



# KOTMALE HOLDINGS PLC

Provisional Financial Statements  
Six months ended 30 September 2016



A MEMBER OF  
C T HOLDINGS PLC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group					
	For the Three Months ended 30 September			For the Six Months ended 30 September		
	2016	2015	Variance (%)	2016	2015	Variance (%)
<b>Revenue</b>	533,995	458,936	16	1,005,744	907,798	11
Cost of sales	(404,873)	(340,649)	(19)	(765,976)	(679,903)	(13)
<b>Gross profit</b>	<b>129,122</b>	<b>118,287</b>	<b>9</b>	<b>239,768</b>	<b>227,895</b>	<b>5</b>
Other income	25,015	21,550	16	49,997	42,519	18
Distribution expenses	(61,128)	(56,652)	(8)	(115,683)	(113,590)	(2)
Administrative expenses	(28,786)	(24,864)	(16)	(55,850)	(46,648)	(20)
<b>Result from operating activities</b>	<b>64,223</b>	<b>58,321</b>	<b>10</b>	<b>118,232</b>	<b>110,176</b>	<b>7</b>
Finance income	22,643	12,086	87	42,238	23,223	82
Finance cost	(103)	(146)	29	(277)	(266)	(4)
Net finance income /(cost )	22,540	11,940	89	41,961	22,957	83
<b>Profit before taxation</b>	<b>86,763</b>	<b>70,261</b>	<b>23</b>	<b>160,193</b>	<b>133,133</b>	<b>20</b>
Tax expenses	(26,123)	(16,216)	(61)	(46,043)	(33,861)	(36)
<b>Profit for the period</b>	<b>60,640</b>	<b>54,045</b>	<b>12</b>	<b>114,150</b>	<b>99,272</b>	<b>15</b>
<b>Other comprehensive income</b>						
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>60,640</b>	<b>54,045</b>	<b>12</b>	<b>114,150</b>	<b>99,272</b>	<b>15</b>
	<b>Rs.Cts</b>	<b>Rs.Cts</b>		<b>Rs.Cts</b>	<b>Rs.Cts</b>	
Earnings per share	1.93	1.72		3.64	3.16	

Note : All values are in rupees '000s unless otherwise stated.  
The above figures are subject to audit.

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

	<b>Company</b>					
	For the Six Months ended 30 September			For the Six Months ended 30 September		
	2016	2015	Variance (%)	2016	2015	Variance (%)
<b>Revenue</b>	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
<b>Gross profit</b>	-	-	-	-	-	-
Other income	25,891	21,807	19	50,841	42,614	19
Distribution expenses	-	-	-	-	-	-
Administrative expenses	(5,961)	(6,294)	5	(12,515)	(14,373)	13
<b>Result from operating activities</b>	<b>19,930</b>	<b>15,513</b>	<b>28</b>	<b>38,326</b>	<b>28,241</b>	<b>36</b>
Finance income	4,360	1,630	-	7,633	2,646	-
Finance cost	(3)	(7)	-	(11)	(14)	-
Net finance income / (cost)	4,357	1,623	-	7,622	2,632	-
<b>Profit before taxation</b>	<b>24,287</b>	<b>17,136</b>	<b>42</b>	<b>45,948</b>	<b>30,873</b>	<b>49</b>
Tax expenses	(6,539)	(4,711)	(39)	(12,604)	(8,557)	(47)
<b>Profit for the period</b>	<b>17,748</b>	<b>12,425</b>	<b>43</b>	<b>33,344</b>	<b>22,316</b>	<b>49</b>
<b>Other comprehensive income</b>						
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>17,748</b>	<b>12,425</b>	<b>43</b>	<b>33,344</b>	<b>22,316</b>	<b>49</b>
	<b>Rs.Cts</b>	<b>Rs.Cts</b>		<b>Rs.Cts</b>	<b>Rs.Cts</b>	
Earnings per share	0.57	0.40		1.06	0.71	

Note : All values are in rupees '000s unless otherwise stated.  
The above figures are subject to audit.

**STATEMENT OF FINANCIAL POSITION**

As at	Group		Company	
	30-Sep-16	31-Mar-16 (Audited)	30-Sep-16	31-Mar-16 (Audited)
<b>ASSETS</b>				
<b>Non current assets</b>				
Property, plant and equipment	318,121	321,527	-	-
Intangible assets	55,863	55,863	-	-
Investments in subsidiaries	-	-	185,400	185,400
	373,984	377,390	185,400	185,400
<b>Current assets</b>				
Inventories	125,367	101,386	-	-
Trade and other receivables	206,572	128,302	6,251	2,875
Amounts due from related companies	82,099	61,376	58,793	75,099
Short term investments	922,551	849,345	175,000	121,048
Cash at banks and in hand	15,051	41,050	2,883	2,773
	1,351,640	1,181,459	242,927	201,795
<b>Total assets</b>	<b>1,725,624</b>	<b>1,558,849</b>	<b>428,327</b>	<b>387,195</b>
<b>EQUITY</b>				
Stated capital	314,000	314,000	314,000	314,000
Reserves	119,752	119,752	3,054	3,054
Retained earnings	879,545	771,675	80,859	53,795
<b>Total equity</b>	<b>1,313,297</b>	<b>1,205,427</b>	<b>397,913</b>	<b>370,849</b>
<b>Non current liabilities</b>				
Deferred tax liabilities	33,421	34,102	-	-
Employee benefits	25,038	21,237	-	-
	58,459	55,339	-	-
<b>Current liabilities</b>				
Trade and other payables	221,327	203,193	5,506	4,914
Amounts due to related companies	20,398	8,229	12,821	5,097
Current tax liabilities	111,915	86,610	12,087	6,335
Bank overdrafts	228	51	-	-
	353,868	298,083	30,414	16,346
<b>Total liabilities</b>	<b>412,327</b>	<b>353,422</b>	<b>30,414</b>	<b>16,346</b>
<b>Total equity and liabilities</b>	<b>1,725,624</b>	<b>1,558,849</b>	<b>428,327</b>	<b>387,195</b>

Note: All values are in rupees '000s unless otherwise stated.

The above figures are subject to audit.

I certify that these provisional financial statements have been prepared in accordance with the requirements of the companies Act No. 7 of 2007.

Signed: Dilantha Jayawardhana (Group Chief Financial Officer)

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

These financial statements have been approved by the board on 11 November 2016.

Signed on behalf of the Board;

Signed: M I Abdul Wahid (Managing Director)

Signed: P S Mathavan (Director)

## STATEMENT OF CHANGES IN EQUITY

Group	Stated capital	Capital reserve	Revaluation reserve	General reserve	Accumulated profit / (loss)	Total equity
<b>Balance as at 1 April 2015</b>	314,000	1,785	91,529	1,269	586,455	995,038
Profit for the period	-	-	-	-	99,272	99,272
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	99,272	99,272
<b>Transactions with owners, recognised directly in equity</b>						
Dividends	-	-	-	-	(6,280)	(6,280)
<b>Balance as at 30 September 2015</b>	<b>314,000</b>	<b>1,785</b>	<b>91,529</b>	<b>1,269</b>	<b>679,447</b>	<b>1,088,030</b>
<b>Balance as at 1 April 2016</b>	314,000	1,785	116,698	1,269	771,675	1,205,427
Charge relating to Super Gain Tax	-	-	-	-	-	-
Profit for the period	-	-	-	-	114,150	114,150
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	114,150	114,150
<b>Transactions with owners, recognised directly in equity</b>						
Dividends	-	-	-	-	(6,280)	(6,280)
<b>Balance as at 30 September 2016</b>	<b>314,000</b>	<b>1,785</b>	<b>116,698</b>	<b>1,269</b>	<b>879,545</b>	<b>1,313,297</b>

Company	Stated capital	Capital reserve	Revaluation reserve	General reserve	Accumulated profit / (loss)	Total equity
<b>Balance as at 1 April 2015</b>	314,000	1,785	-	1,269	16,755	333,809
Profit for the period	-	-	-	-	22,316	22,316
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	22,316	22,316
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Dividends	-	-	-	-	(6,280)	(6,280)
<b>Balance as at 30 September 2015</b>	<b>314,000</b>	<b>1,785</b>	<b>-</b>	<b>1,269</b>	<b>32,791</b>	<b>349,845</b>
<b>Balance as at 1 April 2016</b>	314,000	1,785	-	1,269	53,795	370,849
Charge relating to Super Gain Tax	-	-	-	-	-	-
Profit for the period	-	-	-	-	33,344	33,344
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	33,344	33,344
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Dividends	-	-	-	-	(6,280)	(6,280)
<b>Balance as at 30 September 2016</b>	<b>314,000</b>	<b>1,785</b>	<b>-</b>	<b>1,269</b>	<b>80,859</b>	<b>397,913</b>

Note : All values are in rupees '000s unless otherwise stated.  
The above figures are subject to audit.

## STATEMENT OF CASH FLOW

For the six months ended

**Cash flows from operating activities**
**Profit before taxation**

Adjustments for;

Net finance income

Depreciation

Employee benefits

Inventory Write-off

Provisions/(reversals) for trade &amp; other receivables

**Cash generated from operations before changes in working capital**

(Increase) / decrease in inventories

(Increase) / decrease in trade and other receivables

(Increase) / decrease in amounts due from related companies

Increase / ( decrease ) in trade and other payables

Increase / ( decrease ) in amounts due to related companies

**Cash generated from operations**

Interest paid

Super Gain Tax paid

Gratuity paid

Tax paid

**Net cash generated from operating activities**
**Cash flow from investing activities**

Acquisition of property , plant and equipment

Proceeds from sale of property, plant and equipment

Interest Income

**Net cash used in investing activities**
**Cash flow from financing activities**

Dividend paid

**Net cash used in financing activities**
**Net increase in cash and cash equivalents**
**Cash and cash equivalents at the beginning of the period**
**Cash and cash equivalents at the end of the period (Note-01)**
**Note - 01**
**Analysis of cash and cash equivalents at the end of the period**

Short term investment

Cash in hand and at bank

Bank overdrafts

	Group		Company	
	30-Sep-16	31-Mar-16 (Audited)	30-Sep-16	31-Mar-16 (Audited)
<b>Cash flows from operating activities</b>				
<b>Profit before taxation</b>	160,193	280,974	45,948	71,088
Adjustments for;				
Net finance income	(41,961)	(54,863)	(7,622)	(7,527)
Depreciation	17,334	33,980	-	-
Employee benefits	4,263	3,956	-	-
Inventory Write-off	-	248	-	-
Provisions/(reversals) for trade & other receivables	-	(1,538)	-	-
<b>Cash generated from operations before changes in working capital</b>	<b>139,829</b>	<b>262,757</b>	<b>38,326</b>	<b>63,561</b>
(Increase) / decrease in inventories	(23,981)	(22,281)	-	-
(Increase) / decrease in trade and other receivables	(83,139)	(18,643)	(5,838)	(9,158)
(Increase) / decrease in amounts due from related companies	(20,723)	(7,427)	16,306	28,152
Increase / ( decrease ) in trade and other payables	16,346	18,225	592	(5,453)
Increase / ( decrease ) in amounts due to related companies	12,169	(9,457)	7,724	4,875
<b>Cash generated from operations</b>	<b>40,501</b>	<b>223,174</b>	<b>57,110</b>	<b>81,977</b>
Interest paid	(277)	(689)	(11)	(25)
Super Gain Tax paid	-	(11,326)	-	(7,950)
Gratuity paid	(462)	(1,200)	-	-
Tax paid	(14,762)	(47,316)	(4,390)	(13,045)
<b>Net cash generated from operating activities</b>	<b>25,000</b>	<b>162,643</b>	<b>52,709</b>	<b>60,957</b>
<b>Cash flow from investing activities</b>				
Acquisition of property , plant and equipment	(13,928)	(43,401)	-	-
Proceeds from sale of property, plant and equipment	-	1,441	-	-
Interest Income	42,238	55,552	7,633	7,553
<b>Net cash used in investing activities</b>	<b>28,310</b>	<b>13,592</b>	<b>7,633</b>	<b>7,553</b>
<b>Cash flow from financing activities</b>				
Dividend paid	(6,280)	(6,280)	(6,280)	(6,280)
<b>Net cash used in financing activities</b>	<b>(6,280)</b>	<b>(6,280)</b>	<b>(6,280)</b>	<b>(6,280)</b>
<b>Net increase in cash and cash equivalents</b>	<b>47,030</b>	<b>169,955</b>	<b>54,062</b>	<b>62,230</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>890,344</b>	<b>720,389</b>	<b>123,821</b>	<b>61,591</b>
<b>Cash and cash equivalents at the end of the period (Note-01)</b>	<b>937,374</b>	<b>890,344</b>	<b>177,883</b>	<b>123,821</b>
<b>Note - 01</b>				
<b>Analysis of cash and cash equivalents at the end of the period</b>				
Short term investment	922,551	849,345	175,000	121,048
Cash in hand and at bank	15,051	41,050	2,883	2,773
Bank overdrafts	(228)	(51)	-	-
	<b>937,374</b>	<b>890,344</b>	<b>177,883</b>	<b>123,821</b>

Note : All values are in rupees '000s unless otherwise stated.  
The above figures are subject to audit.

**NOTES TO THE FINANCIAL STATEMENTS**

As at 30 September	Group		Company	
	2016	2015	2016	2015
1 Net assets per share	41.82	34.65	12.67	11.14

2 Share Price (Rs.) For the quarter ended	30-Sep-16	30-Sep-15
Highest	-	-
Lowest	-	-
Last traded	-	-

- The result for the quarter ended 30 September 2016 and the statement of financial position as at 30 September 2016 are provisional and subject to audit.
- The provisional financial statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These provisional financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016.
- Where appropriate, the previous year's presentation has been amended to conform to the current classification.
- The number of shares represented by stated capital as at 30 September 2016 is 31,400,000.
- As previously reported, Cargills (Ceylon) PLC (CCP) sought to utilise the provisions of Section 246 of the Companies Act, No. 7 of 2007 to compulsorily purchase any shares in the subsidiary Kotmale Holdings PLC (KHP) not held by the Company and subsidiaries at a price of Rs.62.50 per share. This action was based on legal advice received that the aforesaid section could be read on a standalone basis. The Securities and Exchange Commission of Sri Lanka (SEC) subsequently informed that the said Section 246 cannot be read on a standalone basis and should be read as a part of Part VIII of the Companies Act which deals with 'Amalgamations'. Accordingly, the SEC directed that CCP and KHP give the former minority shareholders of KHP the opportunity to continue as shareholders of KHP if they so desire.

Accordingly on 18 July 2016 CCP (jointly with KHP) wrote to the shareholders as directed by the SEC. Applications were received from shareholders holding 18,512 shares requesting to continue as shareholders of KHP, while holders of 297 shares requested for fresh Cheques to complete the disposal of their shares. Additionally the shareholders who did not encash their previous pay orders also continue to remain as shareholders of the KHP.

Accordingly, as at 30 September 2016, Cargills (Ceylon) PLC directly and through subsidiaries holds 31,246,778 shares of the issued share capital of the Company representing 99.51% of the issued share capital.

8 Related party transactions For the six months ended 30 September	Group		Company	
	2016 Rs. Mn.	2015 Rs. Mn.	2016 Rs. Mn.	2015 Rs. Mn.
Transaction with parent company				
Sales of goods	4	3	-	-
Transaction with other related companies				
Sales of goods	554	534	-	-
Purchases	65	105	-	-
Royalty income	50	42	50	42

- There has been no significant change in the nature of the contingencies and other commitments, which were disclosed in the annual report for the year ended 31 March 2016.
- All known expenditure items have been provided for.
- No events other than disclosed above, have accrued since the reporting date which would require any adjustment or disclosure in the provisional financial statements.

**INVESTORS' INFORMATION**
**01 Top Twenty Shareholders**

No.	Names of Shareholders	No. of Shares as at 30 September 2016	Holding %	No. of Shares as at 30 September 2015	Holding %
1	Cargills Quality Foods Ltd.	29,539,098	94.07	29,539,098	94.07
2	Cargills (Ceylon) PLC	1,514,179	4.82	1,667,401	5.31
3	Cargills Quality Dairies (Pvt) Ltd.	193,501	0.62	193,501	0.62
4	Mrs. I.S.Jayasinghe	37,500	0.12	-	-
5	Mr. K.C.Vignarajah	22,350	0.07	-	-
6	Mr. N.T.B.Bandaranayake	11,825	0.04	-	-
7	Mrs. R.T.Purasinghe	3,400	0.01	-	-
8	Dr. G.R.Handy	2,950	0.01	-	-
9	Uniwalkers Limited	2,550	0.01	-	-
10	Mr. S.Muhunthan	2,096	0.01	-	-
11	Mrs. P.T.D.Harasgama	2,000	0.01	-	-
11	Mrs. D.Swarnalatha	2,000	0.01	-	-
11	Mrs. S.Z.Nizam	2,000	0.01	-	-
14	Mr. P.R.A.Jansz	1,986	0.01	-	-
15	Mrs. B.P.Narhari	1,875	0.01	-	-
16	Mr. P.R.Gunasekara	1,600	0.01	-	-
17	Mr. D.R.Wickramasekara	1,500	0.00	-	-
17	Mr. B.Nadarajah	1,500	0.00	-	-
19	Dr. G.W.Karunaratne	1,400	0.00	-	-
20	Mr. A.Rajaratnam	1,300	0.00	-	-

**02 Directors' Shareholding**

Mr.Ranjit Page	-	-
Mr.Imtiaz Abdul Wahid	-	-
Mr.Prabhu Mathavan	-	-
Mr.Priya Edirisinghe	-	-
Mr.Sunil Mendis	-	-
Mr.Joseph Page	-	-

**03 Public Holdings**

Number of shares held by the public	153,222	-
Percentage held by the public	0.49%	-



## CORPORATE INFORMATION

### **Name of the Company**

Kotmale Holdings PLC

### **Legal form**

Incorporated as a Public Company in 1967 under the provisions of the Companies Ordinance No.51 of 1938 and subsequently re-registered under the Companies Act No.7 of 2007 on 6 May 2008.

In 1969 the Company was listed on the Colombo Stock Exchange.

Company Registration No - PQ 213

### **Board of Directors**

Ranjit Page (Chairman)

Imtiaz Abdul Wahid (Managing Director)

Prabhu Mathavan

Priya Edirisinghe

Sunil Mendis

Joseph Page

### **Registered Office**

40, York Street

Colombo 01.

### **Company Secretary**

S L W Dissanayake

### **Auditors**

KPMG

Chartered Accountants,

32A, Sri Mohamed Macan Markar Mawatha,

Colombo 03, Sri Lanka.

### **Bankers**

Cargills Bank Ltd.

Bank of Ceylon

Commercial Bank of Ceylon PLC

DFCC Vardhana Bank PLC

Hatton National Bank PLC

Pan Asia Banking Corporation PLC

Seylan Bank PLC

The Hongkong & Shanghai Banking Corporation Ltd.

### **Subsidiaries**

Kotmale Dairy Products (Pvt) Ltd.

Kotmale Milk Foods Ltd.

Kotmale Milk Products Ltd.

Kotmale Products Ltd.

Kotmale Marketing (Pvt) Ltd.



KOTMALE HOLDINGS PLC

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