



Tea Estates

**Hapugastenne Plantations PLC
(Company Registration Number PQ 62)**

Interim Unaudited Financial Statements

Year ended 31st December 2018

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

| | GROUP | | | | | |
|---|----------------------------------|-----------------------------|-----------------|-------------------------------|-----------------------------|--------------|
| | Three months ended 31st December | | | Year ended 31st December | | |
| | 2018 Unaudited RS. '000 | 2017 Audited RS. '000 | Change % | 2018 Unaudited RS. '000 | 2017 Audited RS. '000 | Change % |
| Revenue | 793,037 | 870,866 | (9) | 3,351,806 | 3,911,865 | (14) |
| Cost of Sales | (800,382) | (904,630) | 12 | (3,401,357) | (3,460,286) | 2 |
| Gross Profit / (Loss) | (7,345) | (33,764) | (78) | (49,551) | 451,579 | (111) |
| Other Operating Income | 1,655 | 15,503 | (89) | 52,602 | 54,244 | (3) |
| Change in Fair Value of Biological Assets | 47,988 | 127,047 | (62) | 47,901 | 129,724 | (63) |
| Administrative Expenses | (66,834) | (73,749) | 9 | (256,736) | (277,218) | 7 |
| Finance Cost | (56,833) | (24,873) | (128) | (198,063) | (128,379) | (54) |
| Interest Income | 3,064 | 402 | 662 | 4,065 | 754 | 439 |
| Profit / (Loss) from Ordinary Activities before Taxation | (78,305) | 10,566 | (841) | (399,782) | 230,704 | (273) |
| Income Tax Expense | (23,236) | (63,054) | 63 | 51,112 | (105,221) | 149 |
| Profit / (Loss) after Taxation | (101,541) | (52,488) | 93 | (348,670) | 125,483 | (378) |
| Other comprehensive income | | | | | | |
| Items that will never be classified to profit or loss: | | | | | | |
| Remeasurement of Retirement Benefit Obligation | (3,636) | 72,206 | (105) | (3,636) | 72,206 | (105) |
| Deferred Tax on Remeasurement of Retirement Benefit Obligation | 475 | (20,218) | 102 | 475 | (20,218) | 102 |
| Total Comprehensive Income for the Period | (104,702) | (500) | (20,840) | (351,831) | 177,471 | (298) |

Profit/(Loss) Attributable to:

Equity shareholders of the parent
Non-controlling interest

| | |
|------------------|-----------------|
| (107,288) | (51,080) |
| 5,747 | (1,408) |
| (101,541) | (52,488) |

| | |
|------------------|----------------|
| (357,543) | 123,671 |
| 8,873 | 1,810 |
| (348,670) | 125,481 |

Total comprehensive income attributable to:

Owners of the Company
Non-controlling interest

| | |
|------------------|--------------|
| (110,449) | 951 |
| 5,747 | (1,451) |
| (104,702) | (500) |

| | |
|------------------|----------------|
| (360,704) | 175,703 |
| 8,873 | 1,767 |
| (351,831) | 177,470 |

Earnings / (Loss) per Share - Rs.

| | |
|---------------|---------------|
| (2.32) | (1.10) |
|---------------|---------------|

| | |
|---------------|-------------|
| (7.72) | 2.67 |
|---------------|-------------|

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

| | COMPANY | | | | | |
|---|----------------------------------|-----------------------------|-------------|-------------------------------|-----------------------------|-------------|
| | Three months ended 31st December | | | Year ended 31st December | | |
| | 2018 Unaudited RS. '000 | 2017 Audited RS. '000 | Change % | 2018 Unaudited RS. '000 | 2017 Audited RS. '000 | Change % |
| Revenue | 792,200 | 835,860 | (5) | 3,247,900 | 3,803,313 | (15) |
| Cost of Sales | (808,112) | (865,246) | 7 | (3,316,278) | (3,352,473) | 1 |
| Gross Profit / (Loss) | (15,912) | (29,386) | (46) | (68,378) | 450,840 | (115) |
| Other Operating Income | 5,193 | 15,578 | (67) | 50,301 | 57,423 | (12) |
| Change in Fair Value of Biological Assets | 47,988 | 127,047 | (62) | 47,901 | 129,724 | (63) |
| Administrative Expenses | (66,071) | (73,080) | 10 | (253,843) | (273,940) | 7 |
| Finance Cost | (61,271) | (26,061) | (135) | (202,120) | (131,337) | (54) |
| Interest Income | 161 | 70 | 130 | 1,162 | 422 | 175 |
| Profit / (Loss) from Ordinary Activities before Taxation | (89,912) | 14,168 | (735) | (424,977) | 233,132 | (282) |
| Income Tax Expense | (20,845) | (63,938) | 67 | 57,081 | (104,903) | 154 |
| Profit / (Loss) after Taxation | (110,757) | (49,770) | 123 | (367,896) | 128,229 | (387) |
| Other comprehensive income | | | | | | |
| Items that will never be classified to profit or loss: | | | | | | |
| Remeasurement of Retirement Benefit Obligation | (3,880) | 72,335 | (105) | (3,880) | 72,335 | (105) |
| Deferred Tax on Remeasurement of Retirement Benefit Obligation | 543 | (20,254) | 103 | 543 | (20,254) | 103 |
| Total Comprehensive Income for the Period | (114,094) | 2,311 | (5,037) | (371,233) | 180,310 | (306) |

Earnings / (Loss) per Share - Rs.

(2.39) (1.07)

(7.94) 2.77

HAPUGASTENNE PLANTATIONS PLC
STATEMENT OF FINANCIAL POSITION

| | GROUP | | COMPANY | |
|--|--|--|--|--|
| | As at 31.12.2018 Unaudited RS. '000 | As at 31.12.2017 Audited RS. '000 | As at 31.12.2018 Unaudited RS. '000 | As at 31.12.2017 Audited RS. '000 |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Right to use of land on lease | 467,479 | 485,369 | 467,479 | 485,369 |
| Immovable estate assets on finance lease (other than bare land) | 69,542 | 81,664 | 69,542 | 81,664 |
| Tangible assets other than biological assets | 666,700 | 728,264 | 624,833 | 680,755 |
| Intangible assets | 26,277 | 31,360 | 25,828 | 30,587 |
| Bearer biological assets | 1,699,774 | 1,619,748 | 1,699,774 | 1,619,748 |
| Consumable biological assets | 1,156,150 | 1,103,238 | 1,156,150 | 1,103,238 |
| Investment in subsidiaries | - | - | 35,003 | 35,003 |
| Lease rental receivable | 18,043 | 19,198 | 18,043 | 19,198 |
| | 4,103,965 | 4,068,841 | 4,096,652 | 4,055,562 |
| CURRENT ASSETS | | | | |
| Bearer biological assets | 3,715 | 3,580 | 3,715 | 3,580 |
| Lease rental receivable | 1,155 | 1,201 | 1,155 | 1,201 |
| Inventories | 361,853 | 387,386 | 347,618 | 378,142 |
| Other financial assets | | 3,227 | - | 3,227 |
| Trade & other receivables | 156,832 | 158,062 | 152,497 | 126,003 |
| Amounts due from related companies | 32,372 | 17,900 | 25,985 | 17,900 |
| Income tax receivables | 151 | 3,350 | 151 | 16,506 |
| Cash & bank balances | 49,445 | 114,981 | 6,649 | 75,804 |
| | 605,523 | 689,687 | 537,770 | 622,363 |
| TOTAL ASSETS | 4,709,488 | 4,758,528 | 4,634,422 | 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 | 257,681 | 267,344 | 257,681 | 267,344 |
| General reserve | 206,211 | 196,548 | 206,211 | 196,548 |
| Accumulated profit | 418,461 | 779,165 | 387,787 | 759,020 |
| SHAREHOLDERS' FUNDS | 1,432,353 | 1,793,057 | 1,401,679 | 1,772,912 |
| Non-Controlling Interest | 55,159 | 46,286 | - | - |
| | 1,487,512 | 1,839,343 | 1,401,679 | 1,772,912 |
| NON CURRENT LIABILITIES | | | | |
| Interest bearing loans & borrowings | 150,854 | 116,409 | 150,854 | 116,409 |
| Deferred taxation | 121,829 | 184,087 | 114,211 | 175,370 |
| Deferred Income | 206,472 | 212,389 | 206,472 | 212,389 |
| Retirement benefit obligations | 699,140 | 649,647 | 697,989 | 648,505 |
| Net liability to the lessor payable after one year | 214,094 | 218,904 | 214,094 | 218,904 |
| | 1,392,389 | 1,381,436 | 1,383,620 | 1,371,577 |
| CURRENT LIABILITIES | | | | |
| Interest bearing loans & borrowings | 193,051 | 66,753 | 193,051 | 66,753 |
| Net liability to the lessor payable within one year | 4,810 | 4,625 | 4,810 | 4,625 |
| Trade & other payables | 497,942 | 443,472 | 492,519 | 437,198 |
| Income tax payable | 2,801 | 6,525 | - | 6,525 |
| Amounts due to related companies | 758,631 | 759,425 | 786,391 | 761,386 |
| Dividend payable | 7,172 | 7,172 | 7,172 | 7,172 |
| Bank overdraft | 365,180 | 249,777 | 365,180 | 249,777 |
| | 1,829,587 | 1,537,749 | 1,849,123 | 1,533,436 |
| TOTAL EQUITY AND LIABILITIES | 4,709,488 | 4,758,528 | 4,634,422 | 4,677,925 |
| Net Assets per Share Rs. | 30.93 | 38.71 | 30.26 | 38.28 |

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

Sgd
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;

Sgd
D J RATWATTE
DIRECTOR
Colombo,
21st February 2019

Sgd
M C PIETERSZ
DIRECTOR

HAPUGASTENNE PLANTATIONS PLC

STATEMENT OF CASH FLOWS

| | GROUP | | COMPANY | |
|---|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | Year ended 31st December | | Year ended 31st December | |
| | 2018 Un-audited RS. '000 | 2017 Audited RS. '000 | 2018 Un-audited RS. '000 | 2017 Audited RS. '000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit / (Loss) from ordinary activities before taxation | (399,782) | 230,704 | (424,977) | 233,132 |
| ADJUSTMENTS FOR | | | | |
| Finance Costs | 198,063 | 128,379 | 202,120 | 131,338 |
| Retirement benefit obligations - provision | 113,088 | 116,987 | 113,080 | 116,765 |
| Amortisation of grants | (10,641) | (9,782) | (10,641) | (9,782) |
| Depreciation | 165,773 | 167,538 | 157,916 | 160,842 |
| Interest Income | (161) | (754) | (1,162) | (422) |
| Provision for impairment | (4,598) | 11,291 | (4,598) | 11,291 |
| Provision for bad and doubtful debts | 13,258 | 3,233 | 13,258 | 3,233 |
| Provision for slow moving and obsolete stocks | (382) | 2,970 | (382) | 2,970 |
| Loss/(gain) on fair value of other financial assets | - | (3,227) | - | (3,227) |
| (Gains)/Losses on fair value of biological assets | (47,901) | (129,724) | (47,901) | (129,724) |
| Change in consumable biological assets due to harvest | 457 | - | 457 | - |
| Profit on sale of property, plant & equipment | (348) | - | (348) | - |
| Operating Profit before Working Capital changes | 26,826 | 517,615 | (3,178) | 516,416 |
| (Increase)/Decrease in Inventories | 25,813 | 30,464 | 30,142 | 28,022 |
| (Increase)/Decrease in Trade and other receivables | (4,401) | 10,344 | (18,969) | 14,108 |
| (Increase)/Decrease in Amounts Due from Related Companies | (14,472) | (6,812) | (8,085) | (6,812) |
| Increase/(Decrease) in Trade & Other Payables | 52,255 | (66,383) | 55,159 | (66,976) |
| Increase/(Decrease) in Amounts Due to Related Companies | 103,170 | 41,647 | 128,969 | 24,947 |
| Cash Generated from Operations | 189,191 | 526,876 | 184,038 | 509,705 |
| Retirement benefit obligations payment | (67,231) | (108,973) | (67,476) | (108,973) |
| Finance costs paid | (148,255) | (132,957) | (152,312) | (135,915) |
| Tax Paid | (17,520) | (23,830) | (12,739) | (19,066) |
| Net Cash from Operating Activities | (43,815) | 261,116 | (48,489) | 245,751 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from Sale of Property, Plant & Equipment | 352 | - | 352 | - |
| Interest Income | 161 | 754 | 1,162 | 422 |
| Field Development Expenditure | (144,031) | (148,115) | (144,031) | (148,115) |
| Purchase of Property, Plant & Equipment | (16,080) | (51,580) | (16,026) | (50,242) |
| Net Cash from/ (used in) Investing Activities | (159,598) | (198,941) | (158,543) | (197,935) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Government grants received | 4,724 | 5,190 | 4,724 | 5,190 |
| Proceeds from External Loans | 315,000 | 45,655 | 315,000 | 45,655 |
| Net Proceeds from Inter Company Loans | (103,964) | 151,900 | (103,964) | 151,900 |
| Repayment of Term Loans/Leases | (193,286) | (121,440) | (193,286) | (121,440) |
| Dividend paid | - | (6,000) | - | - |
| Net Cash from / (used in) Financing Activities | 22,474 | 75,305 | 22,474 | 81,305 |
| Net Increase / (decrease) in Cash & Cash Equivalents | (180,939) | 137,480 | (184,558) | 129,121 |
| 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 | (315,735) | (134,796) | (358,531) | (173,973) |
| NOTE 01 | | | | |
| Cash in Hand & at Bank | 49,445 | 114,981 | 6,649 | 75,804 |
| Bank Overdraft | (365,180) | (249,777) | (365,180) | (249,777) |
| | (315,735) | (134,796) | (358,531) | (173,973) |

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 | - | - | - | 123,671 | 123,671 | 1,810 | 125,481 |
| Transferred to general reserve | - | (9,772) | 9,772 | - | - | - | - |
| Dividend Paid | - | - | - | - | - | (6,000) | (6,000) |
| Balance as at 31 December 2017 | 550,000 | 267,344 | 196,548 | 727,132 | 1,741,024 | 46,330 | 1,787,354 |
| 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 | - | - | - | (360,704) | (360,704) | 8,873 | (351,831) |
| Transferred to general reserve | - | (9,663) | 9,663 | - | - | - | - |
| Balance as at 31st December 2018 | 550,000 | 257,681 | 206,211 | 418,461 | 1,432,353 | 55,159 | 1,487,512 |

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 | - | - | - | 180,310 | 180,310 |
| Transferred to general reserve | - | (9,772) | 9,772 | - | - |
| Balance as at 31 December 2017 | 550,000 | 267,344 | 196,548 | 759,021 | 1,772,913 |
| Balance as at 01st January 2018 | 550,000 | 267,344 | 196,548 | 759,020 | 1,772,912 |
| Profit for the period | - | - | - | (371,233) | (371,233) |
| Transferred to general reserve | - | (9,663) | 9,663 | - | - |
| Balance as at 31st December 2018 | 550,000 | 257,681 | 206,211 | 387,787 | 1,401,679 |

**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 | 2,941,156 | 3,398,675 | 299,542 | 405,529 | 111,108 | 107,661 | 3,351,806 | 3,911,865 |
| Cost of Sales | (3,022,321) | (3,071,412) | (308,226) | (322,459) | (70,810) | (66,415) | (3,401,357) | (3,460,286) |
| Segment Results (Gross Profit/Loss) | (81,165) | 327,263 | (8,684) | 83,070 | 40,298 | 41,246 | (49,551) | 451,579 |
| Other Operating Income | | | | | | | 52,602 | 54,244 |
| Change in Fair Value of Biological Assets | | | | | | | 47,901 | 129,724 |
| Administrative Expenses | | | | | | | (256,736) | (277,218) |
| Net Finance Cost | | | | | | | (193,998) | (127,625) |
| Profit / (Loss) Before Taxation | | | | | | | (399,782) | 230,704 |

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 | 2,837,250 | 3,290,123 | 299,542 | 405,529 | 111,108 | 107,661 | 3,247,900 | 3,803,313 |
| Cost of Sales | (2,937,242) | (2,963,599) | (308,226) | (322,459) | (70,810) | (66,415) | (3,316,278) | (3,352,473) |
| Segment Results (Gross Profit/Loss) | (99,992) | 326,524 | (8,684) | 83,070 | 40,298 | 41,246 | (68,378) | 450,840 |
| Other Operating Income | | | | | | | 50,301 | 57,423 |
| Change in Fair Value of Biological Assets | | | | | | | 47,901 | 129,724 |
| Administrative Expenses | | | | | | | (253,843) | (273,940) |
| Net Finance Cost | | | | | | | (200,958) | (130,915) |
| Profit / (Loss) Before Taxation | | | | | | | (424,977) | 233,132 |

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 21st February 2019.

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 31.12.18 | Quarter ended 31.12.17 |
|-----------------------|---------------------------|---------------------------|
| Highest price Rs. | 19.60 | 37.30 |
| Lowest price Rs. | 13.80 | 23.00 |
| Last traded price Rs. | 16.30 | 30.00 |

Directors' Shareholding

| | As At 31.12.18 | As At 31.12.17 |
|---|-------------------|-------------------|
| Mr. N K H Ratwatte (Chairman) | 1,000 | 1,000 |
| Mr. N H G S Jayasinghe (MD) | 100 | 100 |
| Mr. D J Ratwatte (CEO) | NIL | NIL |
| Ms. M C Pietersz (FD) | NIL | NIL |
| Mr. J M Rutherford | NIL | NIL |
| Mr. H A S Crawford (resigned w.e.f. 15.01.2019) | NIL | NIL |
| Mr. G R Chambers | NIL | NIL |
| Mr. E D P Soosaipillai | NIL | NIL |
| Mr. G K Dasanayaka | NIL | NIL |

Major Shareholders as at 31st December 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 | 1,169,982 | 2.53 |
| 5 | Mrs. F F Hanifa | 70,457 | 0.15 |
| 6 | People's Leasing & Finance Plc / K W Management Pvt Ltd | 53,462 | 0.12 |
| 7 | People's Merchant Finance Plc / M M Fuad | 52,112 | 0.11 |
| 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 | Dialog Finance Plc / F F Haniffa | 35,018 | 0.08 |
| 12 | Seylan Bank Ltd / Govindasamy Ramanan | 34,560 | 0.07 |
| 13 | Capital Trust Holdings Ltd | 33,667 | 0.07 |
| 14 | People's Leasing & Finance Plc / HI Line Towers Pvt Ltd | 29,200 | 0.06 |
| 15 | People's Leasing & Finance Plc / HI Line Trading Pvt Ltd | 27,860 | 0.06 |
| 16 | Mrs. O V Samarasuriya | 22,042 | 0.05 |
| 17 | Mr. C T M Pathirana | 21,500 | 0.05 |
| 18 | Ceylon Blue Magpie Limited | 20,000 | 0.04 |
| 19 | Mr. L P K P Samarasuriya | 19,500 | 0.04 |
| 20 | K W Managment (Pvt) Ltd | 18,700 | 0.04 |
| | Total | 43,432,361 | 93.77 |
| | Other Shareholders | 2,883,429 | 6.23 |
| | Issued Share capital | 46,315,790 | 100.00 |

Of the issued ordinary share capital 10% (2017 : 10%) is held by the public representing 21,450 (2017: 21,431) shareholders.