

Tea Smallholder Factories PLC

**Interim Financial
Statements
30th September 2016**



STATEMENT OF PROFIT OR LOSS

	Note	For the quarter ended 30th September			For the six months ended 30th September		
		2016	2015	Change %	2016	2015	Change %
Revenue		576,973	470,624	23	1,062,087	986,819	8
Cost of Sales		(551,964)	(475,740)	16	(1,014,901)	(981,444)	3
Gross Profit		25,009	(5,116)	589	47,186	5,375	778
Other Operating Income		7,005	4,995	40	15,750	12,265	28
Administrative Expenses		(16,152)	(13,635)	18	(30,852)	(26,976)	14
Management Fees		(5,666)	(3,987)	42	(10,881)	(8,356)	30
Results From Operating Activities		10,196	(17,743)	157	21,203	-17,692	220
Finance Cost		(1,420)	(605)	135	(2,714)	(1,788)	52
Finance Income		858	879	(2)	1,507	1,770	(15)
Net Finance (Cost) / Income		(562)	274	305	(1,207)	(18)	6,606
Profit / (Loss) Before Tax		9,634	(17,469)	155	19,997	(17,710)	213
Tax (Expense) / Reversal	5	(2,876)	4,701	161	(5,930)	4,616	228
Profit / (Loss) for the period		6,758	(12,768)	153	14,067	(13,094)	207
		Rs.	Rs.		Rs.	Rs.	
Earnings / (Loss) Per Share - Basic		0.23	(0.43)		0.47	(0.44)	
Dividend Per Share		-	-		0.50	0.50	

Note : All values are in Rupees '000s, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are subject to audit.

STATEMENT OF COMPREHENSIVE INCOME

Note	For the Quarter ended 30th September			For the six months ended 30th September		
	2016	2015	Change %	2016	2015	Change %
Profit / (Loss) for the Period	6,758	(12,768)	<i>153</i>	14,067	(13,094)	<i>207</i>
Other Comprehensive Income						
Other comprehensive Income not to be reclassified to profit or loss in subsequent periods	-	-	-	-	-	-
Tax on Other Comprehensive Income	-	-	-	-	-	-
Total Other Comprehensive Income for the year, net of Tax	-	-	-	-	-	-
Total Comprehensive Income for the Period, net of Tax	6,758	(12,768)	<i>153</i>	14,067	(13,094)	<i>207</i>

Note : All values are in Rupees '000s, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are subject to audit.

STATEMENT OF FINANCIAL POSITION

As at 30th September

ASSETS

Non-Current Assets

Property, Plant and Equipment
Lease Rentals Paid in Advance
Investment Property
Intangible Assets
Other Non-Current Financial Assets
Other Non-Current Assets

2016

2015

As at
31st March 2016

747,772
2,698
153,000
7,303
1,085
157

728,481
2,784
126,001
7,303
1,860
233

771,505
2,741
153,000
7,303
1,299
195

912,015

866,662

936,043

Current Assets

Inventories
Trade and Other Receivables
Income Tax Recoverable
Other Current Assets
Short Term Investments
Cash in Hand and at Bank

233,857
79,775
4,295
8,577
4
24,551

234,493
56,142
10,424
5,688
9,803
1,719

207,349
56,552
10,182
4,750
20,104
367

351,059

318,269

299,304

Total Assets

1,263,074

1,184,931

1,235,347

EQUITY AND LIABILITIES

Capital and Reserves

Stated Capital
Revaluation Reserve
Revenue Reserves
Total Equity

150,000
359,597
400,284
909,881

150,000
342,954
397,038
889,992

150,000
359,597
401,217
910,814

Non-Current Liabilities

Deferred Tax Liabilities
Retirement Benefit Obligations
Deferred Grants and Subsidies

157,193
40,848
866

159,327
33,620
1,053

157,160
37,531
960

198,907

194,000

195,651

Current Liabilities

Trade and Other Payables
Current Portion of Borrowings
Amounts due to Related Parties
Bank Overdraft
Other Current Liabilities

126,989
-
2,586
21,226
3,485

95,010
449
2,484
-
2,996

122,181
-
2,563
227
3,911

154,286

100,939

128,882

Total Equity and Liabilities

1,263,074

1,184,931

1,235,347

Rs.

Rs.

Rs.

Net Assets Per Share

30.33

29.67

30.36

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

I certify that the financial statements comply with the requirements of the Companies Act No.7 of 2007.

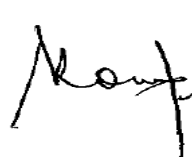


P. A. P. Perera
Financial Controller

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



A. D. Gunewardene
Director



J. R. F. Peiris
Director

**TEA SMALLHOLDER FACTORIES PLC
CASH FLOW STATEMENT**

For the six months ended 30th September 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (Loss) Before Tax

ADJUSTMENTS FOR :

Finance Income

Depreciation and Amortisation

Gratuity Charge and Related Cost

Amortisation of Grants

Finance Cost

(Profit) / Loss on disposal of Fixed Assets

Operating Profit before Working Capital changes

(Increase) / Decrease in Inventories

(Increase) / Decrease in Trade and Other Receivables

(Increase) / Decrease in Other Current Assets

(Increase) / Decrease in Other Non-Current Assets

Increase / (Decrease) in Trade and Other Payables

Increase / (Decrease) in Other Current Liabilities

Cash Generated from Operations

Finance Income Received

Finance Cost Paid

Gratuity Paid

Tax Paid

Net Cash Flow from Operating Activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property, Plant and Equipment

Proceeds from Sale of Property, Plant and Equipment

Net Cash Flow from / (used) in Investing Activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from / (Repayment of) Short Term Borrowings

Dividend Paid

Payment of Finance Lease Liabilities

Net Cash from / (used) in Financing Activities

Net Increase / (Decrease) in Cash and Cash Equivalents

Cash and Cash Equivalents at the beginning

Note A

Cash and Cash Equivalents at the end

Note B

NOTES

A. Cash and Cash Equivalents at the beginning

Cash and Bank Balances

Short Term Investments

Bank Overdraft

B. Cash and Cash Equivalents at the end

Cash & Bank Balances

Short Term Investments

Bank Overdraft

	2016	2015
Profit / (Loss) Before Tax	19,997	(17,710)
Finance Income	(1,507)	(1,770)
Depreciation and Amortisation	30,074	27,886
Gratuity Charge and Related Cost	6,665	2,055
Amortisation of Grants	(94)	(94)
Finance Cost	2,714	1,788
(Profit) / Loss on disposal of Fixed Assets	(150)	7
Operating Profit before Working Capital changes	57,699	12,162
(Increase) / Decrease in Inventories	(26,508)	8,218
(Increase) / Decrease in Trade and Other Receivables	(23,010)	40,655
(Increase) / Decrease in Other Current Assets	(3,828)	(3,359)
(Increase) / Decrease in Other Non-Current Assets	38	38
Increase / (Decrease) in Trade and Other Payables	4,831	(16,511)
Increase / (Decrease) in Other Current Liabilities	(426)	(1,494)
Cash Generated from Operations	8,796	39,709
Finance Income Received	1,507	1,770
Finance Cost Paid	(2,714)	(1,788)
Gratuity Paid	(3,347)	(4,510)
Tax Paid	(10)	(25)
Net Cash Flow from Operating Activities	4,233	35,156
Purchase of Property, Plant and Equipment	(6,298)	(4,129)
Proceeds from Sale of Property, Plant and Equipment	150	16
Net Cash Flow from / (used) in Investing Activities	(6,148)	(4,113)
Proceeds from / (Repayment of) Short Term Borrowings	-	(10,000)
Dividend Paid	(15,000)	(15,000)
Payment of Finance Lease Liabilities	-	(2,694)
Net Cash from / (used) in Financing Activities	(15,000)	(27,694)
Net Increase / (Decrease) in Cash and Cash Equivalents	(16,915)	3,349
Cash and Cash Equivalents at the beginning	20,244	8,173
Cash and Cash Equivalents at the end	3,329	11,522
A. Cash and Cash Equivalents at the beginning		
Cash and Bank Balances	367	670
Short Term Investments	20,104	7,503
Bank Overdraft	(227)	-
	20,244	8,173
B. Cash and Cash Equivalents at the end		
Cash & Bank Balances	24,551	1,719
Short Term Investments	4	9,803
Bank Overdraft	(21,226)	-
	3,329	11,522

STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Revaluation Reserve	General Reserve	Accumulated Profit	Total
As at 1st April 2015	150,000	342,954	255,000	170,132	918,086
Profit / (Loss) for the period	-	-	-	(13,094)	(13,094)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(13,094)	(13,094)
First and final dividend paid - 2014 / 2015	-	-	-	(15,000)	(15,000)
As at 30th September 2015	150,000	342,954	255,000	142,038	889,992
As at 1st April 2016	150,000	359,597	255,000	146,217	910,814
Profit for the period	-	-	-	14,067	14,067
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	14,067	14,067
First and final dividend paid - 2015 / 2016	-	-	-	(15,000)	(15,000)
As at 30th September 2016	150,000	359,597	255,000	145,284	909,881

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

Figures in brackets indicate deductions.

The above figures are subject to audit.

**TEA SMALLHOLDER FACTORIES PLC
OPERATING SEGMENT INFORMATION**

For the six months ended 30th September

Geographical Segment	Galle		Matara		Ratnapura		N'Eliya		Total	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Segment Revenue										
Sale of Produce	562,941	486,656	51,552	74,952	261,612	269,495	185,983	155,715	1,062,087	986,819
									<u>1,062,087</u>	<u>986,819</u>
Segment Results										
Segment Revenue	562,941	486,656	51,552	74,952	261,612	269,495	185,983	155,715	1,062,087	986,819
Revenue Expenditure	(509,093)	(460,476)	(55,553)	(75,026)	(250,398)	(271,166)	(165,621)	(146,148)	(980,666)	(952,817)
Depreciation / Amortisation	(14,750)	(13,457)	(1,568)	(1,682)	(7,419)	(6,746)	(5,172)	(5,079)	(28,908)	(26,964)
Gratuity Charge and Related Costs	(2,153)	(725)	(803)	(34)	(1,770)	(589)	(600)	(316)	(5,327)	(1,663)
Segment Gross Profit / (Loss)	<u>36,945</u>	<u>11,999</u>	<u>(6,372)</u>	<u>(1,790)</u>	<u>2,025</u>	<u>(9,007)</u>	<u>14,590</u>	<u>4,172</u>	<u>47,186</u>	<u>5,375</u>
Other Operating Income									15,750	12,265
Finance Income									1,507	1,770
Unallocated Expenses									(33,566)	(28,764)
Management Fees									(10,881)	(8,356)
Profit / (Loss) Before Tax									<u>19,997</u>	<u>(17,710)</u>
Segment Assets										
Allocated Assets										
<u>Non - Current Assets</u>										
Cost	467,815	429,275	61,037	57,146	244,373	219,482	132,973	132,435	906,199	838,339
Depreciation / Amortisation	(75,087)	(53,059)	(12,771)	(10,279)	(46,496)	(35,789)	(25,113)	(16,656)	(159,467)	(115,783)
Current Assets	64,112	142,522	10,361	24,159	26,330	60,008	16,340	38,915	117,143	265,604
	<u>456,841</u>	<u>518,739</u>	<u>58,627</u>	<u>71,026</u>	<u>224,208</u>	<u>243,702</u>	<u>124,200</u>	<u>154,694</u>	<u>863,875</u>	<u>988,160</u>
Unallocated Assets										
<u>Non - Current Assets</u>										
Cost									186,151	162,492
Depreciation / Amortisation									(20,736)	(18,387)
Current Assets									233,784	52,665
Total Assets									<u>1,263,074</u>	<u>1,184,931</u>
Segment Liabilities										
Allocated Liabilities										
Non Current Liabilities	12,357	11,271	4,757	4,007	8,532	7,717	4,379	3,664	30,025	26,660
Current Liabilities	57,512	41,844	5,385	4,655	22,167	22,645	20,683	16,187	105,748	85,331
	<u>69,869</u>	<u>53,116</u>	<u>10,142</u>	<u>8,662</u>	<u>30,699</u>	<u>30,362</u>	<u>25,062</u>	<u>19,851</u>	<u>135,773</u>	<u>111,991</u>
Unallocated Liabilities										
Non Current Liabilities									168,883	167,341
Current Liabilities									48,538	15,608
									<u>217,421</u>	<u>182,949</u>
Total Liabilities									<u>353,193</u>	<u>294,939</u>
Segment Capital Expenditure										
Allocated Capital Expenditure	1,514	1,590	324	323	4,798	914	-	1,650	6,636	4,476
Unallocated Capital Expenditure									161	379
									<u>6,797</u>	<u>4,855</u>

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

Figures in brackets indicate deductions.

The above figures are subject to audit.

**TEA SMALLHOLDER FACTORIES PLC
OPERATING SEGMENT INFORMATION**

For the quarter ended 30th September

Geographical Segment	Galle		Matara		Ratnapura		N'Eliya		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Segment Revenue	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sale of Produce	300,647	239,446	29,468	42,100	147,625	113,580	99,233	75,498	576,972	470,624
									<u>576,972</u>	<u>470,624</u>
Segment Results										
Segment Revenue	300,647	239,446	29,468	42,100	147,625	113,580	99,233	75,498	576,973	470,624
Revenue Expenditure	(271,868)	(229,480)	(32,130)	(43,685)	(142,696)	(116,730)	(87,873)	(71,571)	(534,567)	(461,466)
Depreciation / Amortisation	(7,381)	(6,737)	(784)	(844)	(3,710)	(3,376)	(2,586)	(2,540)	(14,461)	(13,497)
Gratuity Charge and Related Costs	(1,158)	(355)	(462)	(4)	(1,016)	(245)	(300)	(172)	(2,936)	(776)
Segment Gross Profit / (Loss)	<u>20,241</u>	<u>2,874</u>	<u>(3,909)</u>	<u>(2,434)</u>	<u>203</u>	<u>(6,771)</u>	<u>8,474</u>	<u>1,215</u>	<u>25,009</u>	<u>(5,116)</u>
Other Operating Income									7,005	4,995
Finance Income									858	879
Unallocated Expenses									(17,573)	(14,240)
Management Fees									(5,666)	(3,987)
Profit / (Loss) Before Tax									<u>9,634</u>	<u>(17,469)</u>
Segment Capital Expenditure										
Allocated Capital Expenditure	718	1,152	324	323	4,724	347	-	1,650	5,765	3,473
Unallocated Capital Expenditure									161	357
									<u>5,927</u>	<u>3,830</u>

Note : All values are in Rupees '000s, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are subject to audit.

TEA SMALLHOLDER FACTORIES PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 Corporate Information

Tea Smallholder Factories PLC is a public limited company incorporated and domiciled in Sri Lanka listed on the Colombo Stock Exchange.

2 Approval of Financial Statements

The interim condensed financial statements of the company for the six months ended 30th September 2016 were authorised for issue by the Board of Directors on 20th October 2016.

3 Basis of preparation

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

The interim condensed financial statements are presented in Sri Lankan Rupee and all values are rounded to the nearest thousand except when otherwise indicated.

4 Operating Segments

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the company's other components. The segments are determined based on the company's geographical spread of operations. All operating segments' operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the company's head office), head office expenses, and income tax liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

5 Tax Expenses

For the six months ended 30th September

	2016	2015
Current Income Tax		
Current Tax Charge	<u>5,898</u>	<u>314</u>
	5,898	314
Deferred Income Tax		
Relating to origination and reversal of temporary differences	<u>32</u>	<u>(4,930)</u>
	32	(4,930)
Total Tax Expense / (Reversal)	<u><u>5,930</u></u>	<u><u>(4,616)</u></u>

6 Related Party Transactions

For the six months ended 30th September	2016	2015
Transactions with Related Parties		
Parent company		
(Receiving) / rendering of services	(816)	(742)
Companies under common control of the parent company		
Interest received / (interest paid)	-	-
(Purchases) / sales of goods	(34)	(135)
(Receiving) / rendering of services	(21,681)	(18,294)
(Purchases) / sale of property, plant and equipment	-	-
Rent (taken) / given	(1,104)	(916)
(Guarantees taken) / guarantees given	-	-
Companies which have significant influence		
(Receiving) / rendering of services	(525)	(3,626)
Interest received / (interest paid)	-	(247)
Key Management Personnel (KMP)		
(Receiving) / rendering of services	-	-
Close Family members of KMP		
(Receiving) / rendering of services	-	-
Companies Controlled / Jointly Controlled / Significantly Influenced by KMP and their Close Family Members		
(Purchases) / sales of goods	-	-
Post Employment Benefit Plan		
Contributions to the provident fund	-	-

7 Share Information

7.1 Public share holdings

	As at 30th September 2016		As at 30th June 2016	
	No. of Share Holders	% Holdings	No. of Share Holders	% Holdings
The shares held by the Public	1,190	33.05	1,188	33.05

7.2 The number of shares held by the Board of Directors and the Chief Executive Officer are as follows:

Names	As at 30th September 2016	As at 30th June 2016
Mr. S. C. Ratnayake (Chairman)	Nil	Nil
Mr. A. D. Gunewardene	Nil	Nil
Mr. J. R. F. Peiris	Nil	Nil
Mr. E. H. Wijenaike	10,000	10,000
Mr. R. E. Rambukwella	Nil	Nil
Mr. A. S. Jayatilleke	Nil	Nil
Mr. J. S. Ratwatte	2,000	2,000
Mr. R. Seevaratnam	Nil	Nil
Mr. R. S. Fernando (Resigned w.e.f. 9th September 2016)	N/A	Nil
Mr. V. A. A. Perera (CEO)	Nil	Nil

7.3 Twenty largest shareholders of the company are as follows:

Seq.No.	Name	As at 30th September 2016		As at 30th June 2016	
		No. of Shares	% Holdings	No. of Shares	% Holdings
1	John Keells Holdings PLC	11,286,000	37.62	11,286,000	37.62
2	Akbar Brothers Limited	7,318,000	24.39	7,318,000	24.39
3	Central Finance Company PLC	6,854,814	22.85	6,854,814	22.85
4	CF Growth Fund Limited	1,933,678	6.45	1,933,678	6.45
5	Mr. K. D. S. R. Upasena	469,120	1.56	469,120	1.56
6	Anverally & Sons (Private) Limited	392,300	1.31	392,300	1.31
7	Mr. D. J. De Silva Wijeyeratne	98,400	0.33	98,400	0.33
8	Mr. N. D. Kurukulasuriya	62,400	0.21	62,400	0.21
9	Dr. D. S. A. Samaraweera	53,000	0.18	53,000	0.18
10	Mrs. R. Z. Wickramanayake	44,963	0.15	44,963	0.15
11	Dr. N. I. Wickramanayake	43,691	0.15	43,691	0.15
12	People's Leasing & Finance / L. P. Hpangama	27,449	0.09	27,449	0.09
13	Mr. C. N. Lawrence	24,000	0.08	24,000	0.08
14	Mr. T. G. Rodrigo	21,650	0.07	21,650	0.07
15	Mr. T. G. Rodrigo	21,650	0.07	21,650	0.07
16	Asha Financial Services Limited / Mr. C. N. Pakianathan	20,545	0.07	20,545	0.07
17	Mrs. Jacintha Aloysius	20,000	0.07	20,000	0.07
18	Mr. E. Gunatunga	20,000	0.07	20,000	0.07
19	Mrs. S. K. Leelananda	20,000	0.07	20,000	0.07
20	Mr. H. A. S. Madanayake	20,000	0.07	20,000	0.07
	Total	<u>28,751,660</u>	<u>95.86</u>	<u>28,751,660</u>	<u>95.86</u>

7.4 Stated Capital is represented by number of shares in issue as given below:

	As at 30th September 2016	As at 30th June 2016
Ordinary Shares (in thousands)	30,000	30,000

7.5 Net Assets per share

Net assets per share have been calculated, for all periods, based on the number of shares in issue as at 30th September 2016.

7.6 Market Price per share

For the quarter ended 30th September	2016 Rs.	2015 Rs.
Highest	28.50	40.00
Lowest	23.00	31.10
Last Traded	23.10	35.00

8 Dividend paid

A first and final dividend of Rs. 0.50 per share for the financial year ended 31st March 2016 was paid on 16th June 2016.

9 Capital Commitments

The value of contractual commitments for acquisition of property, plant and equipment as at 30th September 2016 is Rs. 1.64 million.

10 Contingencies

There is no contingent liability of the company as at 30th September 2016.

11 Events After the Reporting Period

There have been no events subsequent to the reporting date, which require disclosure in the interim condensed financial statements.

12 Values

All values included in these financial statements are in Rupees '000s, unless otherwise stated.