

CEYLON GRAIN ELEVATORS PLC



INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

QUARTERLY REVIEW *for the second quarter ended 30 June 2017*

The Group's revenue for the second quarter of 2017 was Rs.3,842.6 Mn, an increase of Rs.305.7 Mn or 9%, when compared to Rs.3,536.9 Mn during the same quarter of 2016. The Group's revenue for the first half of 2017 was Rs.7,676.1 Mn, an increase of Rs.475.9 Mn or 7%, when compared to Rs. 7,200.2 Mn during the first half of 2016. The continued demand for chicken meat and related poultry products establish a growth in revenue during the first half of the year.

During the quarter under review, the Group reported a total comprehensive income of Rs.210.9 Mn, which was a decrease of Rs.138.9 Mn or 40% in comparison to the total comprehensive income of Rs.349.8 Mn reported during the same quarter of year 2016. The Group reported a total comprehensive income of Rs.459.8 Mn for the first half of 2017, which was a decrease of Rs.310.7 Mn or 40% in comparison to the total comprehensive income of Rs.770.5 Mn reported during the first half of 2016.

The Group's performance was exacerbated by further escalated cost of both local and imported key raw materials coupled with the depreciation of Sri Lankan rupee against US dollar by 2.5% during the first half of the year. Hiked price of local Maize and associated import restrictions persisted during the period under review, which have directly affected the Group's bottom line. Therefore, with the aim of relieving the local Maize supply shortage condition, appeals have been made to the Government to issue import permits of Maize directly to the feed millers to enable them to use their management skills to procure better quality Maize at competitive prices at the right time.

In spite of the various measures taken by the Company to adopt more efficient practices across rearing, production and processing systems, the industry continues to struggle with narrow margins. Hence, the challenging issues have to be resolved at the highest governmental level in order to stimulate long term expansion of the industry which would be desired to serve the country's future demand.

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 June 2017.

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 June	Group		Group Change	Company	
	2017	2016		2017	2016
Revenue	3,842,552	3,536,933	9%	3,751,724	3,411,329
Cost of sales	(3,517,846)	(3,006,893)	17%	(3,629,220)	(3,093,714)
Gross profit	324,706	530,040	(39%)	122,504	317,615
Other income	82,090	47,023	75%	112,627	67,990
Selling and distribution expenses	(56,124)	(51,770)	8%	(52,323)	(47,953)
Administrative expenses	(84,836)	(83,105)	2%	(81,675)	(78,315)
Operating profit	265,836	442,188	(40%)	101,133	259,337
Net finance income	822	14,993	(95%)	174	15,499
Share of profit of associate	-	-	-	-	-
Profit before tax	266,658	457,181	(42%)	101,307	274,836
Taxation	(55,738)	(107,397)	(48%)	(12,752)	(49,509)
Profit for the period	210,920	349,784	(40%)	88,555	225,327
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	210,920	349,784	(40%)	88,555	225,327
Total attributable to :					
Equity holders of the parent	140,474	287,124		88,555	225,327
Non-controlling interest	70,446	62,660		-	-
	210,920	349,784		88,555	225,327
Basic earnings per share (Rs.)	2.34	4.79		1.48	3.76

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All amounts in Sri Lankan Rupees thousands

For the six months ended 30 June	Group		Group Change	Company	
	2017	2016		2017	2016
Revenue	7,676,149	7,200,183	7%	7,495,208	6,920,425
Cost of sales	(6,955,503)	(6,049,883)	15%	(7,206,159)	(6,244,701)
Gross profit	720,646	1,150,300	(37%)	289,049	675,724
Other income	147,305	81,126	82%	154,162	99,948
Selling and distribution expenses	(110,434)	(98,666)	12%	(102,474)	(92,480)
Administrative expenses	(168,459)	(165,829)	2%	(161,854)	(156,583)
Operating profit	589,058	966,931	(39%)	178,883	526,609
Net finance expenses	(5,462)	(3,260)	68%	(6,450)	(3,111)
Share of profit of associate	-	-	-	-	-
Profit before tax	583,596	963,671	(39%)	172,433	523,498
Taxation	(123,794)	(193,162)	(36%)	(41,189)	(89,862)
Profit for the period	459,802	770,509	(40%)	131,244	433,636
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	459,802	770,509	(40%)	131,244	433,636
Total attributable to :					
Equity holders of the parent	308,407	619,465		131,244	433,636
Non-controlling interest	151,395	151,044		-	-
	459,802	770,509		131,244	433,636
Basic earnings per share (Rs.)	5.14	10.32		2.19	7.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All amounts in Sri Lankan Rupees thousands

As at	Group		Company	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Assets				
Non-current assets				
Property, plant and equipment	2,548,185	2,338,482	704,273	446,299
Leasehold right over land and buildings	231,166	176,712	162,737	107,936
Intangible assets	39,269	45,821	39,269	45,821
Investment in associate company	24,145	24,145	33	33
Investment in subsidiary companies	-	-	330,920	330,920
Biological assets	490,144	473,534	-	-
Total non-current assets	3,332,909	3,058,694	1,237,232	931,009
Current assets				
Biological assets	13,087	18,248	-	-
Inventories	3,291,755	2,624,655	3,196,763	2,552,310
Trade and other receivables	597,245	546,225	529,126	515,596
Amount due from related companies	12,508	-	13,489	39,591
Current tax receivable	11,686	11,686	7,469	7,469
Cash and cash equivalents	1,830,145	2,186,018	989,682	1,151,777
Total current assets	5,756,426	5,386,832	4,736,529	4,266,743
Total assets	9,089,335	8,445,526	5,973,761	5,197,752
Equity				
Stated capital	1,017,996	1,017,996	1,017,996	1,017,996
Retained earnings	4,206,883	4,048,476	2,300,273	2,319,029
Total equity attributable to equity holders of the parent	5,224,879	5,066,472	3,318,269	3,337,025
Non-controlling interest	1,137,438	1,026,343	-	-
Total equity	6,362,317	6,092,815	3,318,269	3,337,025
Liabilities				
Non-current liabilities				
Deferred tax liabilities	252,076	207,475	21,375	22,405
Employee benefits	86,297	76,970	66,386	57,753
Total non-current liabilities	338,373	284,445	87,761	80,158
Current liabilities				
Trade and other payables	1,031,052	1,168,230	722,968	878,416
Amount due to related companies	1,326,546	900,036	1,827,637	902,153
Interest bearing borrowings	31,047	-	17,126	-
Total current liabilities	2,388,645	2,068,266	2,567,731	1,780,569
Total liabilities	2,727,018	2,352,711	2,655,492	1,860,727
Total equity and liabilities	9,089,335	8,445,526	5,973,761	5,197,752
Net assets per share (Rs.)	87.08	84.44	55.30	55.62

(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 six months ended 30 June	Attributable to equity holders of the parent			Non- controlling interest	Total equity
	Stated capital	Retained earnings	Total		
Balance as at 1 January 2016	1,017,996	2,776,136	3,794,132	699,188	4,493,320
Profit for the period	-	619,465	619,465	151,044	770,509
Dividend paid	-	(66,000)	(66,000)	(21,157)	(87,157)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Balance as at 30 June 2016	1,017,996	3,329,601	4,347,597	829,075	5,176,672
Balance as at 1 January 2017	1,017,996	4,048,476	5,066,472	1,026,343	6,092,815
Profit for the period	-	308,407	308,407	151,395	459,802
Dividend paid	-	(150,000)	(150,000)	(40,300)	(190,300)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Balance as at 30 June 2017	1,017,996	4,206,883	5,224,879	1,137,438	6,362,317

Company For the six months ended 30 June	Stated	Retained	Total
	capital	earnings	equity
Balance as at 1 January 2016	1,017,996	1,563,326	2,581,322
Profit for the period	-	433,636	433,636
Dividend paid	-	(66,000)	(66,000)
Other comprehensive income for the period, net of tax	-	-	-
Balance as at 30 June 2016	1,017,996	1,930,962	2,948,958
Balance as at 1 January 2017	1,017,996	2,319,029	3,337,025
Profit for the period	-	131,244	131,244
Dividend paid	-	(150,000)	(150,000)
Other comprehensive income for the period, net of tax	-	-	-
Balance as at 30 June 2017	1,017,996	2,300,273	3,318,269

CONSOLIDATED STATEMENT OF CASH FLOWS

All amounts in Sri Lankan Rupees thousands

For the six months ended 30 June	Group		Company	
	2017	2016	2017	2016
Operating activities				
Profit before tax	583,596	963,671	172,433	523,498
Adjustments:				
Depreciation	112,180	88,061	50,307	30,321
Amortisation of leasehold right over land and buildings	4,279	2,471	3,932	2,471
Amortisation of intangible assets	6,552	6,551	6,552	6,551
Usage of biological assets	234,542	204,530	-	-
Loss on disposal of property, plant and equipment	310	76	198	76
Fair value loss / (gain) on biological assets	5,000	(12,574)	-	-
Dividend income	-	-	(53,880)	(28,287)
Exchange loss	4,192	1,697	5,192	1,636
Interest income	(137,234)	(57,270)	(80,315)	(57,150)
Interest expense	1,270	1,563	1,258	1,475
Changes in working capital				
-Trade and other receivables	(51,020)	(130,194)	(13,530)	(124,227)
-Inventories	(667,100)	69,959	(644,453)	96,887
-Trade and other payables	(191,455)	64,622	(197,341)	74,023
-Amount due from related companies	(12,508)	-	26,102	1,310
-Amount due to related companies	426,510	(529,220)	925,484	51,686
Employee benefits	12,879	7,789	11,488	6,000
Cash generated from operations	331,993	681,732	213,427	586,270
Exchange loss	(4,192)	(1,697)	(5,192)	(1,636)
Interest received	121,188	57,270	79,989	57,150
Interest paid	(1,270)	(1,563)	(1,258)	(1,475)
Employee benefits paid	(3,552)	(3,471)	(2,855)	(3,151)
Tax paid	(8,870)	(2,347)	-	-
Net cash generated from operating activities	435,297	729,924	284,111	637,158
Investing activities				
Purchase of property, plant and equipment	(322,193)	(57,294)	(308,479)	(39,974)
Purchase of leasehold right over land and buildings	(58,733)	(780)	(58,733)	(780)
Proceeds from dividend income	-	-	53,880	28,287
Purchase of biological assets	(250,991)	(189,483)	-	-
Net cash used in investing activities	(631,917)	(247,557)	(313,332)	(12,467)
Financing activities				
Dividend paid	(190,300)	(87,157)	(150,000)	(66,000)
Net borrowings / (settlements)	31,047	(5,335)	17,126	(26,794)
Net cash used in financing activities	(159,253)	(92,492)	(132,874)	(92,794)
(Decrease) / increase in cash and cash equivalents	(355,873)	389,875	(162,095)	531,897
Movements in cash and cash equivalents				
At the beginning of the period	2,186,018	1,110,208	1,151,777	960,588
(Decrease) / increase for the six months period ended	(355,873)	389,875	(162,095)	531,897
Balance at the end of the period	1,830,145	1,500,083	989,682	1,492,485

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 under Manufacturing 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 Company and the Group for the six months ended 30 June 2017 are unaudited and authorised for issue by the Board of Directors on 3 August 2017.

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 2016.

6. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2017, there are no events which require adjustments to or disclosure in the financial statements.

7. COMPARATIVE INFORMATION

Comparative figures have been restated to be in line with published Audited Accounts as at 31 December 2016 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Contd.)

All amounts in Sri Lankan Rupees thousands

10. SEGMENT INFORMATION

For the six months ended 30 June 2017					
	Milling and farming	Poultry breeding and commercial	Others	Elimination / adjustment	Consolidated
Sales to outsiders	7,047,372	609,241	19,536	-	7,676,149
Inter segment sales	447,836	623,028	54,550	(1,125,414)	-
Total revenue	7,495,208	1,232,269	74,086	(1,125,414)	7,676,149
Segment results	24,721	373,441	37,221	6,370	441,753
Net finance (expenses) / income	(6,450)	1,019	(31)	-	(5,462)
Other income	154,162	44,910	8,483	(60,250)	147,305
Share of profit of associate	-	-	-	-	-
Profit before tax	172,433	419,370	45,673	(53,880)	583,596
Taxation	(41,189)	(65,561)	(17,044)	-	(123,794)
Profit for the period	131,244	353,809	28,629	(53,880)	459,802
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	131,244	353,809	28,629	(53,880)	459,802

For the six months ended 30 June 2016

	Milling and farming	Poultry breeding and commercial	Others	Elimination / adjustment	Consolidated
Sales to outsiders	6,551,113	602,856	46,214	-	7,200,183
Inter segment sales	369,312	597,188	22,514	(989,014)	-
Total revenue	6,920,425	1,200,044	68,728	(989,014)	7,200,183
Segment results	426,661	421,558	32,565	5,021	885,805
Net finance expenses	(3,111)	(66)	(83)	-	(3,260)
Other income	99,948	14,440	46	(33,308)	81,126
Share of profit of associate	-	-	-	-	-
Profit before tax	523,498	435,932	32,528	(28,287)	963,671
Taxation	(89,862)	(82,942)	(20,358)	-	(193,162)
Profit for the period	433,636	352,990	12,170	(28,287)	770,509
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	433,636	352,990	12,170	(28,287)	770,509

INVESTOR INFORMATION

(01) Market Price per Share

	As at 30.06.2017	As at 30.06.2016
Highest Market Price (Rs.)	82.50	83.90
Lowest Market Price (Rs.)	66.80	70.00
Closing Market Price (Rs.)	71.20	72.40

(02) Public Shareholding

	As at 30.06.2017	As at 30.06.2016
The percentage of shares held by the public	54.54%	54.54%
The number of shareholders representing the public holding	5,069	4,984

(03) List of 20 major shareholders based on their shareholding as at 30 June 2017

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	941,581	1.57
7	Bank of Ceylon No.1 Account	612,498	1.02
8	Seylan Bank PLC / S.R. Fernando	561,045	0.94
9	Mellon Bank N.A - Acadian Frontier Markets Equity Fund	523,037	0.87
10	Timex Garments (Pvt) Ltd	400,000	0.67
11	Ayenka Holdings Private Limited	300,999	0.50
12	Mr. K.S.R. Nissanka	280,000	0.47
13	Mr. B.L. Jayaratne / Y.S. Liyanage	279,300	0.47
14	Hatton National Bank PLC / S.R.N. Kumar	269,403	0.45
15	Mrs. R.A.D.R.P. Kumari	235,090	0.39
16	Seylan Bank Ltd / G. Ramanan	207,950	0.34
17	Sezeka Limited, United Kingdom	200,000	0.33
18	Mr. M.Z. Rasheed	198,911	0.33
19	Mr. T.L.P. Gunawardene	180,000	0.30
20	Mr. S.B.H. Wanduragala	175,581	0.29
	Total	46,431,794	77.39

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