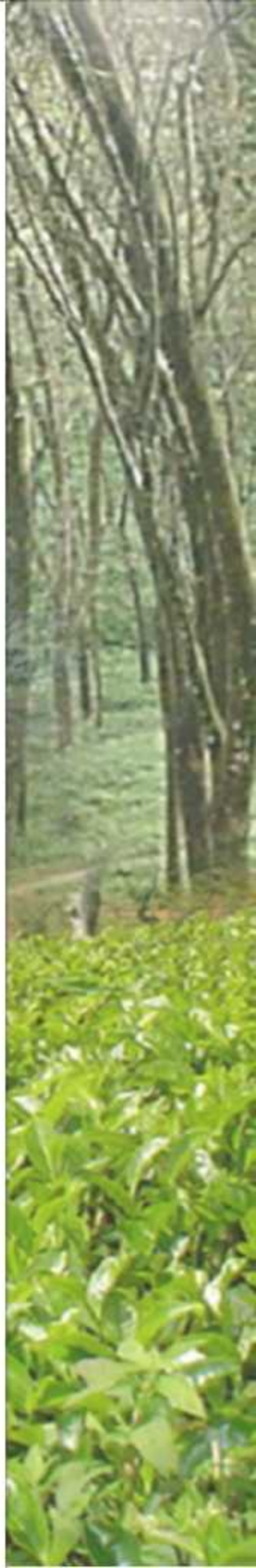


**Interim Financial Statements
for the six months ended
30 September 2011**



**Kegalle
Plantations PLC**



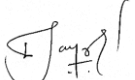
INTERIM FINANCIAL STATEMENTS

BALANCE SHEET

As at 30 September	Company			Group		
	2011 Rs. '000	2010 Rs. '000	31 March 2011 Rs. '000	2011 Rs. '000	2010 Rs. '000	31 March 2011 Rs. '000
ASSETS						
Non - Current Assets						
Leasehold right to bare land	165,582	170,490	168,036	165,582	170,490	168,036
Immovable Estates Assets on Finance Lease	129,584	140,492	135,259	129,584	140,492	135,259
Tangible Assets other than Immature / Mature Plantations	380,784	377,418	388,585	449,438	451,947	460,851
Immature / Mature Plantations	1,091,416	955,304	1,015,940	1,091,416	955,304	1,015,940
Long Term Investments	450,000	225,000	225,000	411,013	217,289	183,307
	2,217,366	1,868,704	1,932,820	2,247,033	1,935,522	1,963,393
Current Assets						
Inventories	372,148	311,041	391,655	373,873	312,775	393,378
Trade & Other Receivables	326,829	230,214	230,410	340,566	239,731	235,878
VAT Recoverable	20,004	17,357	20,004	20,011	17,364	28,282
Amounts due from Related Companies	119,951	82,377	57,177	75,494	42,993	12,897
Short Term Investments	1,443,499	835,026	1,289,494	1,443,499	835,026	1,289,494
Cash and Bank Balances	20,597	21,918	10,263	20,637	21,970	10,307
	2,303,028	1,497,933	1,999,003	2,274,080	1,469,859	1,970,236
Total Assets	4,520,394	3,366,637	3,931,823	4,521,113	3,405,381	3,933,629
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	2,242,093	1,499,087	1,968,938	2,208,741	1,499,452	1,934,489
Shareholders' Fund	2,717,093	1,974,087	2,443,938	2,683,741	1,974,452	2,409,489
Non - Current Liabilities						
Interest Bearing Loans & Borrowings	551,430	311,367	303,089	551,430	311,367	303,089
Retirement Benefit Obligations	455,262	320,500	335,025	455,357	320,595	335,120
Deferred Income	194,960	193,620	196,738	215,767	218,780	219,722
Net Liability to the Lessor - Payable after one year	284,438	288,637	286,660	284,438	288,637	286,660
	1,486,090	1,114,124	1,121,512	1,506,992	1,139,379	1,144,591
Current Liabilities						
Interest Bearing Loans & Borrowings	57,339	53,659	68,319	57,339	53,659	68,319
Net Liability to the Lessor - Payable within one year	4,278	4,113	4,113	4,278	4,113	4,113
Trade & Other Payables	247,094	193,091	260,034	254,851	197,536	267,799
Dividend Payable	3,758	3,353	1,225	3,758	3,353	1,225
Amounts due to Related Companies	237	16,286	15,798	5,649	24,965	21,209
Income Tax Payable	4,505	7,924	16,884	4,505	7,924	16,884
	317,211	278,426	366,373	330,380	291,550	379,549
Total Equity & Liabilities	4,520,394	3,366,637	3,931,823	4,521,113	3,405,381	3,933,629
Net Asset Value per Share (Rs.)	108.68	78.96	97.76	107.35	78.98	96.38

The above figures are subject to audit

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



L C Herath (Mrs.)
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/CEO



J H P Ratnayeke
Director

Colombo
11 November 2011

INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

	Company						Group					
	Quarter Ended			Six Months Ended			Quarter Ended			Six Months Ended		
	2011 Rs. '000	2010 Rs. '000	Variance + / (-) %	2011 Rs. '000	2010 Rs. '000	Variance + / (-) %	2011 Rs. '000	2010 Rs. '000	Variance + / (-) %	2011 Rs. '000	2010 Rs. '000	Variance + / (-) %
For the Six Months Ended 30 September												
Continuing Operations												
Revenue	787,460	743,620	6	1,481,041	1,374,222	8	787,460	743,620	6	1,481,041	1,374,222	8
Cost of Sales (Note - 07)	(454,538)	(460,147)	1	(1,091,025)	(923,180)	(18)	(454,538)	(460,147)	1	(1,091,025)	(923,180)	(18)
Gross Profit	332,922	283,473	(17)	390,016	451,042	(14)	332,922	283,473	17	390,016	451,042	(14)
Other Operating Income	34,073	25,487	34	69,529	51,735	34	34,073	25,487	34	69,529	51,735	34
Administrative Expenses	(14,097)	(15,055)	6	(30,580)	(28,624)	(7)	(14,097)	(15,055)	6	(30,580)	(28,624)	(7)
Management Fee	(56,276)	(48,989)	(15)	(66,190)	(78,901)	16	(56,276)	(48,989)	(15)	(66,190)	(78,901)	16
Finance Cost	(25,691)	(16,402)	(57)	(50,696)	(31,951)	(59)	(25,691)	(16,402)	(57)	(50,696)	(31,951)	(59)
Profit from Operations after Finance Cost	270,931	228,514	19	312,079	363,301	(14)	270,931	228,514	19	312,079	363,301	(14)
Share of Result of Associate	-	-	-	-	-	-	2,555	(3,532)	172	2,901	(7,711)	138
Profit before Taxation	270,931	228,514	19	312,079	363,301	(14)	273,486	224,982	22	314,980	355,590	(11)
Income Tax Expenses	(16,650)	(8,628)	(93)	(26,424)	(12,525)	(111)	(16,846)	(8,628)	(95)	(26,620)	(12,525)	(113)
Profit for the period from continuing operations	254,281	219,886	16	285,655	350,776	(19)	256,640	216,354	19	288,361	343,065	(16)
Discontinued Operations												
Loss after tax for the period from discontinued operations	-	-	-	-	-	-	(798)	(1,451)	45	(1,609)	(2,852)	44
Profit for the period	254,281	219,886	16	285,655	350,776	(19)	255,842	214,903	19	286,752	340,213	(16)
Basic Earnings Per Share from Continuing Operations (Rs.)	10.17	8.80		11.43	14.03		10.27	8.65		11.53	13.72	

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

CASH FLOW STATEMENT

	Company		Group	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
For the Six Months Ended 30 September				
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Net Profit before Taxation from continuing operations	312,079	363,301	314,980	355,590
Net (Loss) before Taxation from discontinued operations	-	-	(1,609)	(2,852)
ADJUSTMENTS FOR				
Depreciation, Amortization and Impairment Loss	42,783	40,634	46,396	45,391
Provision for Defined Benefit Plan Costs	142,249	18,366	142,249	18,366
Amortization of Grants	(2,873)	(2,530)	(5,049)	(4,706)
Share of Result of Associate	-	-	(2,901)	7,711
Finance Cost	50,696	31,951	50,701	31,959
Operating Profit before Working Capital Changes	544,934	451,722	544,767	451,459
(Increase)/Decrease in Trade & Other Receivables	(96,418)	36,278	(96,418)	36,278
(Increase)/Decrease in Inventories	19,507	(63,327)	19,507	(63,313)
(Increase)/Decrease in amounts due from Related Companies	(62,774)	(29,516)	(62,774)	(29,516)
Increase/(Decrease) in Trade & Other Payables	(12,938)	(6,028)	(12,771)	(8,022)
Increase/(Decrease) in amounts due to Related Companies	(15,561)	(23,415)	(15,561)	(23,415)
Cash Generated from / (used in) Operations	376,750	365,714	376,750	363,471
Defined Benefit Plan Costs Paid	(22,013)	(14,619)	(22,013)	(14,619)
Finance Cost Paid	(31,571)	(23,550)	(31,576)	(23,558)
ESC/Income Tax Paid	(38,803)	(17,127)	(38,803)	(17,127)
Net Cash from Operating Activities	284,363	310,418	284,358	308,167
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES				
Grant Received	1,095	23,494	1,095	23,494
Field Development Expenditure	(91,852)	(69,941)	(91,852)	(69,941)
Purchase of Property, Plant & Equipment	(10,478)	(24,717)	(10,478)	(24,717)
Long Term Investment	(225,000)	-	(225,000)	-
Net Cash from / (used in) Investing Activities	(326,235)	(71,164)	(326,235)	(71,164)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Dividend Paid	(9,968)	(72,776)	(9,968)	(72,776)
Payment of Government Lease Rentals	(21,182)	(10,379)	(21,182)	(10,379)
Proceeds from Loans	285,940	-	285,940	-
Repayment of Loans	(20,741)	(39,833)	(20,741)	(39,833)
Net Cash from / (used in) Financing Activities	234,049	(122,988)	234,049	(122,988)
Net Increase/(Decrease) in Cash & Cash Equivalents	192,177	116,266	192,172	114,015
Cash & Cash Equivalents at the beginning of the period	Note A	1,271,919	740,678	1,271,964
Cash & Cash Equivalents at the end of the period	Note B	1,464,096	856,944	1,464,136
NOTES				
A. Cash & Cash Equivalents at the beginning of the period				
Cash & Bank Balances	10,263	20,685	10,308	22,988
Investment in Treasury Bills, REPO & Others	1,289,494	719,993	1,289,494	719,993
Bank Overdrafts	(27,838)	-	(27,838)	-
	1,271,919	740,678	1,271,964	742,981
B. Cash & Cash Equivalents at the end of the period				
Cash & Bank Balances	20,597	21,918	20,637	21,970
Investment in Treasury Bills, REPO & Others	1,443,499	835,026	1,443,499	835,026
	1,464,096	856,944	1,464,136	856,996
<i>The above figures are subject to audit</i>				

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 September 2011

	Company				Group			
	Stated Capital	General Reserve	Accumulated Profit	Total	Stated Capital	General Reserve	Accumulated Profit	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31 March 2010	250,000	225,000	1,223,311	1,698,311	250,000	225,000	1,234,239	1,709,239
Net Profit for the period	-	-	350,776	350,776	-	-	340,213	340,213
Dividend Paid	-	-	(75,000)	(75,000)	-	-	(75,000)	(75,000)
Balance as at 30 September 2010	250,000	225,000	1,499,087	1,974,087	250,000	225,000	1,499,452	1,974,452
Balance as at 31 March 2011	250,000	225,000	1,968,938	2,443,938	250,000	225,000	1,934,489	2,409,489
Net Profit for the period	-	-	285,655	285,655	-	-	286,752	286,752
Dividend Paid	-	-	(12,500)	(12,500)	-	-	(12,500)	(12,500)
Balance as at 30 September 2011	250,000	225,000	2,242,093	2,717,093	250,000	225,000	2,208,741	2,683,741

The above figures are subject to audit

NOTES TO THE FINANCIAL STATEMENTS

For the Six Months Ended 30 September	31 March		
	2011	2010	2011
	Rs.	Rs.	Rs.
1. Market Price per Share			
Highest	234.90	170.00	285.00
Lowest	140.20	47.50	47.50
Last Traded	147.50	168.40	207.50

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 on the basis of the same accounting policies and methods applied for the year ended 31 March 2011 and are in compliance with Sri Lanka Accounting Standard 35 - 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.
4. The presentation and classification of figures for the corresponding period of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.
5. The Company invested in 22.5 mn ordinary shares at Rs. 10.00 per share of Arpico Insurance Ltd in June 2011 (A new Insurance Company established under the "Arpico" brand) at Rs. 225 mn. As a result, Arpico Insurance Ltd is treated as an Associate Company with voting rights of 45% and is in conformity with Section 185 (1) (a) of the Companies Act No. 7 of 2007.
6. There has been no material changes in the nature of the contingent liabilities, other than what was disclosed in the Annual Report for the year ended 31 March 2011.
7. In June 2011, as per the Collective Agreement, wage rate was increased from Rs. 447.75 to Rs. 572.00 with retrospective effect from April 2011. Arrears payment from April to May 2011 is paid in August 2011. Total impact of the wage arrears and increase in gratuity provision amounting to Rs. 152 mn has been charged to Cost of Sales as follows;

Description	Amount (Rs. '000)
Cost of Manufacture for the period	938,971
Arrears in wages (April & May 2011)	28,592
Adjustment to opening balance of Gratuity Provision	123,462
Total Cost of Sales	1,091,025

These figures are subject to an Actuarial Valuation that will be carried out during the current financial year.

8. There have been no other events subsequent to the Balance Sheet date, which require disclosure in the Interim Financial Statements.

INTERIM FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTD...

9. Twenty largest shareholders of the Company are as follows ;

As at	30 September 2011		31 March 2011	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
RPC Plantation Management Services (Pvt) Ltd	17,432,700	69.73%	17,015,100	68.06%
J B Cocoshell (Pvt) Ltd	606,500	2.43%	628,800	2.52%
Mr. T. T. T. Al Nakib	363,400	1.45%	-	-
Almar Trading Co. (Pvt) Ltd	255,600	1.02%	221,300	0.89%
HSBC International Nominees Ltd-SSBT-Deutsche Bank	200,000	0.80%	200,000	0.80%
Tranz Dominion, L.L.C	185,000	0.74%	185,000	0.74%
Cocoshell Activated Carbon Company Limited	136,400	0.55%	153,500	0.61%
Waldock Mackenzie Ltd /Hi - Line Towers (Pvt) Ltd	129,600	0.52%	129,600	0.52%
Employees Provident Fund	122,300	0.49%	-	-
Mr. M. M. Fuad	121,500	0.49%	92,300	0.37%
Waldock Mackenzie Ltd /Hi - Line Trading (Pvt) Ltd	117,600	0.47%	-	-
Mr. A. Singh	116,700	0.47%	-	-
Deutsche Bank AG - Comtrust Equity Fund	110,000	0.44%	-	-
Deutsche Bank AG - Trustee for Namal Acuity Fund	100,000	0.40%	100,000	0.40%
Deutsche Bank AG - National Equity Fund	100,000	0.40%	100,000	0.40%
Mr. M. J. Fernando	85,500	0.34%	85,500	0.34%
Askold (Pvt) Ltd	75,000	0.30%	85,000	0.34%
Commercial Bank of Ceylon PLC / D. R. Costa	72,400	0.29%	154,600	0.62%
Commercial Bank of Ceylon PLC / D. S. J. V. Costa	70,200	0.28%	140,500	0.56%
Waldock Mackenzie Ltd / Symphony Capital	70,000	0.28%	-	-
Sub Total	20,470,400	81.88%	-	-
Balance held by 9,426 Shareholders (31 March 2011 - 9,582 Shareholders)	4,529,601	18.12%	5,080,701	20.32%
Total Shares	25,000,001	100.00%	25,000,001	100.00%

The percentage of shares held as follows;

	30 September 2011		31 March 2011	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
Public Holding	7,566,994	30.27%	7,984,594	31.94%
Other Holding	17,433,007	69.73%	17,015,407	68.06%
	25,000,001	100.00%	25,000,001	100.00%

10. The number of shares held by the Board of Directors are as follows ;

As at	Number of Shares	
	30 September 2011	31 March 2011
Dr. Sena Yaddehige	-	-
Mr. J H P Ratnayake	-	-
Mr. S S Poholiyadde	307	307
Prof. R C W M R A Nugawela	-	-
Dr. S S B D G Jayawardena	-	-

INTERIM FINANCIAL STATEMENTS

SEGMENT INFORMATION

Company

For the Six Months Ended 30 September	Rubber		Tea		Coconut		Others		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	979,285	846,345	417,778	474,906	27,285	18,782	56,693	34,189	1,481,041	1,374,222
Revenue Expenditure	(443,312)	(432,940)	(450,328)	(422,093)	(13,097)	(9,817)	-	-	(906,737)	(864,850)
Depreciation / Amortization	(27,196)	(24,757)	(14,658)	(15,022)	(141)	(141)	(44)	(44)	(42,039)	(39,964)
Other Non Cash Expenses - Gratuity	(88,039)	(12,202)	(53,710)	(5,664)	(500)	(500)	-	-	(142,249)	(18,366)
Segment Results	420,738	376,446	(100,918)	32,127	13,547	8,324	56,649	34,145	390,016	451,042
Other Operating Income									69,529	51,735
Administrative Expenses									(30,580)	(28,624)
Management Fee									(66,190)	(78,901)
Finance Cost									(50,696)	(31,951)
Income Tax Expenses									(26,424)	(12,525)
Profit for the Period									285,655	350,776

SEGMENT INFORMATION

Group

For the Six Months Ended 30 September	Rubber		Tea		Coconut		Others		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	979,285	846,345	417,778	474,906	27,285	18,782	56,693	34,189	1,481,041	1,374,222
Revenue Expenditure	(443,312)	(432,940)	(450,328)	(422,093)	(13,097)	(9,817)	-	-	(906,737)	(864,850)
Depreciation / Amortization	(27,196)	(24,757)	(14,658)	(15,022)	(141)	(141)	(44)	(44)	(42,039)	(39,964)
Other Non Cash Expenses - Gratuity	(88,039)	(12,202)	(53,710)	(5,664)	(500)	(500)	-	-	(142,249)	(18,366)
Segment Results	420,738	376,446	(100,918)	32,127	13,547	8,324	56,649	34,145	390,016	451,042
Other Operating Income									69,529	51,735
Administrative Expenses									(30,580)	(28,624)
Management Fee									(66,190)	(78,901)
Finance Cost									(50,696)	(31,951)
Profit from Operations after Finance Cost									312,079	363,301
Share of Result of Associate									2,901	(7,711)
Profit before Taxation									314,980	355,590
Income Tax Expenses									(26,620)	(12,525)
Profit for the period from continuing operations									288,361	343,065
(Loss) after tax for the Period from discontinued operations									(1,609)	(2,852)
Profit for the Period									286,752	340,213

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 Yaddhige - Chairman Mr. J H P Ratnayake - Deputy Chairman Mr. S S Poholiyadde - Chief Executive Officer 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 in 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, 201, De Saram Place, Colombo 10.
Bankers	: Hatton National Bank PLC Bank of Ceylon - Corporate Branch & Regional Branches National Development Bank PLC Peoples Bank Seylan Bank PLC
Legal Advisors	: Paul Ratnayake Associates International Legal Consultants, Solicitors and Attorneys-at-Law, No. 59, Gregory's Road, Colombo 7, Sri Lanka.
Contact Details	: Telephone : + (94) 11 4310888 Facsimile : + (94) 11 4310799 Website : www.arpico.com E-mail : kpl.rpk@arpico.com

Kegalle Plantations PLC
310, Highlevel Road,
Nawinna, Maharagama, Sri Lanka