	-	-
Segment Result - Gross Profit	89,648	106,454	89,648	106,454
<u>Total Segments</u>				
Revenue	2,414,220	2,587,558	2,414,220	2,587,558
Revenue expenditure	(1,815,343)	(1,715,626)	(1,815,343)	(1,715,626)
Depreciation / amortization	(91,728)	(93,008)	(91,728)	(93,008)
Other non cash expenses - gratuity	(77,313)	(74,792)	(77,313)	(74,792)
Total Segment Results - Gross Profit	429,836	704,132	429,836	704,132
Gain/(Loss) on fair value of biological assets	5,750	(6,796)	5,750	(6,796)
Other income	22,861	27,160	22,861	27,160
Administrative expenses	(49,032)	(54,151)	(49,032)	(54,151)
Management fee	(74,332)	(125,071)	(74,332)	(125,071)
Finance income	229,522	165,653	229,522	165,653
Finance cost	(179,396)	(141,704)	(179,396)	(141,704)
Share of result of associates	-	-	86,575	54,702
Profit for the period from continuing operations	385,209	569,223	471,785	623,925
Loss from discontinued operations	-	-	(466)	(1,144)
Profit Before Tax	385,209	569,223	471,319	622,781

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.
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