



Tea Estates

Hapugastenne Plantations PLC
(Company Registration Number PQ 62)

Interim Unaudited Financial Statements
Six months ended 30th June 2018

HAPUGASTENNE PLANTATIONS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP					
	Three months ended 30th June			Six months ended 30th June		
	2018 Unaudited RS. '000	2017 Unaudited RS. '000	Change %	2018 Unaudited RS. '000	2017 Unaudited RS. '000	Change %
Revenue	918,430	1,111,574	(17)	1,732,022	2,063,365	(16)
Cost of Sales	(929,982)	(906,317)	(3)	(1,736,458)	(1,716,540)	(1)
Gross Profit / (Loss)	(11,552)	205,257	(106)	(4,436)	346,825	(101)
Other Operating Income	10,888	11,416	(5)	35,539	37,581	(5)
Change in Fair Value of Biological Assets	(5,111)	(2,357)	(117)	(57)	2,359	(102)
Administrative Expenses	(63,665)	(75,171)	15	(132,993)	(128,552)	(3)
Finance Cost	(48,130)	(32,540)	(48)	(87,318)	(65,906)	(32)
Interest Income	577	124	365	762	341	123
Profit / (Loss) from Ordinary Activities before Taxation	(116,993)	106,729	(210)	(188,503)	192,648	(198)
Income Tax Expense	88,094	(24,277)	463	75,430	(37,617)	301
Profit / (Loss) after Taxation	(28,899)	82,452	(135)	(113,073)	155,031	(173)
Other comprehensive income						
Items that will never be classified to profit or loss:						
Remeasurement of Retirement Benefit Obligation	-	-	-	-	-	-
Total Comprehensive Income for the Period	(28,899)	82,452	(135)	(113,073)	155,031	(173)

Profit/(Loss) Attributable to:
Equity shareholders of the parent
Non-controlling interest

(30,098)	81,960
1,199	492
(28,899)	82,452

(116,199)	153,328
3,126	1,703
(113,073)	155,031

Total comprehensive income attributable to:
Owners of the Company
Non-controlling interest

(30,098)	81,960
1,199	492
(28,899)	82,452

(116,199)	153,328
3,126	1,703
(113,073)	155,031

Earnings / (Loss) per Share - Rs.

(0.65)	1.77
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(2.51)	3.31
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HAPUGASTENNE PLANTATIONS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	COMPANY					
	Three months ended 30th June			Six months ended 30th June		
	2018 Unaudited RS. '000	2017 Unaudited RS. '000	Change %	2018 Unaudited RS. '000	2017 Unaudited RS. '000	Change %
Revenue	888,644	1,091,648	(19)	1,661,055	2,022,113	(18)
Cost of Sales	(902,481)	(887,312)	(2)	(1,671,897)	(1,678,005)	0
Gross Profit / (Loss)	(13,837)	204,336	(107)	(10,842)	344,108	(103)
Other Operating Income	9,017	17,309	(48)	31,337	41,710	(25)
Change in Fair Value of Biological Assets	(5,111)	(2,357)	(117)	(57)	2,359	(102)
Administrative Expenses	(62,925)	(73,656)	15	(131,563)	(126,510)	(4)
Finance Cost	(48,185)	(33,144)	(45)	(87,318)	(67,392)	(30)
Interest Income	486	124	292	671	341	97
Profit / (Loss) from Ordinary Activities before Taxation	(120,555)	112,612	(207)	(197,772)	194,616	(202)
Income Tax Expense	89,058	(24,031)	471	77,926	(36,275)	315
Profit / (Loss) after Taxation	(31,497)	88,581	(136)	(119,846)	158,341	(176)
Other comprehensive income						
Items that will never be classified to profit or loss:						
Remeasurement of Retirement Benefit Obligation	-	-	-	-	-	-
Total Comprehensive Income for the Period	(31,497)	88,581	(136)	(119,846)	158,341	(176)

Earnings / (Loss) per Share - Rs.

(0.68) 1.91

(2.59) 3.42

HAPUGASTENNE PLANTATIONS PLC
STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	As at 30.06.2018 Unaudited RS. '000	As at 31.12.2017 Audited RS. '000	As at 30.06.2018 Unaudited RS. '000	As at 31.12.2017 Audited RS. '000
ASSETS				
NON-CURRENT ASSETS				
Right to use of land on lease	476,501	485,369	476,501	485,369
Immovable estate assets on finance lease (other than bare land)	75,844	81,664	75,844	81,664
Tangible assets other than biological assets	700,211	728,264	656,645	680,755
Intangible assets	29,108	31,360	27,390	30,587
Bearer biological assets	1,655,918	1,619,748	1,655,918	1,619,748
Consumable biological assets	1,109,565	1,103,238	1,109,565	1,103,238
Investment in subsidiaries	-	-	35,003	35,003
Lease rental receivable	17,997	19,198	17,997	19,198
	4,065,144	4,068,841	4,054,863	4,055,562
CURRENT ASSETS				
Bearer biological assets	3,523	3,580	3,523	3,580
Lease rental receivable	1,201	1,201	1,201	1,201
Inventories	376,253	387,386	360,524	378,142
Other financial assets	1,062	3,227	1,062	3,227
Trade & other receivables	230,998	158,062	209,975	142,509
Amounts due from related companies	21,905	17,900	39,481	17,900
Income tax receivables	22,733	3,350	20,674	-
Cash & bank balances	99,951	114,981	41,051	75,804
	757,626	689,687	677,491	622,363
TOTAL ASSETS	4,822,770	4,758,528	4,732,354	4,677,925
EQUITY & LIABILITIES				
Capital & Reserves				
Stated capital	550,000	550,000	550,000	550,000
(46,315,789 Ordinary shares and a Golden share)				
Revaluation reserve	262,240	267,344	262,240	267,344
General reserve	201,652	196,548	201,652	196,548
Accumulated profit	662,966	779,165	639,174	759,020
SHAREHOLDERS' FUNDS	1,676,858	1,793,057	1,653,066	1,772,912
Non-Controlling Interest	49,412	46,286	-	-
	1,726,270	1,839,343	1,653,066	1,772,912
NON CURRENT LIABILITIES				
Interest bearing loans & borrowings	80,242	116,409	80,242	116,409
Deferred taxation	101,148	184,087	92,431	175,370
Deferred Income	210,413	212,389	210,413	212,389
Retirement benefit obligations	681,132	649,647	678,933	648,505
Net liability to the lessor payable after one year	218,213	218,904	218,213	218,904
	1,291,148	1,381,436	1,280,232	1,371,577
CURRENT LIABILITIES				
Interest bearing loans & borrowings	166,415	66,753	166,415	66,753
Net liability to the lessor payable within one year	4,625	4,625	4,625	4,625
Trade & other payables	409,800	443,472	403,504	437,198
Income tax payable	11,537	6,525	11,537	6,525
Amounts due to related companies	836,301	759,425	836,301	761,386
Dividend payable	7,172	7,172	7,172	7,172
Bank overdraft	369,502	249,777	369,502	249,777
	1,805,352	1,537,749	1,799,056	1,533,436
TOTAL EQUITY AND LIABILITIES	4,822,770	4,758,528	4,732,354	4,677,925
Net Assets per Share Rs.	36.20	38.71	35.69	38.28

These Interim Financial Statements have been prepared in compliance with the requirements of the Companies Act no 7 of 2007.

D S HEENATIGALAGE
FINANCIAL CONTROLLER

The Board of Directors is responsible for the preparation and presentation of these Interim Financial Statements.
Signed for and on behalf of the Board of Directors;

D J RATWATTE
DIRECTOR
Colombo,
6th August 2018

M C PIETERSZ
DIRECTOR

HAPUGASTENNE PLANTATIONS PLC

STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	Six months ended 30th June		Six months ended 30th June	
	2018 Un-audited RS. '000	2017 Un-audited RS. '000	2018 Un-audited RS. '000	2017 Un-audited RS. '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (Loss) from ordinary activities before taxation	(188,503)	192,648	(197,772)	194,616
ADJUSTMENTS FOR				
Finance Costs	87,318	65,906	87,318	67,392
Retirement benefit obligations - provision	62,502	63,996	61,445	63,710
Amortisation of grants	(3,946)	(3,946)	(3,946)	(3,946)
Depreciation	81,111	81,169	78,059	77,636
Interest Income	(486)	(124)	(671)	(341)
Provision for bad and doubtful debts	2,426	430	2,426	430
(Gains)/Losses on fair value of biological assets	(57)	2,359	(57)	2,359
Operating Profit before Working Capital changes	40,365	402,438	26,802	401,856
(Increase)/Decrease in Inventories	11,133	25,892	17,618	31,146
(Increase)/Decrease in Trade and other receivables	(91,379)	(27,156)	(87,200)	(30,371)
(Increase)/Decrease in Amounts Due from Related Companies	(4,005)	(4,001)	(21,581)	(4,001)
Increase/(Decrease) in Trade & Other Payables	(33,672)	(151,829)	(33,694)	(158,429)
Increase/(Decrease) in Amounts Due to Related Companies	76,876	113,330	74,915	116,098
Cash Generated from Operations	(682)	358,675	(23,140)	356,299
Retirement benefit obligations payment	(31,017)	(51,220)	(31,017)	(51,220)
Finance costs paid	(76,926)	(63,634)	(76,926)	(65,120)
Tax Paid	(2,497)	(5,680)	(1)	(150)
Net Cash from Operating Activities	(111,122)	238,141	(131,084)	239,809
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale of Property, Plant & Equipment	352	-	352	-
Interest Income	486	124	671	341
Field Development Expenditure	(62,500)	(53,607)	(62,500)	(53,607)
Purchase of Property, Plant & Equipment	(16,353)	(4,545)	(16,299)	(4,544)
Net Cash from/ (used in) Investing Activities	(78,015)	(58,028)	(77,776)	(57,810)
CASH FLOWS FROM FINANCING ACTIVITIES				
Government grants received	1,970	3,114	1,970	3,115
Proceeds from External Loans	115,000	45,655	115,000	45,655
Net Proceeds from Inter Company Loans	-	151,900	-	151,900
Repayment of Term Loans/Leases	(62,588)	(72,644)	(62,588)	(72,644)
Dividend paid	-	(6,000)	-	-
Net Cash from / (used in) Financing Activities	54,382	122,025	54,382	128,026
Net Increase / (decrease) in Cash & Cash Equivalents	(134,755)	302,138	(154,478)	310,025
Cash & Cash Equivalents at the beginning of the period	(134,796)	(272,276)	(173,973)	(303,094)
Cash & Cash Equivalents at the end of the period - Note 01	(269,551)	29,862	(328,451)	6,931
NOTE 01				
Cash in Hand & at Bank	99,951	79,143	41,051	56,212
Bank Overdraft	(369,502)	(49,281)	(369,502)	(49,281)
	(269,551)	29,862	(328,451)	6,931

HAPUGASTENNE PLANTATIONS PLC
STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital RS. '000	Revaluation Reserve RS. '000	General Reserve RS. '000	Accumulated Profit RS. '000	Total RS. '000	Non-Controlling Interest RS. '000	Total Equity RS. '000
Balance as at 01st January 2017	550,000	277,116	186,776	603,461	1,617,353	50,520	1,667,873
Profit for the period	-	-	-	153,328	153,328	1,703	155,031
Transferred to general reserve	-	(5,104)	5,104	-	-	-	-
Dividend Paid	-	-	-	-	-	(6,000)	(6,000)
Balance as at 30th June 2017	550,000	272,012	191,880	756,789	1,770,681	46,223	1,816,904
Balance as at 01st January 2018	550,000	267,344	196,548	779,165	1,793,057	46,286	1,839,343
Loss for the period	-	-	-	(116,199)	(116,199)	3,126	(113,073)
Transferred to general reserve	-	(5,104)	5,104	-	-	-	-
Balance as at 30th June 2018	550,000	262,240	201,652	662,966	1,676,858	49,412	1,726,270

Company

	Stated Capital RS. '000	Revaluation Reserve RS. '000	General Reserve RS. '000	Accumulated Profit RS. '000	Total RS. '000
Balance as at 01st January 2017	550,000	277,116	186,776	578,711	1,592,603
Profit for the period	-	-	-	158,341	158,341
Transferred to general reserve	-	(5,104)	5,104	-	-
Balance as at 30th June 2017	550,000	272,012	191,880	737,052	1,750,944
Balance as at 01st January 2018	550,000	267,344	196,548	759,020	1,772,912
Profit for the period	-	-	-	(119,846)	(119,846)
Transferred to general reserve	-	(5,104)	5,104	-	-
Balance as at 30th June 2018	550,000	262,240	201,652	639,174	1,653,066

**HAPUGASTENNE PLANTATIONS PLC
NOTES TO THE FINANCIAL STATEMENTS**
1. SEGMENTAL INFORMATION
Group

	Tea		Rubber		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	RS. '000	RS. '000	RS. '000	RS. '000	RS. '000	RS. '000	RS. '000	RS. '000
Revenue	1,551,540	1,814,844	139,897	196,879	40,585	51,642	1,732,022	2,063,365
Cost of Sales	(1,560,914)	(1,544,377)	(153,405)	(153,797)	(22,139)	(18,366)	(1,736,458)	(1,716,540)
Segment Results (Gross Profit/Loss)	(9,374)	270,467	(13,508)	43,082	18,446	33,276	(4,436)	346,825
Other Operating Income							35,539	37,581
Change in Fair Value of Biological Assets							(57)	2,359
Administrative Expenses							(132,993)	(128,552)
Net Finance Cost							(86,556)	(65,565)
Profit / (Loss) Before Taxation							(188,503)	192,648

Company

	Tea		Rubber		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	RS. '000	RS. '000	RS. '000	RS. '000	RS. '000	RS. '000	RS. '000	RS. '000
Revenue	1,480,573	1,773,592	139,897	196,879	40,585	51,642	1,661,055	2,022,113
Cost of Sales	(1,496,353)	(1,505,842)	(153,405)	(153,797)	(22,139)	(18,366)	(1,671,897)	(1,678,005)
Segment Results (Gross Profit/Loss)	(15,780)	267,750	(13,508)	43,082	18,446	33,276	(10,842)	344,108
Other Operating Income							31,337	41,710
Change in Fair Value of Biological Assets							(57)	2,359
Administrative Expenses							(131,563)	(126,510)
Net Finance Cost							(86,647)	(67,051)
Profit / (Loss) Before Taxation							(197,772)	194,616

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HAPUGASTENNE PLANTATIONS PLC
NOTES TO THE FINANCIAL STATEMENTS

2 General Information

Hapugastenne Plantations PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The address of its registered office is 95A, Nambapana, Ingiriya.

These financial statements have been approved for issue by the Board of Directors on 6th August 2018.

3 Basis of Preparation

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31.12.2017 and are in compliance with the Sri Lanka Accounting Standard (SLAS) LKAS 34, Interim Financial Reporting.

4 No circumstances have arisen since the date of the Statement of Financial Position which would require adjustment to or disclosure in the Financial Statements.

5 There has not been a significant change in the nature of the contingent liabilities which were disclosed in the Annual Report for the year ended 31st December 2017.

INVESTOR INFORMATION

Share Prices

	Quarter ended 30.06.18	Quarter ended 30.06.17
Highest price Rs.	28.90	29.30
Lowest price Rs.	17.00	20.10
Last traded price Rs.	20.60	25.30

Directors' Shareholding

	As At 30.06.18	As At 30.06.17
Mr. N K H Ratwatte (Chairman)	1,000	1,000
Mr. D J Ratwatte (CEO)	100	100
Ms. M C Pietersz	NIL	NIL
Mr. J M Rutherford	NIL	NIL
Mr. H A S Crawford	NIL	NIL
Mr. G R Chambers	NIL	NIL
Mr. N H G S Jayasinghe	NIL	NIL
Mr. E D P Soosaipillai	NIL	NIL
Mr. G K Dasanayaka	NIL	NIL

Major Shareholders as at 30th June 2018

	Name of Shareholder	No. of Shares	%
1	James Finlay Plantation Holdings (Lanka) Limited	27,265,189	58.87
2	James Finlay Limited, UK ("JFL")	9,753,979	21.06
3	Jacey Trust Services (Pvt) Ltd (held for the benefit of JFL)	4,661,774	10.07
4	Beta Holdings Limited	1,120,058	2.42
5	Mrs. F F Hanifa	70,455	0.15
6	Mr. M M Faud	55,617	0.12
7	People's Leasing & Finance Plc / K W Management Pvt Ltd	53,462	0.12
8	Mr. M Z Rasheed	51,910	0.11
9	People's Leasing & Finance Plc/ Mr. E J B U Fernando	47,449	0.10
10	Cocoshell Activated Carbon Company Limited	44,000	0.09
11	Colombp Trust Finane Plc/ F F Haniffa	35,018	0.08
12	Seylan Bank Ltd / Govindasamy Ramanan	34,560	0.07
13	Capital Trust Holdings Ltd	33,567	0.07
14	Dr. Rajakanthan Dharshini	32,191	0.07
15	People's Leasing & Finance Plc / HI Line Towers Pvt Ltd	29,200	0.06
16	People's Leasing & Finance Plc / HI Line Trading Pvt Ltd	27,860	0.06
17	Mr. M S M Naleer	23,480	0.05
18	Mrs.O V Samarasuriya	22,042	0.05
19	Mr. C T M Pathirana	21,500	0.05
20	Ceylon Blue Magpie Limited	20,000	0.04
	Total	43,403,311	93.71
	Other Shareholders	2,912,479	6.29
	Issued Share capital	46,315,790	100.00

Of the issued ordinary share capital 10% (2017 : 10%) is held by the public representing 21,451 (2017: 21,401) shareholders.