

Towards a vibrant business entity

AgStar

AgStar PLC

Interim Financial Statements
for the period ended
30th September 2016



AgStar PLC

Consolidated Income Statement



(Rs.Mns)	Three months ended 30th September			Six months ended 30th September			Year ended
	2016	2015	Change	2016	2015	Change	31/03/2016
	Un Audited	Un Audited		Un Audited	Un Audited		Audited
Revenue	706.93	562.68	26%	1,612.62	1,007.13	60%	2,314.29
Cost of sales	(595.42)	(418.06)	42%	(1,369.06)	(724.72)	89%	(1,886.76)
Gross profit	111.51	144.62	-23%	243.56	282.41	-14%	427.53
Other income	9.88	12.90	-23%	11.39	27.69	-59%	40.56
Distribution expenses	(28.45)	(19.49)	46%	(52.88)	(34.57)	53%	(92.68)
Administration expenses	(62.23)	(50.22)	24%	(121.96)	(98.46)	24%	(224.99)
Net finance costs	(30.14)	(39.08)	-23%	18.07	(65.53)	-128%	(68.91)
Profit before tax	0.57	48.73	-99%	98.18	111.54	-12%	81.51
Income tax expense	(15.22)	(31.86)	-52%	(41.52)	(41.03)	1%	(134.39)
Profit for the period	(14.65)	16.87	-187%	56.66	70.51	-20%	(52.88)
Attributable to :							
Owners of the parent	(14.65)	16.87	-187%	56.66	70.51	-20%	(52.88)
Non-controlling interest	-	-	-	-	-	0%	-
	(14.65)	16.87	-187%	56.66	70.51	-20%	(52.88)
Basic earnings per share (Rs.)	(0.05)	0.05	-187%	0.17	0.22	-20%	(0.16)
Consolidated Statement of Comprehensive Income							
Profit for the period	(14.65)	16.87	-187%	56.66	70.51	-20%	(52.88)
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	-	-	-	-	125.83
Deferred tax impact on revaluation of property, plant and equipment	-	-	-	-	-	-	(12.61)
Actuarial loss on post employment benefit obligations	-	-	-	-	-	-	1.07
Income tax on other comprehensive income	-	-	-	-	-	-	(0.30)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	113.99
Total comprehensive income for the period, net of tax	(14.65)	16.87	-187%	56.66	70.51	-20%	61.11
Attributable to :							
Owners of the parent	(14.65)	16.87	-187%	56.66	70.51	-20%	61.11
Non-controlling interest	-	-	-	-	-	-	-
	(14.65)	16.87	-187%	56.66	70.51	-20%	61.11

The above figures are subject to audit.

Figures in brackets indicate deductions.

AgStar PLC

Company Income Statement



(Rs.Mns)	Three months ended 30th September			Six months ended 30th September			Year ended
	2016	2015	Change	2016	2015	Change	31/03/2016
	Un Audited	Un Audited		Un Audited	Un Audited		Audited
Revenue	491.05	374.50	31%	1,180.55	674.25	75%	1,458.52
Cost of sales	(399.22)	(227.64)	75%	(977.63)	(418.81)	133%	(984.84)
Gross profit	91.83	146.86	-37%	202.92	255.44	-21%	473.68
Other income	59.88	62.07	-4%	60.97	69.63	-12%	72.12
Distribution expenses	(12.85)	(9.93)	29%	(25.39)	(19.62)	29%	(44.89)
Administration expenses	(38.88)	(24.84)	57%	(76.28)	(61.28)	24%	(125.50)
Net finance costs	(14.44)	(21.74)	-34%	45.35	(29.67)	-253%	0.15
Profit before tax	85.54	152.42	-44%	207.57	214.50	-3%	375.56
Income tax expense	(13.32)	(30.65)	-57%	(38.75)	(33.17)	17%	(121.27)
Profit for the period	72.22	121.77	-41%	168.82	181.33	-7%	254.29
Company Statement of Comprehensive Income							
Profit for the period	72.22	121.77	-41%	168.82	181.33	-7%	254.29
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	-	-	-	-	125.83
Deferred tax impact on revaluation of property, plant and equipment	-	-	-	-	-	-	(12.61)
Actuarial loss on post employment benefit obligations	-	-	-	-	-	-	1.00
Income tax on other comprehensive income	-	-	-	-	-	-	(0.28)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	113.94
Total comprehensive income for the period, net of tax	72.22	121.77	-41%	168.82	181.33	-7%	368.23

The above figures are subject to audit.

Figures in brackets indicate deductions.

Statements of Financial Position

(Rs.Mns)	Group			Company		
	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
	Un Audited	Un Audited	Audited	Un Audited	Un Audited	Audited
ASSETS						
Non-current assets						
Property, plant and equipment	1,633.09	1,524.91	1,646.55	398.10	251.34	395.87
Intangible assets	63.26	63.72	63.45	-	-	-
Investment property	87.77	69.00	86.50	-	-	-
Deffered tax assets	0.10	0.26	0.10	-	-	-
Investments in subsidiaries	-	-	-	1,026.43	785.62	785.43
	1,784.22	1,657.89	1,796.60	1,424.53	1,036.96	1,181.30
Current assets						
Inventories	1,334.59	996.22	1,378.96	1,007.33	133.83	1,000.36
Trade and other receivables	1,749.09	2,416.60	1,788.82	1,864.81	2,757.57	2,175.19
Cash and cash equivalents	160.49	481.10	549.08	45.22	367.56	435.97
	3,244.17	3,893.92	3,716.86	2,917.36	3,258.96	3,611.52
Total assets	5,028.39	5,551.81	5,513.46	4,341.89	4,295.92	4,792.82
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated capital	1,204.09	1,204.09	1,204.09	1,204.09	1,204.09	1,204.09
Revaluation reserve	425.35	312.13	425.35	121.23	8.01	121.23
Retained earnings	873.12	1,004.30	887.32	1,291.77	1,114.26	1,187.95
Equity attributable to owners of the parent	2,502.56	2,520.52	2,516.76	2,617.09	2,326.36	2,513.27
Non-controlling interest	-	-	-	-	-	-
Total Equity	2,502.56	2,520.52	2,516.76	2,617.09	2,326.36	2,513.27
Non-current liabilities						
Loans and borrowings	-	-	-	-	-	-
Retirement benefit obligations	20.37	17.68	20.80	20.25	17.57	20.68
Deferred income	5.61	-	6.35	5.61	-	6.35
Deferred tax liabilities	109.59	211.03	151.16	80.99	181.64	122.56
	135.57	228.71	178.31	106.85	199.21	149.59
Current liabilities						
Trade and other payables	713.40	930.79	1,296.95	682.61	886.32	1,238.07
Current income tax payable	45.00	22.64	50.20	40.13	14.71	49.81
Loans and borrowings	1,631.86	1,849.15	1,471.24	895.21	869.32	842.08
	2,390.26	2,802.58	2,818.39	1,617.95	1,770.35	2,129.96
Total equity and liabilities	5,028.39	5,551.81	5,513.46	4,341.89	4,295.92	4,792.82
Net assets per share (Rs.)	7.70	7.76	7.76	8.05	6.62	7.73

The above figures are subject to audit.

Figures in brackets indicate deductions.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.

for Madhuskumar
General Manager Finance

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

N G R Karunaratne
Chairman/CEO

A P Weerasekera
Managing Director

10th November 2016

AgStar PLC

Statement of Changes in Equity



(Rs.Mns)

	Group					
	<u>Equity attributable to owners of the parent</u>				Non-controlling interest	Total equity
	Stated capital	Revaluation reserve	Retained earnings	Total		
Balance as at 1st April 2015	1,204.09	312.13	1,004.42	2,520.64	-	2,520.64
Profit for the year	-	-	70.51	70.51	-	70.51
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	70.51	70.51	-	70.51
Dividend paid for 2014/2015	-	-	(70.63)	(70.63)	-	(70.63)
Balance as at 30th September 2015	1,204.09	312.13	1,004.30	2,520.52	-	2,520.52
Balance as at 1st April 2016	1,204.09	425.35	887.32	2,516.76	-	2,516.76
Profit for the year	-	-	56.66	56.66	-	56.66
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	56.66	56.66	-	56.66
Dividend paid for 2015/2016	-	-	(70.86)	(70.86)	-	(70.86)
Balance as at 30th September 2016	1,204.09	425.35	873.12	2,502.56	-	2,502.56

	Company			
	Stated capital	Revenue reserve	Retained earnings	Total equity
Balance as at 1st April 2015	1,204.09	8.01	997.93	2,210.03
Profit for the year	-	-	181.33	181.33
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	181.33	181.33
Dividend paid for 2014/2015	-	-	(65.00)	(65.00)
Balance as at 30th September 2015	1,204.09	8.01	1,114.26	2,326.36
Balance as at 1st April 2016	1,204.09	121.23	1,187.95	2,513.27
Profit for the year	-	-	168.82	168.82
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	168.82	168.82
Dividend paid for 2015/2016	-	-	(65.00)	(65.00)
Balance as at 30th September 2016	1,204.09	121.23	1,291.77	2,617.09

The above figures are subject to audit.

Figures in brackets indicate deductions.



(Rs.Mns)	For the six months ended 30th September				Year ended 31/03/2016	
	Group		Company		Group	Company
	2016	2015	2016	2015		
	Un Audited	Un Audited	Un Audited	Un Audited	Audited	Audited
Operating activities						
Profit before tax	98.18	111.54	207.57	214.50	81.51	375.56
Adjustments for :						
Dividend income	-	-	(50.40)	(49.50)	-	(52.69)
Depreciation	36.87	32.62	11.42	11.50	67.69	21.48
Amortisation on intangible assets	0.19	0.40	-	-	0.40	-
Profit on disposal of property, plant and equipment	(8.37)	(15.79)	(8.37)	(15.79)	(7.74)	(7.74)
Net finance cost	59.23	55.62	30.45	20.74	112.03	37.28
Change in fair value of investment property	-	-	-	-	(14.10)	-
Amortisation of deferred income	(0.74)	-	(0.74)	-	(2.68)	(2.68)
Subsidy write off	-	-	-	-	13.45	13.45
Impairment of other receivables	-	-	-	-	9.68	-
Impairment /(reversal) of trade receivables	10.98	1.29	2.06	(0.63)	14.40	1.13
Inventories write off/ adjustments to NRV	-	-	-	-	74.36	-
Provision for retirement gratuity	-	-	-	-	4.37	4.30
Creditors not payable written back	-	-	-	-	(7.13)	-
Changes in working capital:						
(Increase)/ decrease in inventories	44.37	278.78	(6.97)	181.70	(160.89)	(684.83)
(Increase)/ decrease in trade and other receivables	28.75	(77.76)	67.32	(73.15)	602.14	502.44
Increase/ (decrease) in trade and other payables	(583.55)	(182.30)	(555.46)	(33.05)	182.52	318.70
Cash generated from/(used in) operations	(314.09)	204.40	(303.12)	256.32	970.01	526.40
Gratuity paid	(0.43)	(0.47)	(0.43)	(0.58)	(0.76)	(0.76)
Interest paid	(61.24)	(63.70)	(31.31)	(21.81)	(116.84)	(39.89)
Income tax paid	(101.98)	(167.88)	(90.00)	(166.37)	(308.69)	(289.81)
Net cash generated from/(used in) operating activities	(477.74)	(27.65)	(424.86)	67.56	543.72	195.94
Investing activities						
Interest received	2.01	8.08	0.86	1.07	4.81	2.61
Investment in subsidiaries	-	-	-	(80.42)	(80.12)	(80.22)
Purchase of property, plant and equipment	(20.10)	(107.84)	(10.34)	(101.31)	(142.81)	(131.16)
Acquisition of investment property	(1.27)	-	-	-	-	-
Proceeds from disposal of property, plant and equipment	5.06	18.93	5.06	18.93	11.13	11.13
Dividend received	-	-	50.40	49.50	-	52.69
Net cash generated from/(used in) investing activities	(14.30)	(80.83)	45.98	(112.23)	(206.99)	(144.95)
Financing activities						
Dividend paid	(65.00)	(65.00)	(65.00)	(65.00)	(65.00)	(65.00)
Borrowings - net movement	153.96	494.70	48.41	432.72	130.33	411.20
Repayment of finance lease principal	(0.22)	(0.76)	-	(1.01)	(1.01)	(1.01)
Net cash generated from/(used in) financing activities	88.74	428.94	(16.59)	366.71	64.32	345.19
Net increase/ (decrease) in cash and cash equivalents	(403.30)	320.46	(395.47)	322.04	401.05	396.18
Cash and cash equivalents at the beginning of the period	525.62	124.57	415.59	19.40	124.57	19.41
Net increase/ (decrease) in cash and cash equivalents at the end of the period	(403.30)	320.46	(395.47)	322.04	401.05	396.18
Cash and cash equivalents at the end of the period	122.32	445.03	20.12	341.44	525.62	415.59
Analysis of cash and cash equivalent at the end of the period						
Cash at bank and in hand	133.82	463.37	26.28	349.82	530.14	417.03
Short term deposits	18.94	17.74	18.94	17.74	18.94	18.94
Bank overdrafts	(30.44)	(36.08)	(25.10)	(26.12)	(23.46)	(20.38)
	122.32	445.03	20.12	341.44	525.62	415.59

The above figures are subject to audit.

Figures in brackets indicate deductions.



1 Basis of preparation

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standards LKAS 34 - Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2016.

The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

The interim condensed financial statements are presented in Sri Lankan Rupees and all values are in Millions, unless otherwise stated.

2 Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Board that are used to make strategic decisions.

Trading - Items which are directly imported and sold without further processing are categorised under this.

Non-trading - This segment includes the items which are further processed before sold.

Rs. Mns

	Six months ended 30/09/2016			Six months ended 30/09/2015		
	Trading	Non-trading	Total	Trading	Non-trading	Total
Revenue	637.54	975.08	1,612.62	181.85	825.28	1,007.13
Cost of sales	(575.97)	(793.09)	(1,369.06)	(114.10)	(610.62)	(724.72)
Gross profit	61.57	181.99	243.56	67.75	214.66	282.41
<i>Unallocated expenses</i>						
Distribution expenses			(52.88)			(34.57)
Administrative expenses			(121.96)			(98.46)
Other income			11.39			27.69
Operating profit			80.11			177.07
Net finance cost			18.07			(65.53)
Profit before tax			98.18			111.54
Tax expense			(41.52)			(41.03)
Profit for the period			56.66			70.51

Since the information on total assets and liabilities for each reportable segment are not provided to the Executive Board on regular basis, the segmented assets and liabilities are not provided.

3 Stated capital

	Number of shares	Value of ordinary shares Rs.
As at 30th September 2016 - voting	307,526,310	1,186,251,558
- non-voting	17,473,690	17,842,120
	325,000,000	1,204,093,678
As at 31st March 2016 - voting	307,526,310	1,186,251,558
- non-voting	17,473,690	17,842,120
	325,000,000	1,204,093,678

4 Twenty major shareholders -Voting shares

Name of shareholders	As at 30/09/2016		As at 31/03/2016
	Number of shares	Holding %	Number of shares
Sierra Holdings (Pvt) Ltd	97,514,400	31.71%	97,514,400
Lanka Orix Leasing Company PLC	60,213,500	19.58%	60,213,500
Browns Investments PLC	40,520,061	13.18%	40,520,061
Sierra Construction (Pvt) Ltd	37,025,290	12.04%	37,025,290
P & K Investments (Pvt) Ltd	20,500,000	6.67%	20,500,000
Seylan Bank PLC/ Dr.T.Senthilvel	9,278,974	3.02%	
Mr.N.G.R.Karunaratne	8,229,310	2.68%	8,229,310
Mr.A.P.Weerasekera	8,053,310	2.62%	8,053,310
FLMC Plantations (Pvt) Ltd	3,150,000	1.02%	3,150,000
Mr.D.N.N.Lokuge	3,125,000	1.02%	3,125,000
Mr.W.A.P.Perera	3,120,000	1.01%	3,120,000
Mrs.A.C.P.Irugalbandara -Joint	1,500,000	0.49%	1,500,000
Dr.T.Senthilvel	1,274,095	0.41%	1,115,791
Mr.S.Karunaratne	1,250,000	0.41%	1,250,000
Mr.M.S.S.Ghazaly	1,000,000	0.33%	1,000,000
Mrs.A.C.P.Irugalbandara	1,000,000	0.33%	1,000,000
Mrs.G.S.M.Irugalbandara	1,000,000	0.33%	1,000,000
Sierra Engineering and Construction (Pvt) Ltd	779,684	0.25%	779,684
Mr.M.I.Samsudeen	553,447	0.18%	
Mrs.M.F.Mujahira -Joint	452,308	0.15%	
Total	299,539,379	97.40%	



5 Shareholding -Non-voting shares

Name of shareholders	As at 30/09/2016		As at 31/03/2016
	Number of shares	Holding %	Number of shares
Sierra Holdings (Pvt) Ltd	11,648,140	66.66%	11,648,140
Mr.A.P.Weerasekera	5,824,550	33.33%	5,824,550
Mr.A.B.Weerasekera	1,000	0.01%	1,000
	17,473,690	100.00%	17,473,690

6 Directors' shareholdings

	As at 30/09/2016		As at 31/03/2016
	Number of shares		Number of shares
Mr.N.G.R.Karunaratne (Chairman/CEO)	8,229,310		8,229,310
Mr.N.G.R.Karunaratne -Non-Voting Shares	-		-
Mr.D.N.N.Lokuge	3,125,000		3,125,000
Mr.A.P.Weerasekera (Managing Director)	8,053,310		8,053,310
Mr.A.P.Weerasekera -Non-Voting Shares	5,824,550		5,824,550
Mr.W.A.P.Perera	3,120,000		3,120,000
Mr.D.S.K.Amarasekara	-		-
Mr.I.C.Nanayakkara	-		-
Mr.H.P.J.de Silva	-		-
Mr.A.G.Weerasinghe	-		-
Ms.S.Wickramasinghe	-		-

7 Public holding

The percentage of public holding in voting and non-voting shares as at 30th September 2016 were as follows;

	Number of public shareholders	Public holding %
Voting	862	16.59%
Non-voting	1	0.01%

8 Market prices

	Rs.
Highest during the period	6.80
Lowest during the period	4.60
As at 30th September 2016	5.50

9 Events after the reporting date

There were no material events occurred after the reporting date that require adjustments to, or disclosure in the financial statements.

10 Commitments and contingencies

The guarantees given to banks on behalf of AgStar Seeds (Pvt) Limited, AgStar Cropcare (Pvt) Limited, AgStar Grains (Pvt) Limited and Mahaweli Rice Processing Industries (Pvt) Limited amounting to Rs.212 Mn, Rs.129 Mn, Rs.860 Mn and Rs.200 Mn respectively.

The guarantees given to local suppliers amounting to Rs.11 Mn.

Apart from the above, the Company has no material contingencies and commitments as at 30th September 2016 that would affect current and future profits.

AgStar PLC

Corporate Information



The Company	AgStar PLC
Legal Form	A public Quoted Company incorporated in Sri Lanka on 25th June 2002
Company Registration No.	PV1618 PB/PQ
Registered Office	AgStar PLC 09, Bawa Place, Colombo 08 Tel: +94 11 4812424, +94 11 778040-3 Fax: +94 11 4810706 E-mail: info@agstaragri.com Website: www.agstaragri.com
Board of Directors	Mr N.G.R.Karunaratne Chairman / Chief Executive Officer Mr D.N.N.Lokuge Deputy Chairman/ Non Executive Director Mr A.P.Weerasekera Managing Director Mr D.S.K.Amarasekera Non Executive Director Mr I.C.Nanayakkara Non Executive Director Mr W.A.P.Perera Non Executive Director Mr A.G.Weerasinghe Independent Non Executive Director Mr H.P.J.de Silva Independent Non Executive Director Ms S.Wickramasinghe Independent Non Executive Director
Audit Committee	Mr H.P.J.de Silva Mr A.G.Weerasinghe
Related Party Transactions Review Committee	Mr A.G.Weerasinghe Mr H.P.J.de Silva
Remuneration Committee	Mr H.P.J.de Silva Mr A.G.Weerasinghe
Subsidiaries	AgStar Seeds (Pvt) Limited AgStar Cropcare (Pvt) Limited AgStar Grains (Pvt) Limited AgStar Properties (Pvt) Limited Mahaweli Rice Processing Industries (Pvt) Limited AgStar Exports (Pvt) Limited Prith Seeds (Pvt) Limited
Secretaries	P R Secretarial Services (Pvt) Ltd 59, Gregory's Road, Colombo 07
Registrars	SSP Corporate Services (Private) Limited 101, Inner Flower Road, Colombo 03
Auditors	KPMG P O Box 186 32A, Sir Mohamed Macan Markar Mawatha, Colobmo 03
Bankers	Bank of Ceylon Commercial Bank of Ceylon PLC DFCC Vardhana Bank PLC Hatton National Bank PLC MCB Bank Limited NDB Bank PLC Peoples' Bank Public Bank Sampath Bank PLC Seylan Bank PLC
Legal Consultants	Nithya Partners 97A, Galle Road, Colombo 03 Paul Ratnayake Associates 59, Gregory's Road, Colombo 07 Sudath Perera Associates 5, 9th Lane, Nawala Road, Nawala