

THREE ACRE FARMS PLC



INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

QUARTERLY REVIEW *for the third quarter ended 30 September 2016*

The Group's revenue for the third quarter of 2016 was Rs. 632.2Mn compared to Rs. 558.0Mn during third quarter of 2015, representing an increase of Rs. 74.2Mn or 13%. The Group's revenue for the nine months of 2016 was Rs. 1,832.3Mn compared to Rs. 1,491.3Mn during the nine months of 2015, representing an increase of Rs. 341.0Mn or 23%.

The Group reported a total comprehensive income of Rs. 181.0Mn for the third quarter of 2016 compared to Rs. 160.8Mn during the same quarter of 2015, representing an increase of Rs. 20.2Mn or 13%. The Group reported a total comprehensive income of Rs. 534.0Mn for the nine months period of 2016 compared to Rs. 347.2Mn during the nine months period of 2015, representing an increase of Rs. 186.8Mn or 54%.

The better prices for Broiler and Layer Day Old Chicks (DOC) together with the growing demand for chicken and table eggs contributed towards the increase in the Group's revenue. Effective cost controlling measures in breeder farm operations and efficiency in commercial broiler farm operations further enhanced the Group's results.

The Company and the Group have adhered to the Sri Lanka Financial Reporting Standards in the preparation of the interim financial statements for the period ended 30 September 2016.

There have been no other events subsequent to the interim period which require disclosure in the interim financial statements.

(Sgd.) Cheng Chih Kwong, Primus
Executive Director and Chief Executive Officer

(Sgd.) S S P Corporate Services (Private) Limited
Secretaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All amounts in Sri Lankan Rupees thousands

For the three months ended 30 September	Group 2016	Group 2015	Group Change	Company 2016	Company 2015
Revenue	632,238	557,965	13%	523,879	443,815
Cost of sales	(380,578)	(382,994)	(1%)	(309,084)	(306,044)
Gross profit	251,660	174,971	44%	214,795	137,771
Other income	4,075	12,519	(67%)	25,016	44,883
Selling and distribution expenses	(2,149)	(1,854)	16%	(2,149)	(1,854)
Administrative expenses	(6,092)	(5,733)	6%	(4,654)	(4,256)
Operating profit	247,494	179,903	38%	233,008	176,544
Net finance expenses	(327)	(1,867)	(82%)	(251)	(1,868)
Profit before tax	247,167	178,036	39%	232,757	174,676
Taxation	(66,200)	(17,211)	285%	(63,736)	(14,196)
Profit for the period	180,967	160,825	13%	169,021	160,480
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	180,967	160,825	13%	169,021	160,480
Basic earnings per share (Rs.)	7.69	6.83		7.18	6.82

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All amounts in Sri Lankan Rupees thousands

For the nine months ended 30 September	Group		Group Change	Company	
	2016	2015		2016	2015
Revenue	1,832,282	1,491,303	23%	1,519,536	1,200,595
Cost of sales	(1,139,738)	(1,092,602)	4%	(928,580)	(879,869)
Gross profit	692,544	398,701	74%	590,956	320,726
Other income	18,515	12,598	47%	35,906	25,879
Selling and distribution expenses	(8,335)	(4,382)	90%	(8,335)	(4,382)
Administrative expenses	(19,232)	(16,730)	15%	(14,873)	(12,453)
Operating profit	683,492	390,187	75%	603,654	329,770
Net finance expenses	(393)	(14,782)	(97%)	(336)	(14,759)
Profit before tax	683,099	375,405	82%	603,318	315,011
Taxation	(149,142)	(28,187)	429%	(131,536)	(20,172)
Profit for the period	533,957	347,218	54%	471,782	294,839
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	533,957	347,218	54%	471,782	294,839
Basic earnings per share (Rs.)	22.68	14.75		20.04	12.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All amounts in Sri Lankan Rupees thousands

As at	Group		Company	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Assets				
Non-current assets				
Property, plant and equipment	1,515,552	1,570,973	1,180,306	1,227,169
Investment in subsidiary companies	-	-	-	-
Biological assets	490,983	439,170	390,783	335,269
Total non-current assets	2,006,535	2,010,143	1,571,089	1,562,438
Current assets				
Biological assets	11,124	16,379	9,837	12,314
Inventories	93,087	67,617	79,347	64,463
Trade and other receivables	32,037	24,126	30,829	19,998
Amount due from related companies	433,600	-	557,824	15,350
Current tax receivables	18,425	18,405	14,237	14,237
Cash and cash equivalents	29,465	3,600	28,837	3,162
Total current assets	617,738	130,127	720,911	129,524
Total assets	2,624,273	2,140,270	2,292,000	1,691,962
Equity				
Stated capital	623,604	623,604	623,604	623,604
Retained earnings	1,494,905	1,010,392	1,235,978	813,640
Total equity	2,118,509	1,633,996	1,859,582	1,437,244
Liabilities				
Non-current liabilities				
Deferred tax liabilities	202,292	118,392	158,076	81,440
Employee benefits	20,093	17,740	18,759	16,586
Total non-current liabilities	222,385	136,132	176,835	98,026
Current liabilities				
Trade and other payables	283,031	160,974	246,514	128,544
Amount due to related companies	-	195,547	8,721	16,602
Interest bearing borrowings	348	13,621	348	11,546
Total current liabilities	283,379	370,142	255,583	156,692
Total liabilities	505,764	506,274	432,418	254,718
Total equity and liabilities	2,624,273	2,140,270	2,292,000	1,691,962
Net assets per share (Rs.)	89.98	69.40	78.98	61.04

(Sgd.) K.A.R.S. Perera
General Manager

(Sgd.) Cheng Chih Kwong, Primus
Executive Director and Chief Executive Officer

(Sgd.) Tan Beng Chuan
Executive Director and Group General Manager

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All amounts in Sri Lankan Rupees thousands

Group	Stated	Retained	Total
For the nine months ended 30 September	capital	earnings	equity
Balance as at 1 January 2015	623,604	472,128	1,095,732
Dividend paid	-	(12,242)	(12,242)
Profit for the period	-	347,218	347,218
Other comprehensive income for the period, net of tax	-	-	-
Balance as at 30 September 2015	623,604	807,104	1,430,708
Balance as at 1 January 2016	623,604	1,010,392	1,633,996
Dividend paid	-	(49,444)	(49,444)
Profit for the period	-	533,957	533,957
Other comprehensive income for the period, net of tax	-	-	-
Balance as at 30 September 2016	623,604	1,494,905	2,118,509

Company	Stated	Retained	Total
For the nine months ended 30 September	capital	earnings	equity
Balance as at 1 January 2015	623,604	360,501	984,105
Dividend paid	-	(12,242)	(12,242)
Profit for the period	-	294,839	294,839
Other comprehensive income for the period, net of tax	-	-	-
Balance as at 30 September 2015	623,604	643,098	1,266,702
Balance as at 1 January 2016	623,604	813,640	1,437,244
Dividend paid	-	(49,444)	(49,444)
Profit for the period	-	471,782	471,782
Other comprehensive income for the period, net of tax	-	-	-
Balance as at 30 September 2016	623,604	1,235,978	1,859,582

CONSOLIDATED STATEMENT OF CASH FLOWS

All amounts in Sri Lankan Rupees thousands

For the nine months ended 30 September	Group		Company	
	2016	2015	2016	2015
Operating activities				
Profit before tax	683,099	375,405	603,318	315,011
Adjustments:				
Depreciation	75,272	75,045	65,992	66,024
Usage of biological assets	305,335	331,243	231,210	252,011
Loss on disposal of property, plant and equipment	-	328	-	328
Change in fair value less cost to sell on biological assets	(15,513)	(11,417)	(23,685)	(22,334)
Dividend income	-	-	(9,330)	(2,534)
Exchange loss	324	36	276	15
Interest income	(226)	(184)	(213)	(178)
Interest expenses	69	14,746	60	14,744
Changes in working capital				
-Trade and other receivables	(7,931)	14,212	(10,831)	3,213
-Inventories	(25,470)	(3,842)	(14,884)	(4,084)
-Trade and other payables	62,413	17,358	63,070	20,483
-Amount due from related companies	(433,600)	-	(542,474)	(4,646)
-Amount due to related companies	(195,547)	(192,752)	(7,881)	(109,827)
Employee benefits	2,673	1,163	2,493	1,084
Cash generated from operations	450,898	621,341	357,121	529,310
Exchange loss	(324)	(36)	(276)	(15)
Interest received	226	184	213	178
Interest paid	(69)	(14,746)	(60)	(14,744)
Employee benefits paid	(320)	(422)	(320)	(422)
Tax paid	(5,598)	(990)	-	-
Net cash generated from operating activities	444,813	605,331	356,678	514,307
Investing activities				
Purchase of property, plant and equipment	(19,851)	(30,052)	(19,129)	(28,100)
Proceeds from disposal of property, plant and equipment	-	662	-	662
Proceeds from dividend income	-	-	9,330	2,534
Purchase of biological assets	(336,380)	(327,571)	(260,562)	(240,080)
Net cash used in investing activities	(356,231)	(356,961)	(270,361)	(264,984)
Financing activities				
Dividend paid	(49,444)	(12,242)	(49,444)	(12,242)
Net settlements	(13,273)	(246,586)	(11,198)	(247,544)
Net cash used in financing activities	(62,717)	(258,828)	(60,642)	(259,786)
Increase / (decrease) in cash and cash equivalents	25,865	(10,458)	25,675	(10,463)
Movements in cash and cash equivalents				
At the beginning of the year	3,600	24,985	3,162	24,554
Increase / (decrease) for the period	25,865	(10,458)	25,675	(10,463)
Balance at the end of the period	29,465	14,527	28,837	14,091

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Three Acre Farms PLC (the “Company”) is a “Quoted Public Company” with limited liability, incorporated and domiciled in Sri Lanka. The address of the Company’s registered office is No. 15, Rock House Lane, Colombo 15, Sri Lanka.

The main business of the Group is selective breeding, hatching, sale of Commercial Day Old Chicks (DOC), both Broiler (for chicken meat) and Layer (for the production of table eggs), grandparent farm operation, import grandparent DOC, advanced technology breeding and commercial broiler farming.

The Company was listed in the Colombo Stock Exchange on 20 March 1995 in the Food and Beverage Sector. The parent company, Ceylon Grain Elevators PLC holds 57.21% (as at 30 September 2016) of the stated capital of the Company.

2. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements of the Company and the Group for the nine months ended 30 September 2016 are unaudited and authorized for issue by the Board of Directors on 10 November 2016.

3. BASIS OF PREPARATION

The interim financial statements of the Company and the Group have been prepared in compliance with Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

The interim financial statements have been prepared on a historical cost basis except for defined benefit obligation and biological assets.

4. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

5. CONTINGENT LIABILITIES

There has not been any significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31 December 2015.

6. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 September 2016, there are no events which require adjustments to or disclosure in the financial statements.

7. COMPARATIVE INFORMATION

Comparative figures have been reported to be in line with the published Audited Accounts as at 31 December 2015 which are prepared and presented in accordance with the Sri Lanka Financial Reporting Standards.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Contd.)

8. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

SLFRS 9 – Financial Instruments

SLFRS 9 as issued reflects the replacement of LKAS - 39 and applies to the classification and measurement of financial assets and financial liabilities as defined in LKAS 39 - Financial Instruments : Recognition and Measurement.

This standard becomes effective for annual periods beginning on or after 1 January 2018.

SLFRS 15 - Revenue from Contracts with Customers

This standard becomes effective for annual periods beginning on or after 1 January 2018.

The extent of the impact has not been determined.

9. NM – Change in percentage term is Not Meaningful.

INVESTOR INFORMATION

(01) Market Price per Share

	As at 30.09.2016	As at 30.09.2015
Highest Market Price (Rs.)	152.00	149.60
Lowest Market Price (Rs.)	119.10	65.10
Closing Market Price (Rs.)	150.00	137.10

(02) Public Shareholding

	As at 30.09.2016	As at 30.09.2015
The percentage of shares held by the public	27.79%	27.79%
The number of shareholders representing the public holding	2,688	2,820

(03) List of 20 major shareholders based on their shareholding as at 30 September 2016

No	Name	No of Shares	Percentage
1	Ceylon Grain Elevators PLC	13,469,980	57.21
2	Prima Limited, Singapore	3,532,627	15.00
3	HSBC Intl Nom Ltd – UBS AG Zurich	764,707	3.25
4	Mr. R.A. Rishard	484,245	2.06
5	Mr. M.M. Fuad	406,837	1.73
6	Pan Asia Banking Corporation PLC / S.R. Fernando	354,854	1.51
7	Eka Limited, Singapore	313,262	1.33
8	Mr. M.Z. Rasheed	273,090	1.16
9	Supra Limited, Hong Kong	258,989	1.10
10	Assetline Leasing Company Ltd / M.N. Singa Laxana	151,260	0.64
11	ADL Equities Limited / M.A.M.Arafath Akram	147,254	0.63
12	People's Leasing and Finance PLC / M.N. Singa Laxana	112,500	0.48
13	Mrs. D.M. Fernando	100,000	0.42
14	Commercial Bank of Ceylon PLC / U.C. Bandaranayake	90,000	0.38
15	Mellon Bank N.A. - Commonwealth of Massachusetts	82,446	0.35
16	People's Leasing and Finance PLC / E-Tech Corporation (Pvt) Ltd	80,000	0.34
17	Merchant Bank of Sri Lanka PLC / Mr.K.R. U.Gunawardena	80,000	0.34
18	ADL Equities Limited / M.Z.Rasheed	71,701	0.30
19	People's Leasing and Finance PLC / HI Line Trading (Pvt) Ltd	65,064	0.28
20	Mr.R.E.Rambukwelle	61,419	0.26
	Total	20,900,235	88.77

CORPORATE INFORMATION

Company Name

Three Acre Farms PLC

Company Registration No.

PQ 195

Registered Office

No.15, Rock House Lane, Colombo 15, Sri Lanka.

Tel : 2522556 or 8 / 2523580 / 2526378 to 2526383

Fax : +94 (11) 2524163

E-mail : info.cge@prima.com.lk

Stated Capital

Rs. 623,604,000

Number of Shares

23,545,000 Ordinary Shares

Subsidiary Companies

Ceylon Pioneer Poultry Breeders Limited

Millennium Multibreeder Farms (Private) Limited

Name of Directors

Mr. Wickrema Senaka Weerasooria

Mr. Cheng Chih Kwong, Primus

Mr. Tan Beng Chuan

Mr. Cheng Koh Chuen, Bernard

Mr. Sunil Leeniyagoda

Mr. Sunil Karunanayake

Directors Shareholding

Mr. Wickrema Senaka Weerasooria

Mr. Cheng Chih Kwong, Primus

Mr. Tan Beng Chuan

Mr. Cheng Koh Chuen, Bernard

Mr. Sunil Leeniyagoda

Mr. Sunil Karunanayake

Lawyers

Varners Lanka Law Office

D.L. & F. De Saram

Auditors

KPMG, Colombo, Sri Lanka.

Company Secretary

S S P Corporate Services (Private) Limited

No.101, Inner Flower Road, Colombo 3.

Bankers

Hatton National Bank PLC

Nations Trust Bank PLC

National Development Bank PLC

Bank of Ceylon

Seylan Bank PLC

Union Bank of Colombo PLC

- Non-Executive Independent Chairman
- Executive Director and Chief Executive Officer
- Executive Director and Group General Manager
- Non-Executive Director
- Non-Executive Director
- Non-Executive Independent Director

- 2,000 Shares
- 19 Shares
- Nil
- Nil
- Nil
- Nil