

# Kegalle Plantations PLC

Interim Financial Statements  
for the six months ended  
30 September 2013

**INTERIM FINANCIAL STATEMENTS**

**STATEMENTS OF FINANCIAL POSITION**

As at 30 September	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
<b>ASSETS</b>						
<b>Non - Current Assets</b>						
Leasehold property, plant and equipment	263,830	279,435	271,639	263,830	279,435	271,639
Freehold property, plant and equipment	375,922	395,566	397,104	434,822	459,497	459,104
Bearer biological assets	1,440,966	1,216,513	1,316,452	1,440,966	1,216,513	1,316,452
Consumable biological assets	39,571	35,020	39,571	39,571	35,020	39,571
Long term investments	597,000	450,000	597,000	647,811	440,738	606,825
	<u>2,717,290</u>	<u>2,376,534</u>	<u>2,621,766</u>	<u>2,827,001</u>	<u>2,431,203</u>	<u>2,693,591</u>
<b>Current Assets</b>						
Inventories	164,302	238,875	241,741	163,911	239,100	241,440
Trade and other receivables	352,517	294,082	241,752	363,868	306,819	247,211
VAT recoverable	23,092	21,492	23,092	23,099	21,499	30,377
Amounts due from related Companies	95,146	172,631	122,951	52,401	127,422	78,097
Short term investment	3,545,961	1,997,571	2,373,005	3,545,961	1,997,571	2,373,005
Cash and bank balances	21,678	21,829	26,416	21,699	21,840	26,525
	<u>4,202,696</u>	<u>2,746,480</u>	<u>3,028,955</u>	<u>4,170,938</u>	<u>2,714,251</u>	<u>2,996,655</u>
<b>Total Assets</b>	<u>6,919,986</u>	<u>5,123,014</u>	<u>5,650,721</u>	<u>6,997,939</u>	<u>5,145,454</u>	<u>5,690,246</u>
<b>EQUITY &amp; LIABILITIES</b>						
<b>Capital &amp; Reserves</b>						
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	2,727,247	2,620,653	2,853,357	2,780,185	2,613,702	2,865,728
<b>Shareholders' Fund</b>	<u>3,210,846</u>	<u>3,099,702</u>	<u>3,336,956</u>	<u>3,263,784</u>	<u>3,092,750</u>	<u>3,349,327</u>
<b>Non - Current Liabilities</b>						
Loans & borrowings	2,274,367	622,284	958,249	2,274,367	622,284	958,249
Retirement benefit obligations	443,433	403,633	407,809	443,528	403,728	407,904
Deferred income	198,998	199,303	197,603	211,102	215,759	211,883
Deferred tax liability	98,532	89,276	98,532	98,532	89,276	98,532
Liability to make lease payment after one year	275,530	279,957	277,932	275,530	279,957	277,932
	<u>3,290,861</u>	<u>1,594,453</u>	<u>1,940,125</u>	<u>3,303,059</u>	<u>1,611,004</u>	<u>1,954,501</u>
<b>Current Liabilities</b>						
Loans & borrowings	145,302	149,455	149,671	145,302	149,455	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	216,540	229,171	194,897	224,256	236,910	202,575
Dividend payable	19,290	4,025	2,611	19,290	4,025	2,611
Amounts due to related Companies	25,145	31,406	13,547	30,247	36,508	18,650
Income tax payable	7,374	10,354	8,463	7,374	10,354	8,463
	<u>418,279</u>	<u>428,860</u>	<u>373,639</u>	<u>431,097</u>	<u>441,700</u>	<u>386,419</u>
<b>Total Equity &amp; Liabilities</b>	<u>6,919,986</u>	<u>5,123,014</u>	<u>5,650,721</u>	<u>6,997,939</u>	<u>5,145,454</u>	<u>5,690,246</u>
<b>Net Asset Value per Share (Rs.)</b>	128.43	123.99	133.48	130.55	123.71	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

07 November 2013



**J H P Ratnayeke**  
Director

**INTERIM FINANCIAL STATEMENTS**

**STATEMENTS OF COMPREHENSIVE INCOME**

	Company						Group							
	Quarter Ended			Six Months Ended			Year Ended	Quarter Ended			Six Months Ended			Year Ended
	2013 Rs. '000	2012 Rs. '000	Variance + / (-) %	2013 Rs. '000	2012 Rs. '000	Variance + / (-) %	31 March 2013 Rs. '000	2013 Rs. '000	2012 Rs. '000	Variance + / (-) %	2013 Rs. '000	2012 Rs. '000	Variance + / (-) %	31 March 2013 Rs. '000
<b>For the the six months ended 30 September</b>														
<b><u>Continuing Operations</u></b>														
Revenue	620,865	670,776	(7)	1,231,901	1,315,834	(6)	2,587,558	620,865	670,776	(7)	1,231,901	1,315,834	(6)	2,587,558
Cost of sales	(524,738)	(460,037)	(14)	(1,081,972)	(944,433)	(15)	(1,857,482)	(524,738)	(460,037)	(14)	(1,081,972)	(944,433)	(15)	(1,857,482)
<b>Gross profit</b>	<b>96,127</b>	<b>210,740</b>	<b>(54)</b>	<b>149,929</b>	<b>371,401</b>	<b>(60)</b>	<b>730,075</b>	<b>96,127</b>	<b>210,740</b>	<b>(54)</b>	<b>149,929</b>	<b>371,401</b>	<b>(60)</b>	<b>730,075</b>
Gain/(Loss) on fair value of biological assets	-	-	-	-	-	-	(6,796)	-	-	-	-	-	-	(6,796)
Other income	5,805	7,347	(21)	13,020	15,742	(17)	27,160	5,805	7,347	(21)	13,020	15,742	(17)	27,160
Administrative expenses	(13,455)	(12,670)	(6)	(28,127)	(27,783)	(1)	(54,151)	(13,455)	(12,670)	(6)	(28,127)	(27,783)	(1)	(54,151)
Management fee	(22,741)	(35,984)	37	(30,779)	(62,445)	51	(125,071)	(22,741)	(35,984)	37	(30,779)	(62,445)	51	(125,071)
<b>Profit from operations</b>	<b>65,736</b>	<b>169,433</b>	<b>(61)</b>	<b>104,043</b>	<b>296,915</b>	<b>(65)</b>	<b>571,218</b>	<b>65,736</b>	<b>169,433</b>	<b>(61)</b>	<b>104,043</b>	<b>296,915</b>	<b>(65)</b>	<b>571,218</b>
Finance income	81,331	20,819	291	158,643	92,558	71	165,653	81,331	20,819	291	158,643	92,558	71	165,653
Finance cost	(30,775)	(35,548)	13	(64,715)	(69,151)	6	(141,704)	(30,775)	(35,548)	13	(64,715)	(69,151)	6	(141,704)
<b>Net finance income</b>	<b>50,556</b>	<b>(14,729)</b>	<b>443</b>	<b>93,927</b>	<b>23,407</b>	<b>301</b>	<b>23,949</b>	<b>50,556</b>	<b>(14,729)</b>	<b>443</b>	<b>93,927</b>	<b>23,407</b>	<b>301</b>	<b>23,949</b>
Share of result of associates	-	-	-	-	-	-	-	27,337	23,297	17	46,180	33,021	40	54,702
<b>Profit before taxation</b>	<b>116,292</b>	<b>154,704</b>	<b>(25)</b>	<b>197,970</b>	<b>320,322</b>	<b>(38)</b>	<b>595,167</b>	<b>143,629</b>	<b>178,001</b>	<b>(19)</b>	<b>244,150</b>	<b>353,342</b>	<b>(31)</b>	<b>649,869</b>
Tax expenses	(15,180)	(15,407)	(1)	(24,080)	(62,535)	61	(100,126)	(18,574)	(17,568)	(6)	(29,273)	(66,062)	56	(106,248)
<b>Profit for the period from continuing operations</b>	<b>101,112</b>	<b>139,297</b>	<b>(27)</b>	<b>173,890</b>	<b>257,787</b>	<b>(33)</b>	<b>495,041</b>	<b>125,056</b>	<b>160,433</b>	<b>(22)</b>	<b>214,877</b>	<b>287,280</b>	<b>(25)</b>	<b>543,621</b>
<b><u>Discontinued Operations</u></b>														
Loss from discontinued operations	-	-	-	-	-	-	-	130	(725)	118	(420)	(1,380)	70	(1,144)
<b>Profit for the period</b>	<b>101,112</b>	<b>139,297</b>	<b>(27)</b>	<b>173,890</b>	<b>257,787</b>	<b>(33)</b>	<b>495,041</b>	<b>125,185</b>	<b>159,708</b>	<b>(22)</b>	<b>214,457</b>	<b>285,900</b>	<b>(25)</b>	<b>542,477</b>
<b><u>Other Comprehensive Income</u></b>														
Other Comprehensive Income for the period, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the period, net of tax</b>	<b>101,112</b>	<b>139,297</b>	<b>(27)</b>	<b>173,890</b>	<b>257,787</b>	<b>(33)</b>	<b>495,041</b>	<b>125,185</b>	<b>159,708</b>	<b>(22)</b>	<b>214,457</b>	<b>285,900</b>	<b>(25)</b>	<b>542,477</b>
Basic earnings per share from continuing operations (Rs.)	4.04	5.57		6.96	10.31		19.80	5.00	6.42		8.60	11.49		21.74

The above figures are subject to audit

## INTERIM FINANCIAL STATEMENTS

### STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 September 2013	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
Total Comprehensive Income for the period	-	-	-	257,787	257,787
Timber Reserve	-	-	-	-	-
Dividend Paid	-	-	-	-	-
<b>Balance as at 30 September 2012</b>	<b>250,000</b>	<b>225,000</b>	<b>4,049</b>	<b>2,620,653</b>	<b>3,099,702</b>
Balance as at 31 March 2013	250,000	225,000	8,600	2,853,357	3,336,956
Total Comprehensive Income for the period	-	-	-	173,890	173,890
Timber Reserve	-	-	-	-	-
Dividend Paid	-	-	-	(300,000)	(300,000)
<b>Balance as at 30 September 2013</b>	<b>250,000</b>	<b>225,000</b>	<b>8,600</b>	<b>2,727,247</b>	<b>3,210,846</b>
For the six months ended 30 September 2013	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
Total Comprehensive Income for the period	-	-	-	285,900	285,900
Timber Reserve	-	-	-	-	-
Dividend Paid	-	-	-	-	-
<b>Balance as at 30 September 2012</b>	<b>250,000</b>	<b>225,000</b>	<b>4,049</b>	<b>2,613,701</b>	<b>3,092,750</b>
Balance as at 31 March 2013	250,000	225,000	8,600	2,865,728	3,349,328
Total Comprehensive Income for the period	-	-	-	214,457	214,457
Timber Reserve	-	-	-	-	-
Dividend Paid	-	-	-	(300,000)	(300,000)
<b>Balance as at 30 September 2013</b>	<b>250,000</b>	<b>225,000</b>	<b>8,600</b>	<b>2,780,185</b>	<b>3,263,784</b>

*The above figures are subject to audit*

**INTERIM FINANCIAL STATEMENTS**

**CASH FLOW STATEMENTS**

For the period ended 30 September	Company			Group		
	Year Ended			Year Ended		
	2013	2012	31 March 2013	2013	2012	31 March 2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>						
Net Profit before Taxation from continuing operations	197,970	320,322	595,167	244,150	353,342	649,869
Net Loss before Taxation from discontinuing operations	-	-	-	(420)	(1,380)	(1,144)
<b>ADJUSTMENTS FOR</b>						
Interest income	(158,643)	(92,558)	(165,653)	(158,643)	(92,558)	(165,653)
Depreciation, amortization and Impairment Loss	49,901	47,509	94,215	53,001	50,874	99,510
Provision for defined benefit plan costs	58,428	21,248	48,849	58,428	21,248	48,849
Amortization of grants	(479)	(2,875)	(5,753)	(2,655)	(5,051)	(10,105)
Share of result of associates	-	-	-	(46,180)	(33,021)	(54,702)
Profit on sale of property, plant & equipment	(2,850)	-	(3,502)	(2,850)	-	(3,502)
Finance costs	64,715	69,151	141,704	64,715	69,159	141,704
(Gains)/losses on fair value of biological assets	-	-	6,796	-	-	6,796
<b>Operating profit before working capital changes</b>	<b>209,042</b>	<b>362,797</b>	<b>711,823</b>	<b>209,547</b>	<b>362,613</b>	<b>711,622</b>
(Increase)/decrease in trade & other receivables	(110,765)	(18,534)	32,197	(109,379)	(18,534)	32,197
(Increase)/decrease in inventories	77,439	(37,752)	(40,678)	77,530	(37,752)	(40,153)
(Increase)/decrease in amounts due from related companies	27,805	(68,554)	(18,874)	27,805	(68,554)	(18,874)
Increase/(decrease) in trade & other payables	21,643	6,445	(14,509)	21,643	6,629	(14,564)
Increase/(decrease) in amounts due to related companies	11,598	25,552	7,693	9,527	25,552	7,515
<b>Cash generated from / (used in) operations</b>	<b>236,761</b>	<b>269,954</b>	<b>677,652</b>	<b>236,672</b>	<b>269,954</b>	<b>677,743</b>
Defined benefit plan costs paid	(22,804)	(20,653)	(44,076)	(22,804)	(20,653)	(44,076)
ESC paid	-	(1,710)	(1,710)	-	(1,710)	(1,710)
Finance cost paid	(42,073)	(48,570)	(100,313)	(42,073)	(48,578)	(100,313)
Income tax paid	(25,169)	(44,358)	(74,583)	(25,169)	(44,358)	(74,583)
<b>Net cash from operating activities</b>	<b>146,715</b>	<b>154,663</b>	<b>456,970</b>	<b>146,626</b>	<b>154,655</b>	<b>457,061</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>						
Investments in associates	-	-	(147,000)	-	-	(147,000)
Interest received	158,643	92,558	165,653	158,643	92,558	165,653
Grant received	1,875	2,545	3,723	1,875	2,545	3,723
Proceeds from sale of property, plant & equipment	2,850	-	3,502	2,850	-	3,502
Field development expenditure	(144,996)	(92,799)	(223,167)	(144,996)	(92,799)	(223,167)
Purchase of property, plant & equipment	(424)	(9,247)	(30,554)	(424)	(9,247)	(30,554)
<b>Net cash from / (used in) investing activities</b>	<b>17,948</b>	<b>(6,943)</b>	<b>(227,843)</b>	<b>17,948</b>	<b>(6,943)</b>	<b>(227,843)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>						
Dividend paid	(283,321)	2,155	741	(283,321)	2,155	741
Payment of Government lease rentals	(22,642)	(20,581)	(41,391)	(22,642)	(20,581)	(41,391)
Payment of Government lease rentals - Capital	(2,225)	(2,254)	(4,278)	(2,225)	(2,254)	(4,278)
Proceeds from loans	1,383,456	119,267	519,267	1,383,456	119,267	519,267
Repayment of loans	(73,930)	(55,017)	(124,780)	(73,930)	(55,017)	(124,780)
<b>Net Cash from / (used in) Financing Activities</b>	<b>1,001,339</b>	<b>43,569</b>	<b>349,559</b>	<b>1,001,339</b>	<b>43,569</b>	<b>349,559</b>
Net increase/(decrease) in cash & cash equivalents	1,166,002	191,289	578,686	1,165,913	191,281	578,776
<b>Cash &amp; cash equivalents at the beginning of the period</b>	<b>2,393,476</b>	<b>1,814,790</b>	<b>1,814,790</b>	<b>2,393,586</b>	<b>1,814,809</b>	<b>1,814,809</b>
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>3,559,478</b>	<b>2,006,079</b>	<b>2,393,476</b>	<b>3,559,499</b>	<b>2,006,090</b>	<b>2,393,586</b>
<b>NOTES</b>						
<b>A. Cash &amp; cash equivalents at the beginning of the period</b>						
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
	<b>2,393,476</b>	<b>1,814,790</b>	<b>1,814,790</b>	<b>2,393,586</b>	<b>1,814,809</b>	<b>1,814,809</b>
<b>B. Cash &amp; cash equivalents at the end of the period</b>						
Cash in Hand & at Bank	21,678	21,829	26,416	21,699	21,840	26,525
Bank Overdraft	(8,161)	(13,321)	(5,945)	(8,161)	(13,321)	(5,945)
Investment in Treasury Bills, REPO & Others	3,545,961	1,997,571	2,373,005	3,545,961	1,997,571	2,373,005
	<b>3,559,478</b>	<b>2,006,079</b>	<b>2,393,476</b>	<b>3,559,499</b>	<b>2,006,090</b>	<b>2,393,586</b>

*The above figures are subject to audit*

## INTERIM FINANCIAL STATEMENTS

### Explanation of transition to SLFRSs

### RECONCILIATION OF FINANCIAL POSITION

Reconciliation of Financial Position as at 30 September 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
<b>ASSETS</b>							
<b><u>Non Current Assets</u></b>							
Leasehold property, plant and equipment		279,435	-	279,435	279,435	-	279,435
Freehold property, plant and equipment	C	395,566	6,139	389,426	459,497	6,139	453,357
Bearer biological assets	D	1,216,513	(38,372)	1,254,885	1,216,513	(38,372)	1,254,885
Consumable biological assets	D	35,020	35,020	-	35,020	35,020	-
Long term investments		450,000	-	450,000	440,738	-	440,738
<b>Total Non Current Assets</b>		<b>2,376,534</b>	<b>2,788</b>	<b>2,373,746</b>	<b>2,431,203</b>	<b>2,788</b>	<b>2,428,415</b>
<b><u>Current Assets</u></b>							
Inventories	E	238,875	(51,431)	290,306	239,100	(51,431)	290,531
Trade and other receivables		294,082	-	294,082	306,819	-	306,819
VAT recoverable		21,492	-	21,492	21,499	-	21,499
Amounts due from related Companies		172,631	-	172,631	127,422	-	127,422
Short term investment		1,997,571	-	1,997,571	1,997,571	-	1,997,571
Cash and bank balances		21,829	-	21,829	21,840	-	21,840
<b>Total Current Assets</b>		<b>2,746,480</b>	<b>(51,431)</b>	<b>2,797,911</b>	<b>2,714,251</b>	<b>(51,431)</b>	<b>2,765,682</b>
<b>TOTAL ASSETS</b>		<b>5,123,014</b>	<b>(48,643)</b>	<b>5,171,657</b>	<b>5,145,454</b>	<b>(48,643)</b>	<b>5,194,097</b>
<b>EQUITY AND LIABILITIES</b>							
<b><u>Equity</u></b>							
Stated capital		250,000	-	250,000	250,000	-	250,000
General reserve		225,000	-	225,000	225,000	-	225,000
Retained earnings	G	2,624,702	(76,509)	2,701,211	2,617,750	(76,509)	2,694,260
<b>Shareholders' Fund</b>		<b>3,099,702</b>	<b>(76,509)</b>	<b>3,176,211</b>	<b>3,092,750</b>	<b>(76,509)</b>	<b>3,169,260</b>
<b><u>Non Current Liabilities</u></b>							
Loans & borrowings		622,284	-	622,284	622,284	-	622,284
Retirement benefit obligations		403,633	-	403,633	403,728	-	403,728
Deferred income		199,303	-	199,303	215,759	-	215,759
Deferred tax liability	F	89,276	27,867	61,409	89,276	27,867	61,409
Liability to make lease payment after one year		279,957	-	279,957	279,957	-	279,957
<b>Total Non Current Liabilities</b>		<b>1,594,453</b>	<b>27,867</b>	<b>1,566,586</b>	<b>1,611,004</b>	<b>27,867</b>	<b>1,583,137</b>
<b><u>Current Liabilities</u></b>							
Loans & borrowings		149,455	-	149,455	149,455	-	149,455
Liability to make lease payment within one year		4,449	-	4,449	4,449	-	4,449
Trade and other payables		229,171	-	229,171	236,910	-	236,910
Dividend payable		4,025	-	4,025	4,025	-	4,025
Amounts due to related Companies		31,406	-	31,406	36,508	-	36,508
Income tax payable		10,354	-	10,354	10,354	-	10,354
<b>Total Current Liabilities</b>		<b>428,860</b>	<b>-</b>	<b>428,860</b>	<b>441,700</b>	<b>-</b>	<b>441,700</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,123,014</b>	<b>(48,643)</b>	<b>5,171,657</b>	<b>5,145,454</b>	<b>(48,643)</b>	<b>5,194,097</b>

*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 six months ended 30 September 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
<b><u>Continuing Operations</u></b>							
Revenue	A	1,315,834	12,546	1,303,288	1,315,834	12,546	1,303,288
Cost of sales	B	(944,433)	(830)	(943,603)	(944,433)	(830)	(943,603)
<b>Gross profit</b>		<b>371,402</b>	<b>11,717</b>	<b>359,685</b>	<b>371,402</b>	<b>11,717</b>	<b>359,685</b>
Gain/(Loss) on fair value of biological assets	D	-	-	-	-	-	-
Other income		15,742	-	15,742	15,742	-	15,742
Administrative expenses		(27,783)	-	(27,783)	(27,783)	-	(27,783)
Management fee		(62,445)	-	(62,445)	(62,445)	-	(62,445)
<b>Profit from operations</b>		<b>296,915</b>	<b>11,717</b>	<b>285,199</b>	<b>296,915</b>	<b>11,717</b>	<b>285,199</b>
Finance income		92,558	-	92,558	92,558	-	92,558
Finance cost		(69,151)	-	(69,151)	(69,151)	-	(69,151)
<b>Net finance income</b>		<b>23,407</b>	<b>-</b>	<b>23,407</b>	<b>23,407</b>	<b>-</b>	<b>23,407</b>
Share of result of associates		-	-	-	33,021	-	33,021
<b>Profit before taxation</b>		<b>320,322</b>	<b>11,717</b>	<b>308,605</b>	<b>353,343</b>	<b>11,717</b>	<b>341,626</b>
Tax expenses	F	(62,535)	(4,097)	(58,438)	(66,062)	(4,097)	(61,965)
<b>Profit for the year from continuing operations</b>		<b>257,787</b>	<b>7,619</b>	<b>250,167</b>	<b>287,280</b>	<b>7,619</b>	<b>279,661</b>
<b><u>Discontinued Operations</u></b>							
Loss from discontinued operations		-	-	-	(1,380)	-	(1,380)
<b>Profit for the year</b>		<b>257,787</b>	<b>7,619</b>	<b>250,167</b>	<b>285,900</b>	<b>7,619</b>	<b>278,281</b>
<b><u>Other Comprehensive Income</u></b>							
Other Comprehensive Income for the period, net of tax		-	-	-	-	-	-
<b>Total Comprehensive Income for the period, net of tax</b>		<b>257,787</b>	<b>7,619</b>	<b>250,167</b>	<b>285,900</b>	<b>7,619</b>	<b>278,281</b>

*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 30 September 2012 and Total Comprehensive Income ("CI") for the six months ended 30 September 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 six months ended 30 September 2012 was increased by Rs. 12.5 Mn.

Nature of SLFRS/LKAS Adjustment	CI for six months ended	
	30 September 2012	
	Rs.'000	
Removal of unsold stock which was part of the revenue	(212,152)	
Removal of cost of last year's stock	224,698	
<b>Company/Group Total</b>	<b>12,546</b>	

**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 six months ended	
	30 September 2012	
	Rs.'000	
Opening stock adjustment - Identifying the stocks at cost or NRV whichever is lower	(164,528)	
Closing stock adjustment - Identifying the stocks at cost or NRV which ever is lower	151,211	
Cost of unsold stocks	(212,152)	
Cost of opening stocks	224,698	
Effect on depreciation for the period due to changes in useful lives of assets	(60)	
<b>Company/Group Total</b>	<b>(830)</b>	

**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 30 September 2012 has been increased.

Nature of SLFRS/LKAS Adjustment	Net assets as at		CI for six months ended
	30 September 2012	31 March 2012	30 September 2012
	Rs.'000	Rs.'000	Rs.'000
Accumulated Depreciation as per SLAS	8,821	8,292	529
Accumulated Depreciation as per SLFRS	5,721	5,252	470
Effect on depreciation for the period by restatement of depreciation policy	3,099	3,040	60
<b>Company/Group Total</b>	<b>3,099</b>	<b>3,040</b>	<b>60</b>

**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 six months ended
	30 September 2012	31 March 2012	30 September 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)	-
<b>Company/Group Total</b>	<b>35,020</b>	<b>35,020</b>	<b>-</b>

The gain or losses arising from biological transformation relating to the six months ended 30 September 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 six months ended
	30 September 2012	31 March 2012	30 September 2012
	Rs.'000	Rs.'000	Rs.'000
Change in Valuation of rubber and tea stock at lower of fair value or NRV	(51,431)	(63,207)	11,776
<b>Company/Group Total</b>	<b>(51,431)</b>	<b>(63,207)</b>	<b>11,776</b>

**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 six months ended
	30 September 2012	31 March 2012	30 September 2012
	Rs.'000	Rs.'000	Rs.'000
Total deferred tax effect	27,867	23,770	4,097
<b>Company/Group Total</b>	<b>27,867</b>	<b>23,770</b>	<b>4,097</b>

**G Retained Earnings**

The changes up to 30 September 2012 due to SLFRS/LKAS conversion adjusted through retained earnings.

Nature of SLFRS/LKAS Adjustment	Net assets as at	
	30 September 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	2,788	6,199
Valuation of rubber, tea and coconut stocks at lower of cost or NRV	(51,431)	(63,207)
Total deferred tax effect on SLFRS/LKAS adjustments	(27,867)	(23,770)
<b>Company/Group Total</b>	<b>(76,510)</b>	<b>(84,129)</b>
<b>Accumulated</b>	<b>7,619</b>	

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>	<u>Quarter Ended</u>		<u>Six Months Ended</u>		<u>Year Ended</u>
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	31 March 2013 Rs.
For the six months ended 30 September					
Highest	118.00	119.50	121.90	119.50	119.50
Lowest	90.00	90.00	90.00	86.20	86.20
Last Traded	93.10	113.20	93.10	113.20	112.00

**Twenty largest shareholders of the Company are as follows:**

<u>As at</u>	<u>30 September 2013</u>		<u>31 March 2013</u>	
	<u>Number of Shares</u>	<u>% of the Holding</u>	<u>Number of Shares</u>	<u>% of the Holding</u>
<b>Name of the Shareholder</b>				
1 RPC Plantation Management Services (Pvt) Ltd	18,846,044	75.38%	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 Seylan Bank PLC / Symphony Capital Ltd	126,417	0.51%	125,536	0.50%
7 Mr. A. K. Kumarasena	125,151	0.50%	125,151	0.50%
8 Employees Provident Fund	122,300	0.49%	122,300	0.49%
9 Waldock Mackenzie Ltd / Symphony Capital Ltd	94,200	0.38%	94,200	0.38%
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 Mr. T. T. T. Al-Nakib	82,277	0.33%	-	-
13 Waldock Mackenzie Ltd / Hi-Line Trading (Pvt) Ltd	81,599	0.33%	131,999	0.53%
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%	-	-
<b>Sub Total</b>	<b>21,262,622</b>	<b>85.05%</b>	<b>-</b>	<b>-</b>
Balance held by 9,024 Shareholders (31 March 2013 - 9,090 Shareholders)	3,737,379	14.95%	3,858,571	15.43%
<b>Total Shares</b>	<b>25,000,001</b>	<b>100.00%</b>	<b>25,000,001</b>	<b>100.00%</b>

**The percentage of shares held as follows:**

	<u>30 September 2013</u>		<u>31 March 2013</u>	
	<u>Number of Shares</u>	<u>% of the Holding</u>	<u>Number of Shares</u>	<u>% of the Holding</u>
Public Holding	6,141,150	24.56%	6,731,863	26.93%
Other Holding	18,858,851	75.44%	18,268,138	73.07%
	<b>25,000,001</b>	<b>100.00%</b>	<b>25,000,001</b>	<b>100.00%</b>

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

<u>As at</u>	<u>Number of Shares</u>	
	<u>30 September 2013</u>	<u>31 March 2013</u>
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 six months ended 30 September

	Company			Group		
	Year Ended			Year Ended		
	2013	2012	31 March 2013	2013	2012	31 March 2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Rubber</b>						
Revenue	706,828	832,469	1,630,201	706,828	832,469	1,630,201
Revenue expenditure	(480,617)	(466,350)	(921,883)	(480,617)	(466,350)	(921,883)
Depreciation / amortization	(32,803)	(30,817)	(61,757)	(32,803)	(30,817)	(61,757)
Other non cash expenses - gratuity	(30,986)	(12,823)	(26,616)	(30,986)	(12,823)	(26,616)
<b>Segment Result - Gross Profit</b>	<b>162,421</b>	<b>322,479</b>	<b>619,946</b>	<b>162,421</b>	<b>322,479</b>	<b>619,946</b>
<b>Tea</b>						
Revenue	459,351	424,229	805,449	459,351	424,229	805,449
Revenue expenditure	(481,314)	(396,403)	(768,868)	(481,314)	(396,403)	(768,868)
Depreciation / amortization	(16,354)	(15,903)	(30,859)	(16,354)	(15,903)	(30,859)
Other non cash expenses - gratuity	(27,441)	(8,251)	(21,631)	(27,441)	(8,251)	(21,631)
<b>Segment Result - Gross Profit</b>	<b>(65,759)</b>	<b>3,672</b>	<b>(15,908)</b>	<b>(65,759)</b>	<b>3,672</b>	<b>(15,908)</b>
<b>Coconut</b>						
Revenue	22,804	18,548	45,309	22,804	18,548	45,309
Revenue expenditure	(12,279)	(13,701)	(24,817)	(12,279)	(13,701)	(24,817)
Depreciation / amortization	(141)	(141)	(305)	(141)	(141)	(305)
Other non cash expenses - gratuity	-	-	(602)	-	-	(602)
<b>Segment Result - Gross Profit</b>	<b>10,384</b>	<b>4,707</b>	<b>19,584</b>	<b>10,384</b>	<b>4,707</b>	<b>19,584</b>
<b>Others</b>						
Revenue	42,919	40,588	106,599	42,919	40,588	106,599
Revenue expenditure	(36)	(44)	(58)	(36)	(44)	(58)
Depreciation / amortization	-	-	(88)	-	-	(88)
Other non cash expenses - gratuity	-	-	-	-	-	-
<b>Segment Result - Gross Profit</b>	<b>42,882</b>	<b>40,544</b>	<b>106,454</b>	<b>42,882</b>	<b>40,544</b>	<b>106,454</b>
<b>Total Segments</b>						
Revenue	1,231,901	1,315,834	2,587,558	1,231,901	1,315,834	2,587,558
Revenue expenditure	(974,247)	(876,497)	(1,715,626)	(974,247)	(876,497)	(1,715,626)
Depreciation / amortization	(49,298)	(46,862)	(93,008)	(49,298)	(46,862)	(93,008)
Other non cash expenses - gratuity	(58,428)	(21,074)	(48,849)	(58,428)	(21,074)	(48,849)
<b>Total Segment Results - Gross Profit</b>	<b>149,929</b>	<b>371,401</b>	<b>730,075</b>	<b>149,929</b>	<b>371,401</b>	<b>730,075</b>
Gain/(Loss) on fair value of biological assets	-	-	(6,796)	-	-	(6,796)
Other income	13,020	15,742	27,160	13,020	15,742	27,160
Administration expenses	(28,127)	(27,783)	(54,151)	(28,127)	(27,783)	(54,151)
Management fee	(30,779)	(62,445)	(125,071)	(30,779)	(62,445)	(125,071)
Finance income	158,643	92,558	165,653	158,643	92,558	165,653
Finance cost	(64,715)	(69,151)	(141,704)	(64,715)	(69,151)	(141,704)
Share of result of associates	-	-	-	46,180	33,021	54,702
Profit for the period from continuing operations	197,970	320,322	595,167	244,150	353,342	649,869
Loss from discontinued operations	-	-	-	(420)	(1,380)	(1,144)
<b>Profit Before Tax</b>	<b>197,970</b>	<b>320,322</b>	<b>595,167</b>	<b>243,730</b>	<b>351,962</b>	<b>648,725</b>

*The above figures are subject to audit*

## CORPORATE INFORMATION

<b>Name of the Company</b>	: KEGALLE PLANTATIONS PLC
<b>Legal Form</b>	: A Quoted Public Company with limited liability, Incorporated in Sri Lanka under the Companies Act No. 07 of 2007.
<b>Date of Incorporation</b>	: 22 June 1992
<b>Company Registration No</b>	: New Registration No. P Q 135 [Old No. N (PBS/CGB) 140]
<b>Head/Registered Office</b>	: No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
<b>Principal Business Activities</b>	: Cultivation, Manufacture and Sale of Rubber, Tea, Coconut, Cardamom & other agricultural produce.
<b>Ultimate Parent Enterprise</b>	: Richard Pieris & Company PLC No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
<b>Board of Directors</b>	: 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
<b>Stock Exchange Listing</b>	: The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka.
<b>Secretaries</b>	: Richard Pieris Group Services (Pvt) Limited No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka Telephone : + (94) 11 4310500
<b>Auditors</b>	: Messrs. Ernst & Young, Chartered Accountants, No. 201, De Saram Place, Colombo 10.
<b>Bankers</b>	: 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
<b>Legal Advisors</b>	: Paul Ratnayeke Associates International Legal Consultants, Solicitors and Attorneys-at-Law, No. 59, Gregory's Road, Colombo 7, Sri Lanka.
<b>Contact Details</b>	: Telephone : + (94) 11 4310500 Facsimile : + (94) 11 4310799 Internet : <a href="http://www.arpico.com">www.arpico.com</a> E-mail : <a href="mailto:kpl.rpk@arpico.com">kpl.rpk@arpico.com</a>

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