

# **LANKEM DEVELOPMENTS PLC**

**Company No. PQ 86**

***INTERIM FINANCIAL STATEMENTS***

***For The Period Ended 30th September 2016***

**LANKEM DEVELOPMENTS PLC**

Company No. PQ 86

<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - GROUP</b>								
	<b>Quarter ended</b>	<b>Quarter ended</b>			<b>Period ended</b>	<b>Period ended</b>		
	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>Variance</b>		<b>30.09.2016</b>	<b>30.09.2015</b>	<b>Variance</b>	
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>%</b>		<b>Rs.'000</b>	<b>Rs.'000</b>	<b>%</b>	
<b>Revenue</b>	<b>720,569</b>	826,948	-	13	<b>1,643,724</b>	1,834,178	-	10
Cost of Sales	<u><b>(805,933)</b></u>	<u>(846,294)</u>	+	5	<u><b>(1,671,007)</b></u>	<u>(1,803,955)</u>	+	7
<b>Gross Profit / (Loss)</b>	<b>(85,364)</b>	(19,346)	-	341	<b>(27,283)</b>	30,223	-	190
Other Income	<b>50,626</b>	9,206	+	450	<b>64,237</b>	12,684	+	406
Administration Expenses	<b>(24,055)</b>	(25,930)	+	7	<b>(48,178)</b>	(55,151)	+	13
Net Finance Cost	<u><b>(51,366)</b></u>	<u>(44,742)</u>	-	15	<u><b>(101,948)</b></u>	<u>(91,602)</u>	-	11
<b>Loss before Tax</b>	<b>(110,159)</b>	(80,812)	-	36	<b>(113,172)</b>	(103,846)	-	9
Taxation	<b>27</b>	(1,357)	+	102	<b>117</b>	(2,712)	+	104
<b>Loss for the Period</b>	<u><b>(110,132)</b></u>	<u>(82,169)</u>	-	34	<u><b>(113,055)</b></u>	<u>(106,558)</u>	-	6
<b>Other Comprehensive Income / (Expense)</b>								
Net Gain/(Loss) on Financial Assets available for Sale	<b>1,370</b>	(128)	+	1,170	<b>2,231</b>	(158)	+	1,512
<b>Total Comprehensive Income / (Expense)</b>	<u><b>(108,762)</b></u>	<u>(82,297)</u>	-	32	<u><b>(110,824)</b></u>	<u>(106,716)</u>	-	4
<b>Attributable to</b>								
Owners of the Company	<b>(62,737)</b>	(46,501)	-	35	<b>(64,733)</b>	(61,235)	-	6
Non - Controlling Interest	<u><b>(47,395)</b></u>	<u>(35,668)</u>	-	33	<u><b>(48,322)</b></u>	<u>(45,323)</u>	-	7
<b>Loss for the period</b>	<u><b>(110,132)</b></u>	<u>(82,169)</u>	-	34	<u><b>(113,055)</b></u>	<u>(106,558)</u>	-	6
<b>Attributable to</b>								
Owners of the Company	<b>(61,806)</b>	(46,629)	-	33	<b>(63,338)</b>	(61,393)	-	3
Non - Controlling Interest	<u><b>(46,956)</b></u>	<u>(35,668)</u>	-	32	<u><b>(47,486)</b></u>	<u>(45,323)</u>	-	5
<b>Total Comprehensive Income / (Expense)</b>	<u><b>(108,762)</b></u>	<u>(82,297)</u>	-	32	<u><b>(110,824)</b></u>	<u>(106,716)</u>	-	4
<b>Loss per Share (Rs.)</b>	<b>(1.05)</b>	(0.78)	-	34	<b>(1.08)</b>	(1.02)	-	6

**LANKEM DEVELOPMENTS PLC**

Company No. PQ 86

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - COMPANY**

	Quarter ended 30.09.2016 Rs.'000	Quarter ended 30.09.2015 Rs.'000	Variance %		Period ended 30.09.2016 Rs.'000	Period ended 30.09.2015 Rs.'000	Variance %	
<b>Revenue</b>	-	-			-	-		
Cost of Sales	-	-			-	-		
<b>Gross Loss</b>	-	-			-	-		
Other Income	2,644	2,284	+	16	2,834	2,474	+	15
Administration Expenses	(908)	(762)	-	19	(1,782)	(1,637)	-	9
Net Finance Income /(Cost)	(336)	786	-	143	(440)	(650)	+	32
<b>Profit before Tax</b>	1,400	2,308	-	39	612	187	+	227
Income Tax Expense	-	-			-	-		
<b>Profit for the Period</b>	1,400	2,308	-	39	612	187	+	227
<b>Other Comprehensive Income / (Expense)</b>								
Net Gain/(Loss) on Financial Assets available for Sale	357	(128)	+	379	302	(158)	+	291
<b>Total Comprehensive Income</b>	1,757	2,180	-	19	914	29	+	3,052
<b>Attributable to</b>								
Owners of the Company	1,400	2,308	-	39	612	187	+	227
Non - Controlling Interest	-	-			-	-		
<b>Profit for the period</b>	1,400	2,308	-	39	612	187	+	227
<b>Attributable to</b>								
Owners of the Company	1,757	2,180	-	19	914	29	+	3,052
Non - Controlling Interest	-	-			-	-		
<b>Total Comprehensive Income</b>	1,757	2,180	-	19	914	29	+	3,052
<b>Earnings per Share (Rs.)</b>	0.02	0.04	-	39	0.01	-	+	227

**LANKEM DEVELOPMENTS PLC**

Company No. PQ 86

STATEMENT OF FINANCIAL POSITION					
Group	Company		Group	Company	
As at 31.03.2016	As at 31.03.2016		As at 30.09.2016	As at 30.09.2015	As at 30.09.2015
Rs.'000	Rs.'000		Rs.'000	Rs.'000	Rs.'000
Audited	Audited				
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
873,436	6,958	Property, Plant & Equipment	853,088	892,202	6,958
1,939,341	-	- Improvement to Leasehold Property	2,019,446	1,844,519	-
247,226	-	- Leasehold Properties	239,650	254,797	-
560,964	-	- Biological Assets	562,814	478,244	-
629,064	-	- Intangible Assets	629,064	629,064	-
-	507,565	Investments in Subsidiaries	-	-	507,565
18,192	7,399	Other Long-Term Investments	18,240	22,543	7,701
<u>4,268,223</u>	<u>521,922</u>	<b>Total Non-Current Assets</b>	<u>4,322,302</u>	<u>4,121,369</u>	<u>522,224</u>
<b>Current Assets</b>					
338,278	-	Inventories	346,166	428,857	-
220,710	14	Trade and Other Receivables	235,454	181,092	14
20,600	10,600	Loans due from Related Parties	20,600	20,600	10,600
17,210	5,744	Amounts due from Related Parties	32,365	17,839	8,765
74,931	4,164	Taxes Recoverable	71,470	66,755	4,165
12,504	12,504	Short Term Investments	5,571	17,554	5,571
41,263	50	Bank & Cash Balances	50,738	46,879	4,090
<u>725,496</u>	<u>33,076</u>	<b>Total Current Assets</b>	<u>762,364</u>	<u>779,576</u>	<u>33,205</u>
<u>4,993,719</u>	<u>554,998</u>	<b>TOTAL ASSETS</b>	<u>5,084,666</u>	<u>4,900,945</u>	<u>555,429</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity Attributable to Equity Holders of the Parent</b>					
1,408,006	1,408,006	Stated Capital	1,408,006	1,408,006	1,408,006
500	500	General Reserve	500	500	500
(903,945)	(984,041)	Accumulated Loss	(967,283)	(991,156)	(983,127)
<u>504,561</u>	<u>424,465</u>		<u>441,223</u>	<u>417,350</u>	<u>425,379</u>
(31,723)	-	Non - Controlling Interest	(80,909)	(104,276)	-
<u>472,838</u>	<u>424,465</u>	<b>Total Equity</b>	<u>360,314</u>	<u>313,074</u>	<u>425,379</u>
<b>Non - Current Liabilities</b>					
612,880	-	Interest Bearing Borrowings	769,499	535,900	-
233,994	-	Deferred Income	231,994	238,892	-
16,581	-	Deferred Tax Liabilities	16,351	13,961	-
148	-	Net Obligation to Lessor	147	148	-
1,120,988	-	Retirement Benefit Obligations	1,195,165	1,311,858	-
<u>1,984,591</u>	<u>-</u>	<b>Total Non-Current Liabilities</b>	<u>2,213,156</u>	<u>2,100,759</u>	<u>-</u>
<b>Current Liabilities</b>					
1,480,438	6,809	Trade & Other Payables	1,412,811	1,416,354	7,229
30,700	30,700	Loans due to Related Parties	30,700	30,700	30,700
244,751	87,999	Amounts due to Related Parties	236,919	297,560	92,121
249,227	-	Interest Bearing Borrowings	292,646	202,765	-
240	-	Income Tax Payable	-	-	-
530,934	5,025	Bank Overdraft	538,120	539,733	2,785
<u>2,536,290</u>	<u>130,533</u>	<b>Total Current Liabilities</b>	<u>2,511,196</u>	<u>2,487,112</u>	<u>130,050</u>
<u>4,520,881</u>	<u>130,533</u>	<b>Total Liabilities</b>	<u>4,724,352</u>	<u>4,587,871</u>	<u>130,050</u>
<u>4,993,719</u>	<u>554,998</u>	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>5,084,666</u>	<u>4,900,945</u>	<u>555,429</u>
8.41	7.07	<b>Net Assets per Share (Rs.)</b>	7.35	6.96	7.09

I certify that the financial statements have been prepared in accordance with the requirements of the Companies Act no. 7 of 2007.

Sgd.  
D.Samaraweera  
Finance Manager

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 Lankem Developments PLC.

Sgd.  
D.L.Vitharana  
Director

Sgd.  
K.P. David  
Director

Colombo  
9th November, 2016  
Lankem Developments PLC

# LANKEM DEVELOPMENTS PLC

Company No. PQ 86

## STATEMENT OF CHANGES IN EQUITY

<i>Group</i>	Stated Capital Rs. '000	General Reserve Rs. '000	Accumulated Profit/ (Loss) Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Equity Rs. '000
<b>Balance as at 01.04.2016</b>	1,408,006	500	(903,945)	504,561	(31,723)	472,838
<b>Loss for the Period</b>	-	-	(64,733)	(64,733)	(48,322)	(113,055)
<b>Other Comprehensive Income</b>	-	-	1,395	1,395	836	2,231
<b>Dividend Payment</b>	-	-	-	-	(1,700)	(1,700)
<b>Balance as at 30.09.2016</b>	<u>1,408,006</u>	<u>500</u>	<u>(967,283)</u>	<u>441,223</u>	<u>(80,909)</u>	<u>360,314</u>
Balance as at 01.04.2015	1,408,006	500	(929,763)	478,743	(57,253)	421,490
Loss for the Period	-	-	(61,235)	(61,235)	(45,323)	(106,558)
Other Comprehensive Income / (Expense)	-	-	(158)	(158)	-	(158)
Dividend Payment	-	-	-	-	(1,700)	(1,700)
Balance as at 30.09.2015	<u>1,408,006</u>	<u>500</u>	<u>(991,156)</u>	<u>417,350</u>	<u>(104,276)</u>	<u>313,074</u>

<i>Company</i>	Stated Capital Rs. '000	General Reserve Rs. '000	Accumulated Profit/(Loss) Rs. '000	Total Rs. '000
<b>Balance as at 01.04.2016</b>	1,408,006	500	(984,041)	424,465
<b>Profit for the Period</b>	-	-	612	612
<b>Other Comprehensive Income</b>	-	-	302	302
<b>Balance as at 30.09.2016</b>	<u>1,408,006</u>	<u>500</u>	<u>(983,127)</u>	<u>425,379</u>
Balance as at 01.04.2015	1,408,006	500	(960,204)	448,302
Profit for the Period	-	-	187	187
Other Comprehensive Income / (Expense)	-	-	(158)	(158)
Balance as at 30.09.2015	<u>1,408,006</u>	<u>500</u>	<u>(960,175)</u>	<u>448,331</u>

# LANKEM DEVELOPMENTS PLC

Company No. PQ 86

STATEMENT OF CASH FLOW				
	Group		Company	
For the Period Ended 30th September	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>				
Profit/(Loss) before Tax	(113,172)	(103,846)	612	187
<b>Adjustments for :</b>				
Depreciation	64,807	65,747	-	8
Profit on Disposal of Property Plant & Equipment	(10,290)	(935)	-	-
Profit on Sale of Timber	(33,530)	-	-	-
Amortisation of Capital Grants	(2,000)	(2,000)	-	-
Gain on Disposal of Investments	480	-	(365)	-
Dividend Income	(2,469)	(2,474)	(2,469)	(2,474)
Interest Expense	104,706	94,031	3,197	2,682
Interest Income	(3,026)	(2,890)	(3,021)	(2,886)
Fair value (Gain) / Loss on investments classified as FVTPL	264	855	264	855
Provision for Retirement Gratuity	93,597	95,506	-	-
<b>Profit/ (Loss) before Working Capital Changes</b>	<b>99,367</b>	<b>143,994</b>	<b>(1,782)</b>	<b>(1,628)</b>
(Increase) / Decrease in Inventories	(7,888)	23,647	-	-
(Increase) / Decrease in Trade and Other Receivables	(15,589)	64,615	-	-
(Increase) / Decrease in Amounts due from Related Parties	(12,134)	(6,871)	-	29
Increase / (Decrease) in Trade and Other Payables	193,247	17,037	420	(53)
Increase / (Decrease) in Amounts due to Related Parties	(10,705)	(5,848)	1,249	1,832
<b>Cash Generated from Operations</b>	<b>246,298</b>	<b>236,574</b>	<b>(113)</b>	<b>180</b>
Gratuity Paid	(19,420)	(8,715)	-	-
Taxes Paid	(3,754)	(2,978)	-	-
Interest Paid	(103,393)	(107,296)	(324)	(234)
<b>Net Cash Generated from / (used in) Operating Activities</b>	<b>119,731</b>	<b>117,585</b>	<b>(437)</b>	<b>(54)</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of Property, Plant & Equipment	(85,469)	(49,015)	-	-
Proceeds from Disposal of Property, Plant & Equipment	10,290	935	-	-
Investment in Long term Investments	-	(1,043)	-	-
Proceeds from Sale of Timber	33,530	-	-	-
Proceeds from Disposal of Investments	8,411	-	7,033	-
Interest Received	4	4	-	-
Dividend Received	2,469	2,474	2,469	2,474
<b>Net Cash Generated from / (used in) Investing Activities</b>	<b>(30,765)</b>	<b>(46,645)</b>	<b>9,502</b>	<b>2,474</b>
<b>Cash Flows from Financing Activities</b>				
Loans Granted to Related Parties	-	(10,000)	-	-
Capital Grants Received	60,000	9,707	-	-
Dividend Paid	(1,700)	(1,700)	-	-
Repayment of Loans and Leases	(144,977)	(142,396)	-	-
<b>Net Cash Generated from / (used in) Financing Activities</b>	<b>(86,677)</b>	<b>(144,389)</b>	<b>-</b>	<b>-</b>
Net Increase / (Decrease) in Cash & Cash Equivalents	2,289	(73,449)	9,065	2,420
Cash & Cash Equivalents at the beginning of the Period	(489,671)	(419,405)	(4,975)	(5,155)
<b>Cash &amp; Cash Equivalents at the end of the Period</b>	<b>(487,382)</b>	<b>(492,854)</b>	<b>4,090</b>	<b>(2,735)</b>
<b>Analysis of Cash &amp; Cash Equivalents at the end of the Period</b>				
Cash in Hand and at Bank	50,738	46,879	4,090	50
Bank Overdraft	(538,120)	(539,733)	-	(2,785)
<b>Cash &amp; Cash Equivalents at the end of the Period</b>	<b>(487,382)</b>	<b>(492,854)</b>	<b>4,090</b>	<b>(2,735)</b>

# LANKEM DEVELOPMENTS PLC

*Company No. PQ 86*

## SEGMENTAL INFORMATION

Information based on Primary Segments (Business Segments)

### Segmental Revenue

<i>For the Period ended 30th September</i>	<b>Group Net Revenue</b>	
	<b>2016</b>	<b>2015</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
Plantations	1,616,578	1,794,008
Others	27,146	40,170
	<b><u>1,643,724</u></b>	<b><u>1,834,178</u></b>

### Segmental Results

<i>For the Period ended 30th September</i>	<b>Operating Profit</b>		<b>Net Finance Cost</b>		<b>Profit / (Loss) before Tax</b>		<b>Tax Expense</b>		<b>Loss after Tax</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Plantations	(22,357)	(35,246)	(96,054)	(83,386)	(118,411)	(118,632)	-	-	(118,411)	(118,632)
Others	11,133	23,002	(5,894)	(8,216)	5,239	14,786	117	(2,712)	5,356	12,074
	<b><u>(11,224)</u></b>	<b><u>(12,244)</u></b>	<b><u>(101,948)</u></b>	<b><u>(91,602)</u></b>	<b><u>(113,172)</u></b>	<b><u>(103,846)</u></b>	<b><u>117</u></b>	<b><u>(2,712)</u></b>	<b><u>(113,055)</u></b>	<b><u>(106,558)</u></b>

# LANKEM DEVELOPMENTS PLC

Company No. PQ 86

## Notes to the Financial Statements

1. The Interim Financial Statements have been prepared in accordance with the accounting policies set out in the audited financial statements for the year ended 31<sup>st</sup> March 2016 and also in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting.
2. The presentation and classification of the financial statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.
3. No circumstances have arisen since the reporting date that would require adjustments to or disclosures in the financial statements other than the following,  
The Board of Directors of the Company's subsidiary, Agarapatana Plantations Limited have decided, subject to Shareholder approval, to make a Rights Issue of 227,000,000 Ordinary Shares at a price of Rs. 2/- per share in the proportion of Two (2) new Ordinary Shares for every One (1) existing issued Ordinary Share to the Shareholders registered in the Books of the company as at 16<sup>th</sup> November 2016. An Extraordinary General Meeting of Agarapatana Plantations Limited for this purpose has been convened for 16<sup>th</sup> November 2016 and the purpose of the Issue is to raise funds for Working Capital Requirements.
4. There has been no significant change in the nature of the contingent liabilities which were disclosed in the audited financial statements for the year ended 31<sup>st</sup> March 2016.
5. The figures in the financial statements are provisional and are subject to audit.

### 6. Share Information

<b>As at 30<sup>th</sup> September</b>	<b>2016</b>	<b>2015</b>
Stated Capital (Rs.'000)	<b>1,408,006</b>	1,408,006
Number of Ordinary Shares (Voting) Issued	<b>60,000,000</b>	60,000,000

### 7. Market Price recorded during the quarter

**30.09.2016**      **30.09.2015**

	<b>Rs.</b>	<b>Rs.</b>
- Highest	<b>5.40</b>	7.30
- Lowest	<b>4.20</b>	5.90
- Last traded price (Volume Weighted Average)	<b>4.50</b>	6.10

### 8. Director's direct shareholdings as at 30<sup>th</sup> September 2016

<b><u>Name of Director</u></b>	<b><u>No. of Shares</u></b>
Mr. S. D. R. Arudpragasam	20,000
Mr. K. P. David	4,314

9. The percentage of shares held by the public as at 30<sup>th</sup> September 2016 was 32.02 %.

10. The number of Public Shareholders as at 30<sup>th</sup> September 2016 were 2,390.



# LANKEM DEVELOPMENTS PLC

Company No. PQ 86

## Notes to the Financial Statements

11. The Twenty Major Shareholders as at 30.09.2016 were as follows;

<i>Name of Shareholder</i>	<i>No. of Shares</i>	<i>%</i>
1. Lankem Plantation Holdings Limited	33,853,318	56.42
2. Kotagala Plantations PLC	5,925,000	9.88
3. Seylan Bank PLC/ Carlines Holdings (Private) Limited	2,031,643	3.39
4. Seylan Bank PLC/ Mr. S. N. C. W. M. Bandara Chandrasekera Kandegedara	1,496,082	2.49
5. Mr. Nandadeva Perera	1,161,770	1.94
6. Lankem Ceylon PLC	903,680	1.51
7. DFCC Bank PLC. / A. K. Investments (Pvt) Ltd.	726,335	1.21
8. First Capital Markets Limited / Mr. S. P. Jayakumar	445,211	0.74
9. People's Leasing & Finance PLC/ M. I. M. Rizly & F. R. Hassan	412,000	0.69
10. Mr.Semasinghe Nawarathne Mudiyansele Semasinghe	231,100	0.39
11. Mr. Nithiabala Balasingam	216,500	0.36
12. Pobran Investments (Pvt) Ltd.	207,487	0.35
13. Rockport Limited	200,500	0.33
14. Aruna Equity Care (Pvt) Ltd.	193,000	0.32
15. Mr. Mohamed Siddeek Mohamed Ali	187,765	0.31
16. Mr. Sugathadasa Ruwanpathirana & Mrs. Vindya Ruwanpathirana	177,000	0.30
17. Sithlanka (Private) Ltd.	175,000	0.29
18. Corporate Holdings (Private) Limited A/C No.01	163,754	0.27
19. Mr. Gampolage Dasantha Rohan Fonseka	160,000	0.27
20. Merchant Bank of Sri Lanka PLC/ Mr. Kamal Raja Upali Gunawardena	152,100	0.25
	<b>49,019,245</b>	<b>81.71</b>