

# CEYLON GRAIN ELEVATORS 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.3,619.3 Mn, an increase of Rs.49.7 Mn or 1%, when compared to Rs.3,569.6 Mn during the same quarter of 2015. The Group's revenue for the nine months of 2016 was Rs.10,819.5 Mn, an increase of Rs.879.2 Mn or 9%, when compared to Rs. 9,940.3 Mn during the nine months of 2015. The higher demand for chicken & eggs and the upward revision in the Maximum Retail Price of whole chicken have contributed to the increase in Group's revenue.

During the quarter under review, the Group reported a total comprehensive income of Rs.375.9 Mn, which was an increase of Rs.75.2 Mn or 25% in comparison to the total comprehensive income of Rs.300.7 Mn reported during the same quarter of year 2015. The Group reported a total comprehensive income of Rs.1,146.4 Mn for the nine months of 2016, which was an increase of Rs.442.7 Mn or 63% in comparison to the total comprehensive income of Rs.703.7 Mn reported during the nine months of 2015. The Group's good performance was enhanced by high productivity and cost effective feed formulation despite the rising cost of key raw materials and prolonged arid climatic conditions.

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) Ltd  
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		Group Change	Company	
	2016	2015		2016	2015
Revenue	3,619,285	3,569,571	1%	3,519,344	3,457,921
Cost of sales	(3,010,693)	(3,085,524)	(2%)	(3,181,859)	(3,157,948)
<b>Gross profit</b>	<b>608,592</b>	<b>484,047</b>	<b>26%</b>	<b>337,485</b>	<b>299,973</b>
Other income	44,975	23,543	91%	49,637	16,457
Selling and distribution expenses	(47,815)	(56,023)	(15%)	(45,666)	(54,169)
Administrative expenses	(79,375)	(84,523)	(6%)	(77,973)	(79,713)
<b>Operating profit</b>	<b>526,377</b>	<b>367,044</b>	<b>43%</b>	<b>263,483</b>	<b>182,548</b>
Net finance (expenses) / income	(213)	(17,999)	(99%)	114	(16,016)
Share of profit of associate	-	-	-	-	-
<b>Profit before tax</b>	<b>526,164</b>	<b>349,045</b>	<b>51%</b>	<b>263,597</b>	<b>166,532</b>
Taxation	(150,279)	(48,395)	211%	(74,897)	(28,537)
<b>Profit for the period</b>	<b>375,885</b>	<b>300,650</b>	<b>25%</b>	<b>188,700</b>	<b>137,995</b>
Other comprehensive income for the period, net of tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>375,885</b>	<b>300,650</b>	<b>25%</b>	<b>188,700</b>	<b>137,995</b>
<b>Total attributable to :</b>					
Equity holders of the parent	298,449	231,833		188,700	137,995
Non-controlling interest	77,436	68,817		-	-
	<b>375,885</b>	<b>300,650</b>		<b>188,700</b>	<b>137,995</b>
<b>Basic earnings per share (Rs.)</b>	<b>4.97</b>	<b>3.86</b>		<b>3.15</b>	<b>2.30</b>

## 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	10,819,468	9,940,272	9%	10,439,769	9,758,642
Cost of sales	(9,060,576)	(8,757,766)	3%	(9,426,560)	(9,007,526)
<b>Gross profit</b>	<b>1,758,892</b>	<b>1,182,506</b>	<b>49%</b>	<b>1,013,209</b>	<b>751,116</b>
Other income	126,101	29,860	322%	149,585	32,528
Selling and distribution expenses	(146,481)	(138,844)	6%	(138,146)	(134,462)
Administrative expenses	(245,204)	(230,381)	6%	(234,556)	(216,350)
<b>Operating profit</b>	<b>1,493,308</b>	<b>843,141</b>	<b>77%</b>	<b>790,092</b>	<b>432,832</b>
Net finance expenses	(3,473)	(48,202)	(93%)	(2,997)	(33,317)
Share of profit of associate	-	-	-	-	-
<b>Profit before tax</b>	<b>1,489,835</b>	<b>794,939</b>	<b>87%</b>	<b>787,095</b>	<b>399,515</b>
Taxation	(343,441)	(91,237)	276%	(164,759)	(55,877)
<b>Profit for the period</b>	<b>1,146,394</b>	<b>703,702</b>	<b>63%</b>	<b>622,336</b>	<b>343,638</b>
Other comprehensive income for the period, net of tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,146,394</b>	<b>703,702</b>	<b>63%</b>	<b>622,336</b>	<b>343,638</b>
<b>Total attributable to :</b>					
Equity holders of the parent	917,914	555,127		622,336	343,638
Non-controlling interest	228,480	148,575		-	-
	<b>1,146,394</b>	<b>703,702</b>		<b>622,336</b>	<b>343,638</b>
<b>Basic earnings per share (Rs.)</b>	<b>15.30</b>	<b>9.25</b>		<b>10.37</b>	<b>5.73</b>

## 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
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2,010,392	2,060,756	419,631	415,656
Leasehold right over land and buildings	438,289	450,612	109,923	112,865
Intangible assets	49,097	58,924	49,097	58,924
Investment in associate company	18,652	18,652	33	33
Investment in subsidiary companies	-	-	353,730	353,730
Biological assets	490,982	439,170	-	-
Deferred tax assets	-	7,524	-	7,524
<b>Total non-current assets</b>	<b>3,007,412</b>	<b>3,035,638</b>	<b>932,414</b>	<b>948,732</b>
<b>Current assets</b>				
Biological assets	11,124	16,379	-	-
Inventories	2,957,527	2,317,978	2,860,557	2,241,694
Trade and other receivables	468,304	470,181	436,019	435,143
Amount due from related companies	1,798	-	115,074	114,202
Current tax receivable	25,942	25,921	7,469	7,469
Cash and cash equivalents	1,406,652	1,110,208	1,376,998	960,588
<b>Total current assets</b>	<b>4,871,347</b>	<b>3,940,667</b>	<b>4,796,117</b>	<b>3,759,096</b>
<b>Total assets</b>	<b>7,878,759</b>	<b>6,976,305</b>	<b>5,728,531</b>	<b>4,707,828</b>
<b>Equity</b>				
Stated capital	1,017,996	1,017,996	1,017,996	1,017,996
Retained earnings	3,628,050	2,776,136	2,119,662	1,563,326
<b>Total equity attributable to equity holders of the parent</b>	<b>4,646,046</b>	<b>3,794,132</b>	<b>3,137,658</b>	<b>2,581,322</b>
<b>Non-controlling interest</b>	<b>906,511</b>	<b>699,188</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>5,552,557</b>	<b>4,493,320</b>	<b>3,137,658</b>	<b>2,581,322</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	283,839	153,431	27,923	-
Employee benefits	82,173	75,278	62,006	57,474
<b>Total non-current liabilities</b>	<b>366,012</b>	<b>228,709</b>	<b>89,929</b>	<b>57,474</b>
<b>Current liabilities</b>				
Trade and other payables	1,294,467	798,669	987,322	608,459
Amount due to related companies	660,290	1,374,119	1,508,544	1,392,706
Interest bearing borrowings	5,433	81,488	5,078	67,867
<b>Total current liabilities</b>	<b>1,960,190</b>	<b>2,254,276</b>	<b>2,500,944</b>	<b>2,069,032</b>
<b>Total liabilities</b>	<b>2,326,202</b>	<b>2,482,985</b>	<b>2,590,873</b>	<b>2,126,506</b>
<b>Total equity and liabilities</b>	<b>7,878,759</b>	<b>6,976,305</b>	<b>5,728,531</b>	<b>4,707,828</b>
<b>Net assets per share (Rs.)</b>	<b>77.43</b>	<b>63.24</b>	<b>52.29</b>	<b>43.02</b>

(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 For the nine months ended 30 September	Attributable to equity holders of the parent			Non- controlling interest	Total equity
	Stated capital	Retained earnings	Total		
Balance as at 1 January 2015	1,017,996	1,833,562	2,851,558	468,865	3,320,423
Profit for the period	-	555,127	555,127	148,575	703,702
Dividend paid	-	-	-	(5,239)	(5,239)
Other comprehensive income for the period, net of tax	-	-	-	-	-
<b>Balance as at 30 September 2015</b>	<b>1,017,996</b>	<b>2,388,689</b>	<b>3,406,685</b>	<b>612,201</b>	<b>4,018,886</b>

Balance as at 1 January 2016	1,017,996	2,776,136	3,794,132	699,188	4,493,320
Profit for the period	-	917,914	917,914	228,480	1,146,394
Dividend paid	-	(66,000)	(66,000)	(21,157)	(87,157)
Other comprehensive income for the period, net of tax	-	-	-	-	-
<b>Balance as at 30 September 2016</b>	<b>1,017,996</b>	<b>3,628,050</b>	<b>4,646,046</b>	<b>906,511</b>	<b>5,552,557</b>

Company For the nine months ended 30 September	Stated	Retained	Total
	capital	earnings	equity
Balance as at 1 January 2015	1,017,996	949,018	1,967,014
Profit for the period	-	343,638	343,638
Other comprehensive income for the period, net of tax	-	-	-
<b>Balance as at 30 September 2015</b>	<b>1,017,996</b>	<b>1,292,656</b>	<b>2,310,652</b>

Balance as at 1 January 2016	1,017,996	1,563,326	2,581,322
Profit for the period	-	622,336	622,336
Dividend paid	-	(66,000)	(66,000)
Other comprehensive income for the period, net of tax	-	-	-
<b>Balance as at 30 September 2016</b>	<b>1,017,996</b>	<b>2,119,662</b>	<b>3,137,658</b>

## 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
<b>Operating activities</b>				
Profit before tax	1,489,835	794,939	787,095	399,515
<b>Adjustments:</b>				
Depreciation	123,041	121,075	45,786	43,997
Amortisation of leasehold right over land and buildings	13,103	13,078	3,722	3,696
Amortisation of intangible assets	9,827	9,828	9,827	9,828
Usage of biological assets	305,335	331,244	-	-
Loss on disposal of property, plant and equipment	282	832	280	504
Change in fair value less cost to sell on biological assets	(15,513)	(11,417)	-	-
Dividend income	-	-	(31,677)	(11,045)
Exchange loss	1,813	20,042	1,430	19,942
Interest income	(96,679)	(7,746)	(96,524)	(7,562)
Interest expense	1,660	28,160	1,567	13,375
<b>Changes in working capital</b>				
-Trade and other receivables	(7,123)	10,124	(9,876)	(32,283)
-Inventories	(639,549)	300,731	(618,863)	305,291
-Trade and other payables	310,804	190,278	258,551	200,091
-Amount due from related companies	(1,798)	-	(872)	198,713
-Amount due to related companies	(713,829)	428,967	115,838	461,524
Employee benefits	11,683	4,601	9,000	3,438
<b>Cash generated from operations</b>	<b>792,892</b>	<b>2,234,736</b>	<b>475,284</b>	<b>1,609,024</b>
Exchange loss	(1,813)	(20,042)	(1,430)	(19,942)
Interest received	96,679	7,746	96,524	7,562
Interest paid	(1,660)	(28,160)	(1,567)	(13,375)
Employee benefits paid	(4,788)	(2,438)	(4,468)	(2,016)
Tax paid	(11,529)	(3,813)	-	-
<b>Net cash generated from operating activities</b>	<b>869,781</b>	<b>2,188,029</b>	<b>564,343</b>	<b>1,581,253</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(72,959)	(69,704)	(50,041)	(38,816)
Purchase of leasehold assets	(780)	-	(780)	-
Proceeds from disposal of property, plant and equipment	-	1,552	-	890
Proceeds from dividend income	-	-	31,677	11,045
Purchase of biological assets	(336,379)	(327,571)	-	-
<b>Net cash used in investing activities</b>	<b>(410,118)</b>	<b>(395,723)</b>	<b>(19,144)</b>	<b>(26,881)</b>
<b>Financing activities</b>				
Dividend paid	(87,157)	(5,239)	(66,000)	-
Net settlements	(76,062)	(1,207,214)	(62,789)	(963,827)
<b>Net cash used in financing activities</b>	<b>(163,219)</b>	<b>(1,212,453)</b>	<b>(128,789)</b>	<b>(963,827)</b>
<b>Increase in cash and cash equivalents</b>	<b>296,444</b>	<b>579,853</b>	<b>416,410</b>	<b>590,545</b>
<b>Movements in cash and cash equivalents</b>				
At the beginning of the period	1,110,208	53,786	960,588	28,502
Increase for the nine months period ended	296,444	579,853	416,410	590,545
<b>Balance at the end of the period</b>	<b>1,406,652</b>	<b>633,639</b>	<b>1,376,998</b>	<b>619,047</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Ceylon Grain Elevators 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 principal businesses of the Group are manufacturing and selling of poultry feed and other animal feed, importing and selling of poultry equipments, drugs and vaccines, operating of poultry breeder farms, raising grandparent and parent stock and hatcheries, hatching and selling of day old chicks, operation of commercial farms, poultry processing and distribution and provision of warehouse facilities.

The Company was listed in the Colombo Stock Exchange on 27 January 1992 under the Food and Beverage Sector. Prima Limited, Singapore, holds 45.45% of the issued share capital of the Company.

## 2. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements of the Group and the Company for the nine months ended 30 September 2016 are unaudited and authorised 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 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.**

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Contd.)

All amounts in Sri Lankan Rupees thousands

### 10. SEGMENT INFORMATION

For the nine months ended 30 September 2016					
	Milling and farming	Poultry breeding and commercial	Others	Elimination / adjustment	Consolidated
Sales to outsiders	9,861,929	901,253	56,286	-	10,819,468
Inter segment sales	577,840	931,029	48,430	(1,557,299)	-
<b>Total revenue</b>	<b>10,439,769</b>	<b>1,832,282</b>	<b>104,716</b>	<b>(1,557,299)</b>	<b>10,819,468</b>
Segment results	640,507	664,977	51,338	10,385	1,367,207
Net finance expenses	(2,997)	(393)	(83)	-	(3,473)
Other income	149,585	18,515	63	(42,062)	126,101
Share of profit of associate	-	-	-	-	-
Profit before tax	787,095	683,099	51,318	(31,677)	1,489,835
Taxation	(164,759)	(149,142)	(29,540)	-	(343,441)
<b>Profit for the period</b>	<b>622,336</b>	<b>533,957</b>	<b>21,778</b>	<b>(31,677)</b>	<b>1,146,394</b>
Other comprehensive income for the period, net of tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>622,336</b>	<b>533,957</b>	<b>21,778</b>	<b>(31,677)</b>	<b>1,146,394</b>

### For the nine months ended 30 September 2015

	Milling and farming	Poultry breeding and commercial	Others	Elimination / adjustment	Consolidated
Sales to outsiders	9,186,319	710,403	43,550	-	9,940,272
Inter segment sales	572,323	780,900	41,357	(1,394,580)	-
<b>Total revenue</b>	<b>9,758,642</b>	<b>1,491,303</b>	<b>84,907</b>	<b>(1,394,580)</b>	<b>9,940,272</b>
Segment results	400,304	377,589	31,113	4,275	813,281
Net finance expenses	(33,317)	(14,782)	(103)	-	(48,202)
Other income	32,528	12,598	54	(15,320)	29,860
Share of profit of associate	-	-	-	-	-
Profit before tax	399,515	375,405	31,064	(11,045)	794,939
Taxation	(55,877)	(28,187)	(7,173)	-	(91,237)
<b>Profit for the period</b>	<b>343,638</b>	<b>347,218</b>	<b>23,891</b>	<b>(11,045)</b>	<b>703,702</b>
Other comprehensive income for the period, net of tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>343,638</b>	<b>347,218</b>	<b>23,891</b>	<b>(11,045)</b>	<b>703,702</b>

## INVESTOR INFORMATION

### (01) Market Price per Share

	As at 30.09.2016	As at 30.09.2015
Highest Market Price (Rs.)	97.50	97.00
Lowest Market Price (Rs.)	71.00	48.50
Closing Market Price (Rs.)	96.60	90.00

### (02) Public Shareholding

	As at 30.09.2016	As at 30.09.2015
The percentage of shares held by the public	54.54%	44.46%
The number of shareholders representing the public holding	4,927	4,753

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

No.	Name	No of Shares	Percentage
1	Prima Limited, Singapore	27,270,800	45.45
2	Employees Provident Fund	5,350,549	8.92
3	Supra Limited, Hong Kong	5,179,797	8.63
4	Eka Limited, Singapore	2,265,253	3.78
5	Laugfs Gas Limited	1,000,000	1.67
6	Mellon Bank N.A. -Commonwealth of Massachusetts	682,740	1.14
7	Pan Asia Banking Corporation PLC / S.R. Fernando	591,045	0.99
8	Global Rubber Industries Private Limited	459,000	0.77
9	Timex Garments (Pvt) Ltd	400,000	0.66
10	Mrs. R.A.D.R.P. Kumari	394,000	0.66
11	Mr.P.A.J.Kumara	350,000	0.58
11	Global Sea Foods (Pvt) Ltd	350,000	0.58
13	Mr. K.S.R. Nissanka	285,000	0.47
14	Deutsche Bank AG as Trustee to Astrue Alpha Fund	263,252	0.44
15	Mr. S.P. Malalasekara	263,000	0.44
16	Hatton National Bank PLC / S.R.N. Kumar	260,831	0.43
17	Mr. T.L.P. Gunawardene	230,000	0.38
18	Bank of Ceylon No. 1 Account	219,744	0.37
19	Mr. R.E.Rambukwelle	195,707	0.33
20	Ms. F.A.A. Mack	170,000	0.28
	<b>Total</b>	<b>46,180,718</b>	<b>76.97</b>

## CORPORATE INFORMATION

### Company Name

Ceylon Grain Elevators PLC

### Company Registration No.

PQ 161

### Registered Office

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

Tel : +(94) (11) 2522556 or 8 / 2523580 /2526378 to 2526383

Fax : +(94) (11) 2524163

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

### Stated Capital

Rs. 1,017,996,000

### Number of Shares

60,000,000 Ordinary Shares

### Subsidiary Companies

Three Acre Farms PLC

Millennium Multibreeder Farms (Private) Limited

Ceylon Pioneer Poultry Breeders Limited

Ceylon Livestock and Agrobusiness Services (Private) Limited

Ceylon Warehouse Complex (Private) Limited

Ceylon Aquatech (Private) Limited

### Name of Directors

Mr. Wickrema Senaka Weerasooria

Mr. Cheng Chih Kwong, Primus

Mr. Tan Beng Chuan

Mr. Cheng Koh Chuen, Bernard

Mr. Cheng Eng Loong

Mr. Sunil Karunanayake

### Directors Shareholding

Mr. Wickrema Senaka Weerasooria

Mr. Cheng Chih Kwong, Primus

Mr. Tan Beng Chuan

Mr. Cheng Koh Chuen, Bernard

Mr. Cheng Eng Loong

Mr. Sunil Karunanayake

### Associate Company

Prima Management Services (Private) Limited

### 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

Sampath Bank PLC

Union Bank of Colombo PLC

Bank of Ceylon

Commercial Bank of Ceylon PLC

Axis Bank Limited

DFCC Vardhana Bank 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

- 2,800 Shares

- 397 Shares

- Nil

- Nil

- Nil

- Nil