

BROWNS CAPITAL PLC

INTERIM FINANCIAL STATEMENTS

For the Six Months Period Ended 30th September 2016

BROWNS CAPITAL PLC

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER 2016

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INTERIM FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - GROUP

	For the quarter ended			For the period ended			Audited
	July to September			April to September			Year ended
	30.09.2016	30.09.2015	Variance	30.09.2016	30.09.2015	Variance	31.03.2016
	Un audited	Un audited		Un audited	Un audited		
		(Restated)			(Restated)		
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%	Rs.'000
Revenue	1,671,958	1,452,026	15	3,050,357	2,730,536	12	5,529,031
Cost of sales	(1,636,488)	(1,506,745)	(9)	(2,899,149)	(2,811,482)	(3)	(5,626,794)
Gross profit/(loss)	35,471	(54,719)	165	151,209	(80,946)	287	(97,763)
Other operating income	252,863	60,262	320	313,179	184,116	70	290,139
Change in fair value of investment property	-	-	-	-	-	-	111,314
Change in fair value of biological assets	-	-	-	-	-	-	(194,354)
Administrative expenses	(145,408)	(56,828)	(156)	(230,631)	(130,745)	(76)	(293,356)
Other expenses	(12,726)	(3,893)	(227)	(15,759)	(8,811)	(79)	(76,883)
Results from operating activities	130,200	(55,177)	336	217,998	(36,385)	699	(260,903)
Finance income	14,790	9,196	61	25,381	20,001	27	38,603
Finance costs	(183,823)	(59,404)	(209)	(292,741)	(126,964)	(131)	(266,221)
Net finance income/(costs)	(169,033)	(50,207)	(237)	(267,360)	(106,962)	(150)	(227,618)
Profit/(loss) before taxation	(38,833)	(105,385)	63	(49,362)	(143,348)	66	(488,521)
Income tax (expense)/reversal	(27,948)	(7,827)	(257)	(29,444)	(6,838)	(331)	12,245
Profit/(loss) for the period	(66,781)	(113,212)	41	(78,806)	(150,186)	48	(476,276)
Other comprehensive income							
Items that will never be reclassified to profit or loss							
Net changes in fair value of available for sale investments	-	-	-	-	-	-	(1,064)
Actuarial gain /(loss) on defined benefits plans	-	-	-	-	-	-	546,519
Tax on other comprehensive income	-	-	-	-	-	-	(80,962)
Other comprehensive income/(expense) net of tax	-	-	-	-	-	-	464,494
Total comprehensive income for the period	(66,781)	(113,212)	41	(78,806)	(150,186)	48	(11,783)
Profit attributable to							
- Owners of the company	(71,361)	(63,727)	(12)	(51,892)	(82,591)	37	(215,957)
- Non-controlling interests	4,580	(49,486)	109	(26,914)	(67,595)	60	(260,320)
Profit/(loss) for the period	(66,781)	(113,213)	41	(78,806)	(150,186)	48	(476,276)
Total comprehensive income attributable to							
- Owners of the company	(71,361)	(63,727)	(12)	(51,892)	(82,591)	37	15,775
- Non-controlling interests	4,580	(49,486)	109	(26,914)	(67,595)	60	(27,558)
Total comprehensive income for the period	(66,781)	(113,213)	41	(78,806)	(150,186)	48	(11,783)
Basic earnings per share (Rs.)	(0.053)	(0.047)		(0.037)	(0.059)		(0.160)

Figures in brackets indicate deductions.

INTERIM FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - COMPANY

	For the quarter ended July to September			For the period ended April to September			Audited Year ended
	30.09.2016	30.09.2015	Variance	30.09.2016	30.09.2015	Variance	31.03.2016
	Un audited Rs.'000	Un audited Rs.'000	%	Un audited Rs.'000	Un audited Rs.'000	%	Rs.'000
Revenue	20,149	-	100	20,149	23,000	(12)	50,621
Cost of sales	-	-	-	-	-	-	-
Gross profit	20,149	-	100	20,149	23,000	(12)	50,621
Other operating income	693	382	81	1,377	1,128	22	3,312
Impairment loss of investments in subsidiaries	-	-	-	-	-	-	(10,000)
Administrative expenses	(5,502)	(5,088)	(8)	(8,008)	(6,812)	(18)	(13,563)
Other expenses	-	-	-	-	-	-	(28,748)
Results from operating activities	15,340	(4,705)	426	13,518	17,317	(22)	1,622
Finance income	13,496	23,820	(43)	26,992	40,047	(33)	66,649
Finance costs	(8,878)	(95)	(9,250)	(11,548)	(1,643)	(603)	(9,201)
Net finance income/(costs)	4,618	23,725	(81)	15,444	38,404	(60)	57,448
Profit before taxation	19,957	19,020	5	28,961	55,721	(48)	59,070
Income tax expense	(2,818)	(3,001)	6	(5,526)	(6,437)	14	(12,737)
Profit for the Year from continuing operations	17,139	16,019	7	23,435	49,284	(52)	46,333
Profit/ (Loss) for the Year from discounting operations	-	-	-	-	-	-	-
Profit for the period	17,139	16,019	7	23,435	49,284	(52)	46,333
Basic earnings per share (Rs.)	0.013	0.012		0.017	0.036		0.034

Figures in brackets indicate deductions.

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	GROUP-UN AUDITED		AUDITED	COMPANY-UN AUDITED		AUDITED
	As at	As at	As at	As at	As at	As at
	30.09.2016	30.09.2015	31.03.2016	30.09.2016	30.09.2015	31.03.2016
	(Restated)					
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS						
Non-current assets						
Right to use the leasehold land	587,063	454,993	447,232	-	-	-
Investment property	1,124,754	1,011,615	1,123,845	-	-	-
Intangible Assets	129,669	-	129,669	-	-	-
Property, plant and equipment	4,682,189	2,388,119	3,398,916	1,825	3,409	2,617
Bearer biological assets	7,200,773	4,740,655	4,786,745	-	-	-
Consumable biological assets	6,591,700	6,369,021	6,150,990	-	-	-
Investments in subsidiaries	-	-	-	2,489,377	2,053,194	2,450,258
Investments in Equity Accounted Investees	236,257	-	-	-	-	-
Other financial assets - non current	41,581	42,644	41,581	-	-	-
Available for sale financial assets-non current	139,133	-	139,133	139,133	-	139,133
Goodwill on consolidation	93,328	10,494	36,542	-	-	-
Total non-current assets	20,826,447	15,017,542	16,254,652	2,630,334	2,056,603	2,592,008
Current assets						
Inventories	695,023	575,852	520,876	-	-	-
Trade and other receivables	691,764	436,209	891,320	12,279	2,174	690
Refund of Income Tax	-	6,713	-	-	-	-
Loans to related parties	-	-	-	361,550	389,550	361,550
Amounts due from related parties	32,632	12,364	26,287	40,651	105,295	88,640
Other financial assets-current	170,047	314,303	50,891	-	262,982	-
Cash and cash equivalents	586,622	315,965	530,225	33,300	154,243	61,004
Total current assets	2,176,089	1,661,406	2,019,599	447,780	914,245	511,884
Total assets	23,002,536	16,678,948	18,274,251	3,078,115	2,970,847	3,103,892
EQUITY AND LIABILITIES						
Equity						
Equity	2,568,000	2,568,000	2,568,000	2,568,000	2,568,000	2,568,000
Reserves	(8,405)	110,638	109,908	-	-	-
Retained earnings	2,552,433	2,449,964	2,545,531	260,174	308,090	305,139
Total equity attributable to equity holders of the Company	5,112,028	5,128,602	5,223,439	2,828,174	2,876,090	2,873,139
Non controlling interest	5,247,856	5,088,763	5,496,419	-	-	-
Total equity	10,359,884	10,217,365	10,719,858	2,828,174	2,876,090	2,873,139
Non-current liabilities						
Loans and borrowings	3,436,220	641,656	1,640,405	-	-	-
Deferred tax liabilities	586,239	584,003	627,173	-	-	-
Retirement benefit obligations	2,157,292	2,013,083	1,578,375	-	-	-
Deferred income	710,791	606,599	640,870	-	-	-
Deposits and rent advances	88,610	88,610	88,610	-	-	-
Loans from related parties	778,513	489,389	1,031,037	-	-	-
Total non-current liabilities	7,757,666	4,423,340	5,606,469	-	-	-
Current liabilities						
Trade and other payables	2,523,892	880,851	840,284	19,523	19,006	16,662
Loans from related parties	734,309	747,815	482,273	66,958	-	66,958
Amounts due to related parties	196,054	10,907	122,565	160,775	72,572	144,323
Income tax payable	2,103	-	2,643	2,686	3,180	2,810
Short term borrowings	337,698	4,219	45,137	-	-	-
Loans and borrowings	798,416	264,941	338,367	-	-	-
Bank overdrafts	292,515	129,509	116,656	-	-	-
Total current liabilities	4,884,986	2,038,243	1,947,924	249,941	94,758	230,753
Total liabilities	12,642,652	6,461,583	7,554,393	249,941	94,758	230,753
Total equity and liabilities	23,002,536	16,678,948	18,274,251	3,078,115	2,970,847	3,103,892
Net assets per ordinary share (Rs.)	3.74	3.75	3.82	2.07	2.10	2.10

Figures in brackets indicate deductions.

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Sgd

Mr. U P C Fernando - Chief financial officer

The Board of directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of directors of Browns Capital PLC

Sgd

Director
Colombo

Sgd

Director

INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the company				Total	Non controlling interests	Total equity
	Stated capital ordinary	Revaluation surplus	Available-for-sale reserve	Retained earnings			
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)			
Balance as at 31st March 2015(Restated)	2,568,000	118,313	(7,675)	2,534,079	5,212,717	5,182,236	10,394,953
Profit/(loss) for the period	-	-	-	(82,591)	(82,591)	(67,595)	(150,186)
Dividends paid to non-controlling interest	-	-	-	-	-	(27,402)	(27,402)
Preference share dividends	-	-	-	(1,524)	(1,524)	1,524	-
Balance as at 30th September 2015(Restated)	2,568,000	118,313	(7,675)	2,449,964	5,128,602	5,088,763	10,217,365
Balance as at 31st March 2016 (Audited)	2,568,000	118,313	(8,405)	2,545,531	5,223,439	5,496,419	10,719,858
Profit/(loss) for the period	-	-	-	(51,892)	(51,892)	(26,914)	(78,806)
Disposal of Investments	-	(118,313)	-	128,718	10,405	(389,248)	(378,843)
Acquisition through business combination	-	-	-	-	-	154,019	154,019
Shares issued by subsidiaries	-	-	-	-	-	37,401	37,401
Preference share dividends	-	-	-	(1,524)	(1,524)	1,524	-
Dividends paid by the Parent Company	-	-	-	(68,400)	(68,400)	-	(68,400)
Dividends paid to non-controlling interest	-	-	-	-	-	(25,345)	(25,345)
Balance as at 30th September 2016(Un audited)	2,568,000	-	(8,405)	2,552,433	5,112,028	5,247,856	10,359,884

Figures in brackets indicate deductions

PROVISIONAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY

Company	Stated capital Ordinary	Retained earnings	Total equity
	(Rs.000)	(Rs.000)	(Rs.000)
	Balance as at 31st March 2015	2,568,000	258,806
Profit for the period	-	49,284	49,284
Balance as at 30th September 2015	2,568,000	308,090	2,876,090
Balance as at 31st March 2016 (Audited)	2,568,000	305,138	2,873,138
Profit for the period	-	23,435	23,435
Dividends	-	(68,400)	(68,400)
Balance as at 30th September 2016(Un audited)	2,568,000	260,173	2,828,173

Figures in brackets indicate deductions

PROVISIONAL FINANCIAL STATEMENTS
STATEMENT OF CASH FLOW

	GROUP		GROUP	COMPANY		COMPANY
	Six months ended		Audited	Six months ended		Audited
	Un audited			Un audited		
	30.09.2016	30.09.2015 (Restated)	31.03.2016	30.09.2016	30.09.2015	31.03.2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash flows from operating activities						
Profit before taxation	(49,362)	(143,348)	(488,521)	28,961	55,721	59,070
Adjustments for :						
- Provision for retirement benefit obligations - gratuity	85,262	66,785	259,349	-	-	-
- Depreciation/amortization-PPE	176,719	89,115	172,122	792	792	1,584
Amortization of leasehold asset	-	-	15,592	-	-	-
- Depreciation/amortization-Biological assets	14,734	28,034	164,815	-	-	-
- Gain on changes in fair value of biological assets	-	-	194,354	-	-	-
Gain on disposal of investments	(175,283)	-	-	-	-	-
- Deferred income amortized	(16,017)	(11,507)	(32,416)	-	-	-
- Finance costs	292,741	126,964	285,720	11,548	1,643	9,201
Foreign exchange gain	14,571	-	(19,499)	-	-	-
- Interest income	(25,381)	(20,001)	(38,603)	(26,992)	(40,047)	(66,649)
- Change in fair value of other financial assets	(2,835)	(2,585)	3,539	-	250	(556)
- Impairment loss on inventories	3,770	974	2,858	-	-	-
- Impairment loss on amount due from related parties	1,072	80	83	-	-	4,258
- Impairment loss/(reversal)on trade receivable	10,712	(528)	10,407	-	-	-
Loans written off	-	-	-	-	-	24,490
Written off immature plantations	-	-	10,150	-	-	-
- Impairment loss of investments in subsidiaries	-	-	-	-	-	10,000
Gain on change in fair value of investment property	-	-	(111,314)	-	-	-
- Gain on disposal of property, plant & equipment	(5,485)	(4,239)	(10,525)	-	-	-
Capital work in progress written off	-	-	12,998	-	-	-
Gain from sales of bearer biological assets	(12,687)	-	(77,621)	-	-	-
- Dividend income	(619)	(26,237)	(615)	-	-	-
Operating profit before working capital changes	311,910	103,506	352,873	14,310	18,359	41,398
Working capital changes						
- (Increase)/decrease in inventories	15,038	(26,200)	26,893	-	-	-
- (Increase)/ decrease in trade and other receivables	444,811	10,698	(420,642)	(11,590)	(2,174)	(690)
(Increase)/decrease in loans to related parties	-	-	-	-	(13,833)	(10,324)
- (Increase)/decrease in amounts due from related parties	(7,417)	(4,365)	(18,301)	47,989	(26,530)	(14,132)
- Increase/(decrease) in trade and other payables	156,348	5,744	(39,861)	2,862	2,547	203
- Increase/(decrease) in amounts due to related parties	73,489	(11,701)	99,531	16,452	(45)	71,707
Cash generated from/(used in) operations	994,179	77,683	493	70,022	(21,676)	88,162
Income tax/ESC/SRL paid	(19,488)	(30,635)	(43,368)	(5,651)	(12,834)	(19,504)
Retiring gratuity paid	(105,526)	(144,164)	(224,917)	-	-	-
Interest paid	(296,446)	(104,217)	(253,608)	(11,548)	(1,643)	(9,201)
Net cash generated from/(used in) operating activities	572,719	(201,334)	(521,400)	52,823	(36,153)	59,457
Cash flows from investing activities						
Acquisition/investments in subsidiary	(306,166)	-	(389,824)	(39,119)	-	(407,064)
Proceeds from share issue	37,401	-	-	-	-	-
Purchase of investment property	(908)	(1,059)	(1,975)	-	-	-
Addition to intangible assets	-	-	(21,874)	-	-	-
Acquisition & construction of property, plant & equipment	(1,482,551)	(51,146)	(1,079,083)	-	-	-
Investment in biological assets - net of immature grants	(135,776)	(152,636)	(323,071)	-	-	-
Capital grants received	5,452	24,554	74,753	-	-	-
Interest income received	25,381	20,001	38,603	26,992	40,047	66,649
Proceeds from sale of property, plant & equipment	5,485	4,239	18,738	-	-	-
Proceeds on disposal of investments	540,534	-	-	-	-	-
Proceeds from sale of bearer/consumable biological assets	42,832	41,784	123,002	-	-	-
Available for sale financial assets-non current	-	-	(139,133)	-	-	(139,133)
Investments in other financial assets-current	62,401	-	(36,401)	-	-	-
Proceeds from disposal of other financial assets	-	1,266	843,789	-	-	263,789
Dividend income	619	615	615	-	-	-
Net cash generated from/(used in) investing activities	(1,205,296)	(112,381)	(891,861)	(12,127)	40,047	(215,759)
Cash flows from financing activities						
Repayment of finance lease liabilities	(67,728)	(51,720)	(91,460)	-	-	-
Repayment of loans and borrowings	(239,399)	(186,278)	(310,289)	-	-	-
Term & other loans received	1,002,586	-	1,203,959	-	-	-
Loans from related parties-obtained	-	871,743	1,456,305	-	-	66,958
Loans from related parties-paid	(90,323)	(80,549)	(404,173)	-	(61,550)	(61,550)
Receipt of short term loans - (net of payments)	1,724	(336,692)	(295,774)	-	-	-
Cost of share issue	-	-	(4,002)	-	-	-
Dividend paid to shareholders with non-controlling interest	(25,345)	(27,402)	(38,806)	-	-	-
Dividend paid to equity holders of the parent	(68,400)	-	-	(68,400)	-	-
Net cash flows generated from/(used in) financing activities	513,115	189,101	1,515,760	(68,400)	(61,550)	5,408
Net increase/(decrease) in cash & cash equivalents	(119,462)	(124,614)	102,499	(27,704)	(57,655)	(150,894)
Cash & cash equivalents at beginning of the period	413,569	311,070	311,070	61,004	211,898	211,898
Cash & cash equivalents at end of the period	294,107	186,456	413,569	33,300	154,243	61,004
Cash & cash equivalents at end of the period						
Cash in hand & banks	586,622	315,965	530,225	33,300	154,243	61,004
Bank overdrafts	(292,515)	(129,509)	(116,656)	-	-	-
	294,107	186,456	413,569	33,300	154,243	61,004

Figures in brackets indicate deductions.

INTERIM FINANCIAL STATEMENTS

SEGMENTAL REPORTING (BUSINESS SEGMENTS) - GROUP-(UN-AUDITED)

For the six months Period Ended 30th September	Tea		Rubber		Oil Palm		Hydro Power		Real Estate		Investment Income		Solar Power		Others		Total	
	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
		Restated		Restated		Restated		Restated		Restated		Restated		Restated		Restated		Restated
Revenue	2,072,447	2,039,530	563,650	430,138	111,429	-	50,969	62,098	45,554	43,308	-	-	-	-	206,309	155,461	3,050,357	2,730,535
Revenue Expenditure	(2,021,786)	(2,168,336)	(664,468)	(465,480)	(29,959)	-	(21,841)	(45,227)	(4,713)	(4,376)	-	-	-	-	(156,382)	(128,063)	(2,899,149)	(2,811,481)
Segment Results	50,661	(128,807)	(100,818)	(35,342)	81,470	-	29,128	16,871	40,841	38,932	-	-	-	-	49,927	27,399	151,209	(80,946)
Finance Income	-	-	-	-	-	-	1,402	1,217	2,494	1,000	1,658	13,670	5,884	-	13,943	4,115	25,381	20,002
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	313,179	184,116	313,179	184,116
Administrative expenses	-	-	-	-	-	-	(8,957)	(11,943)	(2,942)	(3,355)	-	-	(8,908)	-	(209,823)	(115,447)	(230,631)	(130,745)
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	(4,004)	-	(11,755)	(8,811)	(15,759)	(8,811)
Finance costs	-	-	-	-	-	-	(3,911)	(5,969)	(9,145)	(9,965)	-	-	(35,013)	-	(244,672)	(111,030)	(292,741)	(126,964)
Profit/(Loss) Before Taxation	50,661	(128,807)	(100,818)	(35,342)	81,470	-	17,662	176	31,247	26,612	1,658	13,670	(42,041)	-	(89,201)	(19,658)	(49,362)	(143,347)
Income tax (expense)/reversal	-	-	-	-	-	-	(4,628)	(1,061)	(698)	(380)	(5,526)	(6,437)	(1,647)	-	(16,944)	1,040	(29,444)	(6,838)
Profit/(Loss) for the period	50,661	(128,807)	(100,818)	(35,342)	81,470	-	13,034	(885)	30,549	26,232	(3,868)	7,233	(43,689)	-	(106,145)	(18,618)	(78,806)	(150,186)

SEGMENTAL REPORTING (BUSINESS SEGMENTS) - COMPANY-(UN-AUDITED)

For the six months Period Ended 30th September	Tea		Rubber		Oil Palm		Hydro Power		Real Estate		Investment Income		Solar Power		Others		Total	
	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended	Period Ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	-	-	-	-	-	-	-	-	-	-	20,149	23,000	-	-	-	-	20,149	23,000
Segment Results	-	-	-	-	-	-	-	-	-	-	20,149	23,000	-	-	-	-	20,149	23,000
Finance income	-	-	-	-	-	-	-	-	-	-	26,992	40,047	-	-	-	-	26,992	40,047
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,377	1,128	1,377	1,128
Administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,008)	(6,812)	(8,008)	(6,812)
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,548)	(1,643)	(11,548)	(1,643)
Profit/(Loss) Before Taxation	-	-	-	-	-	-	-	-	-	-	47,141	63,047	-	-	(18,179)	(7,326)	28,961	55,721
Income tax expenses	-	-	-	-	-	-	-	-	-	-	(5,526)	(6,437)	-	-	-	-	(5,526)	(6,437)
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	-	41,615	56,610	-	-	(18,179)	(7,326)	23,435	49,284

Figures in brackets indicate deductions

INTERIM FINANCIAL STATEMENTS

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER 2016

1 ACCOUNTING POLICIES

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 31st March 2016 and are in compliance with the Sri Lanka Accounting Standard 34-Interim Financial Reporting. Provision of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements of the Company/Group.

2 COMPARATIVE INFORMATION

The previous periods figures and phrases have been re-arranged wherever necessary to conform to the current period's presentation and classifications.

3 STATED CAPITAL

NO. OF SHARES REPRESENTING THE STATED CAPITAL

The Stated Capital amounting to Rs. 2,568,000,000/- is represented by 1,368,000,000 Nos. of Ordinary Shares as at 30th September 2016 and as at 30th September 2015.

4 CONTINGENCIES, CAPITAL AND OTHER COMMITMENTS

During the period under review there was no significant changes in the nature of the contingent liabilities other than those disclosed in the audited financial statements for the year ended 31st March 2016.

5 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which would require adjustments or disclosures in the Interim Financial Statements other than those mentioned below.

(a) Plantation workers' wages collective agreement

The plantations workers' wages collective agreement was signed on 18th October 2016 for two years effective from 15th October 2016 increasing the total daily wage rate from Rs. 620/- to Rs. 730/- per day. The increase in basic wage rate was Rs. 50/- per day, out of the total increase of Rs. 110/- per day.

6 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

7 INVESTMENTS

7.1 Acquisition of Agalawatte Plantations PLC

In July 2016, Browns Power Holdings (Pvt) Ltd, a subsidiary of the Group acquired the controlling interest of Agalawatte Plantations PLC by purchasing 15.2 Mn voting shares (60.80%) for a consideration of Rs. 306 Mn.

The provisional fair values of the identifiable assets and liabilities of acquirees (based on un-audited financial statements) as at the date of acquisition were:

	Rs. Mn
Assets	
Cash and cash equivalents	11.32
Investment securities	8.06
Trade and other current assets	401.77
Inventories	202.09
Long term investments	273.73
Biological Assets	3,479.07
Property, plant and equipment	248.44
	<u>4,624.47</u>
Liabilities	
Bank overdrafts	72.78
Trade and other payables	1,620.13
Borrowings	1,935.89
Retirement benefit obligations	602.76
	<u>4,231.56</u>
Equity	
Stated capital	250.00
Reserves	450.74
Retained earnings	(307.83)
	<u>392.90</u>
Goodwill recognized as a result of the acquisitions are as follows:	
Fair value of consideration paid	306.16
Non-controlling interests acquired	154.02
	<u>460.18</u>
Fair value of identifiable net assets acquired	392.90
Resulting goodwill	<u>67.28</u>

7.2 Divestment of Lotus Hydro Power PLC (Formerly known as Browns Hydro Power PLC)

During the period, the Group divested its controlling stake (72.13%) in Lotus Hydro Power PLC (formerly known as Browns Hydro Power PLC) for a consideration of Rs. 540.53Mn.

Fair values of the identifiable assets and liabilities of the disposed entity at the date of disposal were:

	Rs. Mn
Cash and cash equivalents	35.72
Trade and other receivables	61.11
Inventories	8.16
Property, plant and equipment	864.49
	<u>969.48</u>
Trade and other payables	94.2
Retirement benefit obligation	3.6
Loans and borrowings	136.4
Bank overdraft	1.7
	<u>235.9</u>
Net assets disposed	733.60
Net assets attributable to the group	344.35
Goodwill	10.49
Error Corrections	10.41
Fair value of consideration received (net of transaction cost)	540.53
Gain on disposal	<u>175.28</u>

The gain on disposal is included in the Group's statement of profit or loss.

INTERIM FINANCIAL STATEMENTS

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER 2016

8 APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements of the Group and the Company for the second quarter ended 30th September 2016 were authorized for issue by the Board of Directors on 11th November 2016.

9 NO. OF ORDINARY SHARES HELD BY THE DIRECTORS

Name of Director	As at	As at
	30th September 2016	30th September 2015
	Nos.	Nos.
Mr. I.C.Nanayakkara	-	-
Mr. W.D.K. Jayawardena	-	-
Mrs. K.U. Amarasinghe	-	-
Mr. D.S.K. Amarasekera	-	-
Mr. A.I. Fernando	-	-
Mr. U.H. Palihakkara	-	-
Mrs. S.Kotakadeniya	-	-
Mr. R.M.Nanayakkara	-	-

10 Earnings per Share

The computation of the Basic Earnings per Ordinary Share has been based on net profit attributable to ordinary shareholders for the period, divided by weighted average number of ordinary shares in issue as at the balance sheet date and calculated as follows.

For the quarter	Group		Company	
	2016/17	2015/16 (Restated)	2016/17	2015/16
	Rs.000'	Rs.000'	Rs.000'	Rs.000'
Net Profit / (loss) attributable to ordinary shareholders (Rs.000)	(71,361)	(63,727)	17,139	16,019
Dividend on cumulative Preference shares	(762)	(762)	-	-
Weighted average number of ordinary shares in issue (Nos'000)	1,368,000	1,368,000	1,368,000	1,368,000
Basic/diluted earnings per ordinary share (Rs.)	(0.053)	(0.047)	0.013	0.012
For the six months period				
Net Profit / (loss) attributable to ordinary shareholders (Rs.000)	(51,892)	(82,591)	23,435	49,284
Dividend on cumulative Preference shares	(1,524)	(1,524)	-	-
Weighted average number of ordinary shares in issue (Nos.)	1,368,000	1,368,000	1,368,000	1,368,000
Basic/diluted earnings per ordinary share (Rs.)	(0.037)	(0.059)	0.017	0.036

INTERIM FINANCIAL STATEMENTS

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER 2016

11 Restatement of items in the group financial statements.

Early Adoption of Amendments to LKAS 16 and LKAS 41 (Agriculture : Bearer Plants)

Pursuant to the amendments on Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41), issued in March 2015 by the Institute of Chartered Accountants of Sri Lanka the group has decided to early adopt the said amendments voluntarily converting from its existing accounting policy on Bearer Biological Assets on fair value to Historical Cost Model in compliance to the LKAS 16. The bearer biological assets of rubber and coconut were previously measured at fair value less cost to sell, under LKAS 41. Accordingly the requirement of recognition of bearer biological assets at its fair value under LKAS 41 has now been changed with the aforesaid amendments issued in March 2015. The group has elected to measure the bearer biological assets i.e. tea, rubber, coconut and mixed crop using LKAS 16 - Property Plant & Equipment and continued the historical cost model of recording them from the year 2015/16.

Group provides the reconciliation of the financial impact of the existing Accounting Policy (LKAS 41 - Biological Assets) to New Accounting Policy (LKAS 16 - Property, Plant & Equipment) on Bearer Plants as follows.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - GROUP

Impact of changes in accounting policies

	As previously reported	Application of LKAS 16 - LKAS 41	As Restated
	Rs.'000	Rs.'000	Rs.'000
For the six months period ended 30th September 2015			
Revenue	2,730,536	-	2,730,536
Cost of sales	(2,759,305)	(52,177)	(2,811,482)
Gross profit / (loss)	(28,769)	(52,177)	(80,946)
Other operating income	151,742	32,374	184,116
Administrative expenses	(130,745)	-	(130,745)
Other expenses	(8,811)	-	(8,811)
Results from operating activities	(16,583)	(19,803)	(36,385)
Finance income	20,001	-	20,001
Finance costs	(126,963)	-	(126,964)
Net finance income /(cost)	(106,962)	-	(106,962)
Profits before taxation	(123,545)	(19,803)	(143,347)
Income tax (expense) / reversal	(9,129)	2,291	(6,838)
Profit/(loss) for the period	(132,674)	(17,512)	(150,186)
Profit attributable to :			
- Owners of the company	(63,837)	(18,754)	(82,591)
- Non-controlling interests	(68,837)	1,242	(67,595)
Profit for the period	(132,674)	(17,512)	(150,186)

11 Restatement of items in the group financial statements.(Cont'd)

STATEMENT OF FINANCIAL POSITION-GROUP

Impact of changes in accounting policies

As at 30th September 2015	As previously reported	Application of LKAS 16 - LKAS 41	As Restated
	Rs.'000	Rs.'000	Rs.'000
ASSETS			
Non-current assets			
Rights to use the leasehold land	454,993	-	454,993
Investment property	1,011,615	-	1,011,615
Property, plant and equipment	2,388,119	-	2,388,119
Bearer biological assets	5,888,972	(1,148,317)	4,740,655
Consumable biological assets	6,369,021	-	6,369,021
Other financial assets	42,644	-	42,644
Goodwill on consolidation	10,494	-	10,494
Total non-current assets	16,165,858	(1,148,316)	15,017,542
Current assets			
Inventories	575,853	-	575,852
Trade and other receivables	436,209	-	436,209
Amounts due from related parties	12,364	-	12,364
Other financial assets	314,303	-	314,303
Refund of Income Tax	6,735	(22)	6,713
Cash and cash equivalents	315,965	-	315,965
Total current assets	1,661,429	(22)	1,661,406
Total assets	17,827,287	(1,148,338)	16,678,948
EQUITY AND LIABILITIES			
Equity			
Stated capital	2,568,000	-	2,568,000
Reserves	110,638	-	110,638
Retained earnings	2,953,093	(503,129)	2,449,964
Total equity attributable to equity holders of the Company	5,631,731	(503,129)	5,128,602
Non controlling interests	5,783,590	(694,827)	5,088,763
Total equity	11,415,321	(1,197,956)	10,217,365
Non-current liabilities			
Loans and borrowings	641,655	-	641,656
Deferred tax liabilities	688,812	(104,809)	584,002
Retirement benefit obligations	2,013,083	-	2,013,083
Deferred income	452,174	136,685	606,599
Deposits and rent advances	88,610	-	88,610
Loans from related parties	489,389	-	489,389
Total non-current liabilities	4,373,723	31,877	4,423,339
Current liabilities			
Trade and other payables	880,852	-	880,852
Loans from related parties	747,815	-	747,815
Amounts due to related parties	10,907	-	10,907
Short term borrowings	4,219	-	4,219
Loans and borrowings	264,941	-	264,941
Bank overdrafts	129,509	-	129,509
Total current liabilities	2,038,243	-	2,038,244
Total liabilities	6,411,966	31,877	6,461,583
Total equity and liabilities	17,827,287	(1,148,338)	16,678,948

INVESTOR INFORMATION

As at
30.09.2016

Market Performance - Ordinary Shares

Closing Price per Share (Rs.)	1.20
Highest Price per Share during the Quarter(Rs.)	1.40
Lowest Price per Share during the Quarter (Rs.)	1.10

Twenty Largest Shareholders	As at 30.09.2016	
	Nos.	% Held
1 F L C Joint Venture Co (Pvt) Ltd (Currently known as Browns Capital Holdings (Pvt) Ltd)	831,578,217	60.79
2 Mrs.J.M.S.Rohini	47,829,439	3.50
3 LOLC Finance PLC/Mrs.J.M.S.Rohini	34,499,065	2.52
4 Sandy Bay Resorts Company Limited	23,000,000	1.68
5 Miss.M.D. Bollagala	9,431,131	0.69
6 Sampath Bank PLC/Dr.T.Senthilvel	9,082,000	0.66
7 Seylan Bank PLC/M.L.M.Ferdinando	7,982,285	0.58
8 Pan Asia Banking Corporation PLC/Mr.M.N.Ranasinghe	6,000,000	0.44
9 Lexinton Holdings (Pvt) Limited	5,767,000	0.42
10 Amaya Leisure PLC	5,320,000	0.39
11 People's Leasing & Finance PLC/L.T.Samarawickrama	5,137,200	0.38
12 Sampath Bank PLC/Mr.A.Sithampalam	5,004,500	0.37
13 Mr.H.D.A.Damascene Perera	5,000,000	0.37
13 Hi-Line Trading (Pvt) Limited	4,642,937	0.34
15 Seylan Bank PLC/Jayantha Dewage	4,582,800	0.34
16 Pan Asia Banking Corporation PLC/S.S.Weerabahu	4,525,000	0.33
17 Timex Garments (Pvt) Ltd	4,514,900	0.33
18 Associated Electrical Corporation Ltd	4,262,900	0.31
19 Sampath Bank PLC/Mr.V.Gajanayake	3,700,000	0.27
20 Mr.B.L.Jayarathne/Dr.Y.S.Liyanage/Yasoja Sujeewani	3,479,774	0.25
	1,025,339,148	74.95
Others	342,660,852	25.05
	1,368,000,000	100.00

As at
30.09.2016

Number of shares held by the public	535,000,883
Number of public shareholders	16,999
The percentage of shares held by the public (%)	39.11

CORPORATE INFORMATION

LEGAL FORM	Public Limited Liability Company incorporated in Sri Lanka on 22 nd May 2008 registered under the Companies Act No. 07 of 2007 and quoted on the Diri Savi Board of Colombo Stock Exchange.	
COMPANY REGISTRATION NO.	PV 64165 PB/PQ	
DIRECTORS	Mr. I.C.Nanayakkara Mr.W.D.K.Jayawardena Mrs. K.U.Amarasinghe Mr. D.S.K. Amarasekera Mr. A.I. Fernando Mr. U.H. Palihakkara Mrs. S.Kotakadeniya Mr. R.M.Nanayakkara	- Chairman/ Non-Executive Director - Non-Executive Director - Non-Executive Director - Non-Executive Director - Independent Non-Executive Director - Independent Non-Executive Director - Executive Director - Non-Executive Director
REGISTERED OFFICE	No.19,Dudley Senanayake Mawatha, Colombo 08.	
BUSINESS OFFICE	Level 12, Browns Capital Building, No. 19, Dudley Senanayake Mawatha, Colombo 08 Tel No. 7990000 Fax No. 7990060	
SECRETARIES	S.F.L. Services (Pvt) Ltd 481 T B Jayah Mawatha, Colombo 10.	
AUDITORS	Messrs KPMG Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha Colombo 3.	
BANKERS	Pan Asia Banking Corporation PLC Seylan Bank PLC	