

Kegalle Plantations PLC

Provisional Financial Statements

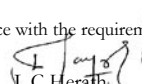
**FOR THE SIX MONTHS ENDED
30TH SEPTEMBER 2009.**

KEGALLE PLANTATIONS PLC
310, High Level Road, Nawinna
Maharagama

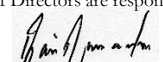
BALANCE SHEET

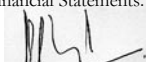
	Company			Group		
	As at 30/09/2009 Rs. '000	As at 30/09/2008 Rs. '000	As at 31/03/2009 Rs. '000	As at 30/09/2009 Rs. '000	As at 30/09/2008 Rs. '000	As at 31/03/2009 Rs. '000
ASSETS						
Non-Current Assets						
Leasehold right to bare land	175,389	180,307	177,853	175,389	180,307	177,853
Immovable estate Assets on Finance Leases	152,041	162,805	157,144	152,041	162,805	157,144
Tangible Assets other than Immature / Mature Plantations	327,652	303,282	337,345	416,850	398,581	429,723
Immature / Mature Plantations	852,891	779,203	812,360	852,891	779,203	812,360
Long Term Investments	75,000	75,000	75,000	75,000	75,000	75,000
Other Investments	5,298	3,029	5,297	5,298	3,029	5,297
	<u>1,588,271</u>	<u>1,503,625</u>	<u>1,564,998</u>	<u>1,677,469</u>	<u>1,598,924</u>	<u>1,657,376</u>
Current Assets						
Inventories	198,920	250,265	146,373	202,321	260,280	149,649
Trade & Other Receivable	283,003	488,190	265,630	291,628	502,665	273,201
ACT/VAT Recoverable	20,561	19,212	25,262	20,568	19,212	33,547
Amount due from Related Companies	88,673	33,742	66,161	45,260	22,269	24,808
Short Term Investment	523,255	222,048	379,090	523,255	222,048	379,090
Cash and Bank Balances	40,875	3,551	64,033	43,836	3,598	64,534
	<u>1,155,287</u>	<u>1,017,009</u>	<u>946,549</u>	<u>1,126,868</u>	<u>1,030,073</u>	<u>924,830</u>
Total Assets	<u>2,743,559</u>	<u>2,520,634</u>	<u>2,511,547</u>	<u>2,804,338</u>	<u>2,628,997</u>	<u>2,582,206</u>
EQUITY & LIABILITIES						
Capital & Reserves						
Stated Capital	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
Retained Profit	849,617	940,064	872,281	868,798	958,461	893,605
Share Holders' Fund	1,324,617	1,415,064	1,347,281	1,343,798	1,433,461	1,368,605
	<u>1,324,617</u>	<u>1,415,064</u>	<u>1,347,281</u>	<u>1,343,798</u>	<u>1,433,461</u>	<u>1,368,605</u>
Non-Current Liabilities						
Interest Bearing Borrowings	319,778	216,543	291,167	319,778	240,543	291,167
Retirement Benefit Obligations	351,488	233,956	233,477	351,488	233,956	233,572
Deferred Income	154,392	136,289	148,093	183,970	170,630	179,780
Net Liability to the Lessor - Payable after one Year	292,674	296,494	294,728	292,674	296,494	294,728
	<u>1,118,332</u>	<u>883,282</u>	<u>967,465</u>	<u>1,147,910</u>	<u>941,623</u>	<u>999,247</u>
Current Liabilities						
Interest Bearing Loans and Borrowings	63,620	58,310	56,374	63,620	75,796	56,374
Net Liability to the Lessor - Payable within 1 Year	3,955	3,803	3,803	3,955	3,803	3,803
Trade & Other Payables	230,303	149,337	135,578	235,793	154,362	142,729
Dividends Payable	2,333	2,340	740	2,333	2,340	740
Amounts due to Related Parties	400	8,498	306	6,930	17,612	10,709
	<u>300,610</u>	<u>222,288</u>	<u>196,801</u>	<u>312,630</u>	<u>253,913</u>	<u>214,354</u>
Total Equity & Liabilities	<u>2,743,559</u>	<u>2,520,634</u>	<u>2,511,547</u>	<u>2,804,338</u>	<u>2,628,997</u>	<u>2,582,206</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Net Asset Value per Share	52.98	56.60	53.89	53.75	57.34	54.74

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


L.C. Herath
Chief Financial Officer

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.


R/L. Kumaratne
Director


S.S. Pothiyadde
Director

10th November 2009

PROVISIONAL FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009

	Company						Group						
	Quarter Ended		Variance + / (-) %	Six Months Ended		Variance + / (-) %	Quarter Ended		Variance + / (-) %	Six Months Ended		Variance + / (-) %	
	30th September 2009 Rs. '000	2008 Rs. '000		30th September 2009 Rs. '000	2008 Rs. '000		30th September 2009 Rs. '000	2008 Rs. '000		30th September 2009 Rs. '000	2008 Rs. '000		
Continuing operations													
Revenue	511,649	629,344	(19)	914,104	1,258,842	(27)	511,649	629,344	(19)	914,104	1,258,842	(27)	
Cost of Sales (Note 6)	(556,390)	(454,426)	(22)	(881,815)	(869,724)	(1)	(556,390)	(454,426)	(22)	(881,815)	(869,724)	(1)	
Gross Profit	(44,741)	174,918	(126)	32,289	389,118	(92)	(44,741)	174,918	(126)	32,289	389,118	(92)	
Other Operating Income	19,506	17,091	14	35,994	23,598	53	19,506	17,091	14	35,994	23,598	53	
Administrative Expenses	(10,959)	(16,279)	33	(20,572)	(26,159)	21	(10,959)	(16,279)	33	(20,572)	(26,159)	21	
Management Fee	5,800	(28,821)	120	(8,827)	(68,279)	87	5,800	(28,821)	120	(8,827)	(68,279)	87	
Finance Cost	(12,711)	(17,429)	27	(29,604)	(23,982)	(23)	(12,711)	(17,429)	27	(29,604)	(23,982)	(23)	
Provision for Doubtful Receivables	-	(40,000)	100	-	(40,000)	100	-	-	-	-	-	-	
Profit/(Loss) before taxation	(43,105)	89,480	(148)	9,280	254,296	96	(43,105)	129,480	(133)	9,280	294,296	(97)	
Income Tax Expenses	(3,319)	(4,729)	30	(6,944)	(9,102)	24	(3,319)	(4,729)	30	(6,944)	(9,102)	24	
Profit/(Loss) for the period from continued operations	(46,424)	84,751	(155)	-	245,194	(99)	(46,424)	124,751	(137)	2,336	285,194	(99)	
Loss after tax for the period from discontinued operations	-	-	-	-	-	-	(688)	(8,220)	-	(2,143)	(14,921)	-	
Profit/(loss) for the period	(46,424)	84,751	(155)	-	245,194	(99)	(47,112)	116,531	(137)	193	270,273	(99)	
Attributable to :													
Equity holders of the parent	(1,86)	3.39		0.09	9.81		(1,88)	4.66		0.01	10.81		
Minority Interest	-	-	-	-	-	-	(47,112)	116,531	(137)	193	270,273	(99)	
							(47,112)	116,531	(137)	193	270,273	(99)	
Earnings Per Share (for the period) - Basic													

KEGALLE PLANTATIONS PLC

310, High Level Road, Nawinna

Maharagama

CASH FLOW STATEMENT

	Company		Group	
	Six Months Ended 30th September		Six Months Ended 30th September	
	2009	2008	2009	2008
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before Taxation from continuing operations	9,280	254,296	9,280	294,296
Net Profit/(Loss) before Taxation from discontinuing operations	-	-	(2,143)	(14,921)
ADJUSTMENTS FOR				
Depreciation / Amortisation	38,271	35,625	41,451	39,064
Provision for Defined Benefit Plans	136,180	13,954	136,180	13,954
Amortization of Grants	(2,320)	(1,953)	(4,453)	(3,516)
Finance Cost	21,126	23,982	21,126	29,261
Operating Profit before Working Capital changes	<u>202,537</u>	<u>325,904</u>	<u>201,441</u>	<u>358,138</u>
(Increase)/Decrease in Trade & Other Receivable	(24,915)	(123,625)	(22,896)	(126,655)
(Increase)/Decrease in Inventories	(52,547)	(47,546)	(52,669)	(44,208)
(Increase)/Decrease in amounts due from Related Companies	(10,269)	29,294	(8,609)	40,767
Increase/(Decrease) in Trade & Other Payables	94,724	(6,141)	94,724	(5,222)
(Increase)/Decrease in amounts due to Related Companies	94	8,136	94	(28,126)
Cash Generated from Operations	<u>209,624</u>	<u>186,022</u>	<u>212,085</u>	<u>194,694</u>
Defined Benefit Plan Costs paid	(18,169)	(16,201)	(18,169)	(16,201)
Finance Cost Paid	(21,126)	(15,432)	(21,126)	(20,711)
ESC Paid	(6,944)	(9,102)	(6,944)	(9,102)
Net Cash from Operating Activities	<u>163,384</u>	<u>145,287</u>	<u>165,845</u>	<u>148,680</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Grant Received	8,618	17,887	8,618	17,887
Field Development Expenditure	(54,406)	(43,807)	(54,406)	(43,807)
Purchase of Property, Plant & Equipment	(7,138)	(25,876)	(7,138)	(25,876)
Investment - Projects	-	(3,028)	-	(3,028)
Dividend Paid	(23,407)	(51,884)	(23,407)	(51,884)
Net Cash used in Investing Activities	<u>(76,333)</u>	<u>(106,708)</u>	<u>(76,333)</u>	<u>(106,708)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of Government Lease Rentals	(1,901)	(10,441)	(1,901)	(10,441)
New Loans	74,001	-	74,001	-
Repayment of Loans	(38,144)	(24,535)	(38,145)	(28,134)
Net Cash from Financing Activities	<u>33,956</u>	<u>(34,976)</u>	<u>33,955</u>	<u>(38,575)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	121,007	3,603	123,467	3,397
Cash & Cash Equivalents at the beginning of the period Note A	<u>443,123</u>	<u>213,134</u>	<u>443,624</u>	<u>203,102</u>
Cash & Cash Equivalents at the end of the period Note B	<u>564,130</u>	<u>216,737</u>	<u>567,091</u>	<u>206,499</u>
NOTES				
A. Cash & Cash Equivalents at the beginning of the period				
Cash & Bank Balances	64,033	16,036	64,534	16,083
Short Term Investment	379,090	198,163	379,090	198,163
Bank Overdrafts	-	(1,066)	-	(11,145)
	<u>443,123</u>	<u>213,134</u>	<u>443,624</u>	<u>203,102</u>
B. Cash & Cash Equivalents at the end of the period				
Cash & Bank Balances	40,875	3,551	43,836	3,598
Short Term Investment	523,255	222,048	523,255	222,048
Bank Overdrafts	-	(8,862)	-	(19,148)
	<u>564,130</u>	<u>216,737</u>	<u>567,091</u>	<u>206,499</u>

KEGALLE PLANTATIONS PLC
310, High Level Road, Nawinna
Maharagama

STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30th September 2009

	Company				Group			
	Stated Capital Rs. '000	General Reserve Rs. '000	Accumulated Profit/(Loss) Rs. '000	Total Rs. '000	Stated Capital Rs. '000	General Reserve Rs. '000	Accumulated Profit/(Loss) Rs. '000	Total Rs. '000
Balance as at 31st March 2008	250,000	225,000	744,870	1,219,870	250,000	225,000	738,188	1,213,188
Net Profit / (Loss) for the period	-	-	245,194	245,194	-	-	270,273	270,273
Dividend Paid			(50,000)	(50,000)			(50,000)	(50,000)
Balance as at 30th September 2008	<u>250,000</u>	<u>225,000</u>	<u>940,064</u>	<u>1,415,064</u>	<u>250,000</u>	<u>225,000</u>	<u>958,461</u>	<u>1,433,461</u>
Balance as at 31st March 2009	250,000	225,000	872,281	1,347,281	250,000	225,000	893,605	1,368,605
Net Profit / (Loss) for the period			2,336	2,336			193	193
Dividend Paid			(25,000)	(25,000)			(25,000)	(25,000)
Balance as at 30th September 2009	<u>250,000</u>	<u>225,000</u>	<u>849,617</u>	<u>1,324,617</u>	<u>250,000</u>	<u>225,000</u>	<u>868,798</u>	<u>1,343,798</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Six Months Ended 30th September 2009

- | 1 | Market Price per Share | Period Ended
30th September | |
|---|------------------------|--------------------------------|-------------|
| | | 2009
Rs. | 2008
Rs. |
| | Highest | 36.25 | 64.00 |
| | Lowest | 31.75 | 48.00 |
| | Last Traded | 34.75 | 50.00 |
- Stated Capital of Kegalle Plantations PLC amount to Rs. 250,000,010 represented by 25,000,001 shares.
 - The above figures are provisional and subject to Audit. The Interim Financial Statements of the Company has been prepared on the basis of the same accounting policies and methods applied for the year ended 31 st March 2009 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.
 - The presentation and classification of figures for the corresponding period of the previous year have been amended, where relevant, to be comparable with those of the current year.
 - Subsequent to the last reporting date, Hamefa Kegalle (Pvt) Ltd, the fully owned subsidiary of Kegalle Plantations PLC discontinued commercial operations and steps are being taken to dispose the assets. There have been no other events subsequent to the Balance Sheet date, which require disclosure in the Interim Financial Statements.
 - As per the new Collective Agreement, new wage rates were agreed upon in September 2009 with arrears payable for the period April to August. Total impact of the wage arrears and increase in gratuity provision arising from the increase in wage rate amounting to Rs. 181 mn was charged as Cost of Sales as at 30th September 2009.

Details	Amount Rs '000
Cost of Manufacture	700,647
Arrears in wages	58,695
Adjustment to Opening Balance of Gratuity Provision	122,473
Total Cost of Sales	881,815

50% of the said wage arrears is to be paid in October 2009 whilst 25% each is payable in December 2009 and January 2010 respectively. These figures are subject to an Actuarial Valuation that will be carried out during the current financial year.

7 There are no material changes in contingent liabilities since the last Annual Report Balance Sheet date which require disclosure

8 Twenty Largest Shareholders

	As at 30/09/2009		As at 31/03/2009	
	No of Shares	%	No of Shares	%
RPC Plantations Management Services (Pvt.) Ltd	17,015,100	68.06	17,015,100	68.06
HSBC Intl Nominees Ltd-HSBC Bank PLC-Tea Plantations	1,161,000	4.64	1,294,200	5.18
Freudenberg Shipping Agencies Limited	571,900	2.29	571,900	2.29
J B Cocoshel (Pvt) Ltd	272,600	1.09	336,100	1.34
DPMC Financial Services (Pvt) Ltd Account No.01	207,300	0.83		
HSBC International Nominees Ltd-SSBT-Deutsche Bank	205,000	0.82	205,000	0.82
Tranz Dominton, L.L.C	170,000	0.68	102,200	0.41
Mr.A.K.Kumarasena	163,300	0.65	160,300	0.64
Mrs.N.Muljie	149,400	0.60	207,000	0.83
H Don Carolis & Sons Ltd	140,000	0.56	140,000	0.56
Cocoshell Activated Carbon Company Ltd	138,800	0.56	136,800	0.55
Waldock Mackenzie Ltd/Mr.K.Omprasadham	120,000	0.48	125,000	0.50
MAS Capital (Private) Limited	99,800	0.40		
Mr.A.W.Edwards	77,000	0.31	77,000	0.31
Alliance Finance Company PLC	68,300	0.27	68,300	0.27
Fergasam Garment Industries (Pvt) Ltd	63,500	0.25		
Mr.M M Fuad	57,100	0.23		
Phoenix Ventures Limited	50,000	0.20	63,500	0.25
Waldock Mackenzie Ltd/Mr. M Z M Wafik	44,800	0.18		
Mr. K S Jinadasa	43,700	0.17		
Sub Total	20,818,600	83.27		
Balance held by 9,443 shareholders (2008/09 - 9,349 shareholders)	4,181,401	16.73		
Total Shares	25,000,001	100.00		

The percentage of shares held as at 30th September 2009 is as follows:

	No of Shares	%
Public Holding	7,984,594	31.94
Other Holding	17,015,407	68.06
	25,000,001	100.00

9 Directors Shareholding as at 31st March 2009 is as follows:

	No. of Shares
Dr. S Yadehige	-
Mr. J. H. P.Ratnayake	-
Mr. R. L. Kumararatne	-
Mr. Lalith N De S. Wijeratne	-
Mr. Pravir D. Samarasinghe	-
Mr. S. S. Poholiyadde	307
Dr. R C W M R A Nugawela	-

KEGALLE PLANTATIONS PLC

310, High Level Road, Nawinna
Maharagama

Company

SEGMENT INFORMATION

For the Six Months Ended 30th September 2009	Rubber		Tea		Coconut		Others		Total	
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000
Revenue	440,759	802,800	441,138	414,421	16,060	20,078	16,147	21,542	914,104	1,258,842
Revenue Expenditure	(325,126)	(458,226)	(374,706)	(353,483)	(8,338)	(9,009)	(5)	(209)	(708,175)	(820,928)
Depreciation / Amortization	(23,827)	(22,675)	(13,449)	(11,982)	(141)	(141)	(44)	(44)	(37,461)	(34,842)
Gratuity	(78,183)	(8,011)	(54,888)	(5,624)	(3,110)	(319)	-	-	(136,180)	(13,954)
Segment Results	13,623	313,888	(1,904)	43,331	4,472	10,609	16,098	21,289	32,289	389,118
Other Operating Income									35,994	23,598
Unallocated Expenses									(20,572)	(26,159)
Management Fees									(8,827)	(68,279)
Finance Cost									(29,604)	(23,982)
Provision for Doubtful Receivables									-	(40,000)
Income Tax Expenses									(6,944)	(9,102)
Operating Profit of the Company									2,336	245,194

Group

SEGMENT INFORMATION

For the Six Months Ended 30th September 2009	Rubber		Tea		Coconut		Others		Total	
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000
Revenue	440,759	802,800	441,138	414,421	16,060	20,078	16,147	21,542	914,104	1,258,842
Revenue Expenditure	(325,126)	(458,226)	(374,706)	(353,483)	(8,338)	(9,009)	(5)	(209)	(708,175)	(820,928)
Depreciation / Amortization	(23,827)	(22,675)	(13,449)	(11,982)	(141)	(141)	(44)	(44)	(37,461)	(34,842)
Gratuity	(78,183)	(8,011)	(54,888)	(5,624)	(3,110)	(319)	-	-	(136,180)	(13,954)
Segment Results	13,623	313,888	(1,904)	43,331	4,472	10,609	16,098	21,289	32,289	389,118
Other Operating Income									35,994	23,598
Unallocated Expenses									(20,572)	(26,159)
Management Fees									(8,827)	(68,279)
Finance Cost									(29,604)	(23,982)
Income Tax Expenses									(6,944)	(9,102)
Profit/(Loss) for the period from continued operations									2,336	285,194
Loss after tax for the period from discontinued operations									(2,143)	(14,921)
Profit/(loss) for the period									193	270,273

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. 17 of 1982
Date of Incorporation	22nd June 1992
Company Registration No	P Q 135
Head / Registered Office	No 310, High Level Road, Nawinna Maharagama, Sri Lanka. Telephone : 011-4310888
E-mail Address	kpl.rpk@arpico.com
Board Of Directors	Dr. S Yaddhige - Chairman Mr J. H. P. Ratnayake - Deputy Chairman Mr R. L. Kumararatne Mr Lalit N De S. Wijeyeratne Mr Pravir D. Samarasinghe Mr. S.S. Poholiyadde Dr. R. C. W. M. R. A . Nugawela
Stock Exchange Listing	The Ordinary Shares of the Company is listed with the Colombo Stock Exchange of Sri Lanka
Secretaries	Richard Pieris Group Services (Pvt) Ltd No 310, High Level Road, Nawinna Maharagama, Sri Lanka Telephone : 011-4310500
Auditors	Messrs. Ernst & Young Chartered Accountants 201, De Saram Place , Colombo 10.
Bankers	Hatton National Bank PLC Bank of Ceylon National Development Bank PLC Peoples Bank Seylan Bank PLC
Contact Details	Telephone : +(94) 11 4310888 Facsimile : + (94) 11 4310799 Internet : www.arpico.com E-mail: kpl.rpk@arpico.com