



HORANA PLANTATIONS PLC

(Company Number : PQ 126)

INTERIM FINANCIAL STATEMENTS

**For the Six (06) Months Ended
30-Sep-2016**

Head Office - No.7/1 Gower Street, Colombo 5, Sri Lanka

Registered Office - No.20 R. A. De Mel Mawatha, P.O.Box 2042, Colombo 3, Sri Lanka

Tel: 011 5400700 # Facsimile: 011 5400730 # E-mail: horanap@hplnet.lk # Web: www.horanaplantations.com

Horana Plantations PLC

Interim Financial Statements For the Six (6) Months Ended 30th September 2016

Contents

Page No.

1	<i>Statement of Profit or Loss and Other Comprehensive Income</i>
2	<i>Statement of Financial Position</i>
3	<i>Statement of Changes in Equity</i>
4	<i>Statement of Cash Flows</i>
5	<i>Notes to the Interim Financial Statements</i>
6	<i>Notes to the Interim Financial Statements (Contd...)</i>

Horana Plantations PLC

Statement of Profit or Loss and Comprehensive Income

For the Six (6) Months Ended 30th September 2016

Year Ended		Six (06) Months Ended			Three (3) Months Ended	
31-Mar 2016 <i>(Audited)</i> Rs' 000		30-Sep 2016 Rs' 000	30-Sep 2015 Rs' 000	Change %	30-Sep 2016 Rs' 000	30-Sep 2015 Rs' 000
1,799,830	Revenue	836,385	866,463	<i>(3.47)</i>	420,377	390,527
(1,798,215)	Cost of Sales	(918,985)	(901,282)	<i>(1.96)</i>	(475,507)	(404,706)
1,615	Gross Profit/(Loss)	(82,600)	(34,819)	<i>(137.23)</i>	(55,130)	(14,178)
5,048	Other Operating Income	6,998	2,642	<i>164.89</i>	5,824	1,285
40,768	Change in Fair Value of Biological Assets	-	-	-	-	-
47,431		(75,602)	(32,177)	<i>(134.96)</i>	(49,306)	(12,894)
(83,691)	Administrative Expenses	(44,466)	(44,099)	<i>(0.83)</i>	(22,130)	(21,433)
(5,160)	Management Fees	-	-	<i>#DIV/0!</i>	-	-
(41,420)	Profit/(Loss) from Operations	(120,068)	(76,276)	<i>(57.41)</i>	(71,436)	(34,327)
(39,861)	Net Finance Expense	(36,911)	(17,427)	<i>(111.80)</i>	(20,854)	(9,078)
(81,281)	Profit/(Loss) before Taxation	(156,979)	(93,703)	<i>(67.53)</i>	(92,291)	(43,405)
3,401	Tax (Expense)/Reversal	7,779	6,317	<i>23.15</i>	8,127	5,228
(77,880)	Profit/(Loss) for the period	(149,200)	(87,386)	<i>(70.74)</i>	(84,163)	(38,177)
	Other Comprehensive Income/(Expense):-					
50,984	Actuarial Gain/(Loss) on Employee Benefits	-	(12,475)	<i>100.00</i>	-	(6,238)
(7,138)	Tax (Expense)/Reversal on Other Comprehensive Income	-	1,747	<i>(100.00)</i>	-	873
43,846	Other Comprehensive Income/(Expense) for the period net of Tax	-	(10,729)	<i>100.00</i>	-	(5,364)
(34,034)	Total Comprehensive Income/(Expense) for the period	(149,200)	(98,115)	<i>(52.07)</i>	(84,163)	(43,542)
<i>(3.12)</i>	Earnings per Ordinary Share (Rs.)	(5.97)	(3.50)	<i>(70.74)</i>	(3.37)	(1.53)

Horana Plantations PLC
Statement of Financial Position
As at 30th September 2016

As at		As at	
31-Mar 2016 (Audited) Rs' 000		30-Sep 2016 Rs' 000	30-Sep 2015 Rs' 000
	ASSETS		
	Non-Current Assets		
	Property, Plant & Equipment:-		
112,985	Leasehold Rights to Bare Land of JEDB/SLSPC Estates	110,987	114,870
64,002	Immovable JEDB/SLSPC Estate Assets on Finance Lease (Other than Bare Land)	59,431	68,569
1,960,187	Bearer Biological Assets	2,023,701	1,907,552
396,134	Consumable Biological Assets	405,541	351,619
513,850	Other Tangibles	493,612	533,813
3,047,158		3,093,273	2,976,424
	Other Non-Current Assets		
27,285	Advance Company Tax(ACT) Recoverable	27,285	27,285
3,074,443	Total Non-Current Assets	3,120,558	3,003,709
	Current Assets		
173,343	Inventories	195,059	171,305
90,320	Trade and Other Receivables	68,825	64,924
20,476	Holding Company Receivable	5,463	4,905
681	Other Related Company Receivables	1,971	937
7,861	Cash and Cash Equivalents	6,428	7,713
292,681	Total Current Assets	277,746	249,785
3,367,124	Total Assets	3,398,304	3,253,493
	EQUITY & LIABILITIES		
	Equity		
250,000	Stated Capital	250,000	250,000
35,000	Sinking Fund	35,000	35,000
35,000	Development Reserve	35,000	35,000
1,057,690	Retained Profits	908,490	993,609
1,377,690	Total Equity	1,228,490	1,313,609
	Non-Current Liabilities		
598,058	Interest bearing Borrowings payable after one year	644,467	560,400
86,292	Net Liability to Lessor of JEDB/SLSPC Estates	86,735	87,123
10,148	Other Finance Lease Creditors	7,153	13,394
428,009	Employee Benefits	423,601	477,224
134,299	Deferred Income	134,652	124,531
121,088	Deferred Tax Liability	112,612	111,925
1,377,894	Total Non-Current Liabilities	1,409,220	1,374,596
	Current Liabilities		
203,146	Trade and Other Payables	218,035	245,514
18,235	Payable to Other Related Companies	72,058	14,424
145,632	Interest bearing Borrowings payable within one year	162,182	107,237
1,661	Net Liability to Lessor of JEDB/SLSPC Estates	5,115	5,259
7,878	Other Finance Lease Creditors	6,241	10,218
234,989	Short Term Borrowings	296,963	182,635
-	Dividend Payable	-	-
611,540	Total Current Liabilities	760,594	565,287
3,367,124	Total Equity & Liabilities	3,398,304	3,253,493
55.11	Net Assets per Ordinary Share (Rs.)	49.14	52.54

Signed for and on behalf of the Board of Directors of Horana Plantations PLC:-

(Sgd) W. D. N. H. Perera
Chairman
25th October 2016

(Sgd.) J. Manuja Kariapperuma
Director/Chief Executive Officer

Horana Plantations PLC

Statement of Changes in Equity For the Six (6) Months Ended 30th September 2016

<u>(Stated Capital comprised - 25 Million Ordinary Shares and 1 Golden Share)</u>	Stated Capital	Sinking Fund	Development Reserve	Retained Earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<u>Six (6) Months Ended 30th September 2015:-</u>					
Balance as at 1st April 2015	250,000	35,000	35,000	1,108,239	1,428,239
Super Gain Tax of paid on 25% of Taxable Income for the Year of Assessment 2013/14 (Note A)	-	-	-	(4,015)	(4,015)
Balance as at 1st April 2015 (Restated)	250,000	35,000	35,000	1,104,224	1,424,224
Profit/(Loss) for the period	-	-	-	(87,386)	(87,386)
Other Comprehensive Income/(Expense)	-	-	-	(10,729)	(10,729)
First & Final Dividend of Rs.0.50 per share, paid for the year ended 31st March 2015	-	-	-	(12,500)	(12,500)
Balance as at 30th September 2015	250,000	35,000	35,000	993,609	1,313,609
<u>Six (6) Months Ended 30th September 2016:-</u>					
Balance as at 1st April 2016	250,000	35,000	35,000	1,057,690	1,377,690
Profit/(Loss) for the period	-	-	-	(149,200)	(149,200)
Other Comprehensive Income/(Expense)	-	-	-	-	-
Balance as at 30th September 2016	250,000	35,000	35,000	908,490	1,228,490

Note A :

Being part of the Vallibel One PLC Group, the company was liable for Super Gain Tax of Rs.4,014,898/-. According to the provisions of Part III of the Finance Act No. 10 of 2015 ("Act"), the Super Gain tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on April 01, 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards and hence the expense of Super Gain tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on accounting for Super Gain tax issued by the Institute of Chartered Accountants of Sri Lanka dated November 24, 2015.

Horana Plantations PLC
Statement of Cash Flows
For the Six (6) Months Ended 30th September 2016

Year Ended		Six (06) Months Ended	
31-Mar 2016 <i>(Audited)</i> Rs' 000		30-Sep 2016 Rs' 000	30-Sep 2015 Rs' 000
	Cash Flow from Operating Activities		
(81,281)	Profit/(Loss) before Taxation	(156,979)	(93,703)
	<i>Adjustments for non-cash items :</i>		
(40,768)	Change in Fair Value of Biological Assets	-	-
129,876	Depreciation and Amortisation	65,329	63,722
25,649	Provision for Employee Benefits -including Actuarial Gain/(Loss)	38,523	38,891
50,984	Actuarial Gain/(Loss) on Employee Benefits	-	(12,475)
39,525	Net Finance Expense	36,901	17,197
6,487	Finance Lease Interest	2,633	3,454
(95)	Profit on Disposal of Property, Plant & Equipment and Redundant Materials	(4,650)	(95)
(4,953)	Amortisation of Capital Grants	(2,348)	(2,547)
125,426	<i>Operating Profit before Working Capital Changes</i>	(20,591)	14,444
27,302	(Increase)/Decrease in Debtors, Deposits & Prepayments	23,364	54,765
47,121	(Increase)/Decrease in Inventories	(21,716)	49,159
15,837	(Increase)/Decrease in Related Party Receivables	13,723	31,151
8,884	Increase/(Decrease) in Related Party Payables	53,823	5,073
(12,024)	Increase/(Decrease) in Creditors, Provisions & Accrued Charges	17,223	24,298
212,545	<i>Cash Generated from Operations</i>	65,826	178,890
(30,610)	Interest paid	(32,073)	(12,787)
(65,084)	Payments made for Employee benefits	(43,320)	(29,162)
(1,345)	Payment of Income Tax (Economic Service Charge & Withholding Tax)	(2,561)	(768)
(4,015)	Payment of Super Gain Tax	-	-
111,493	<i>Net Cash Inflow/(Outflow) from Operating Activities</i>	(12,128)	136,174
	Cash Flow from Investing Activities		
(11,972)	Purchase/Construction of Property, Plant and Equipment	(5,531)	(2,625)
(193,831)	Expenditure incurred on Biological Assets	(105,913)	(107,057)
17,639	Capital Grants and Subsidies received	2,699	5,464
95	Proceeds on Disposal of Property, Plant & Equipment and Redundant Materials	4,650	95
201	Interest Income	64	140
(187,868)	<i>Net Cash Outflow from Investing Activities</i>	(104,030)	(103,983)
	Cash Flow from Financing Activities		
-	Receipt of Project Loans	-	-
(43,906)	Repayment of Project Loans	(40,350)	(13,820)
130,114	Receipt of Other Term Loans	133,000	-
(32,374)	Repayment of Other Term Loans	(29,691)	(8,400)
(33,341)	Payment of Finance Lease Rentals	(10,208)	(13,646)
(12,500)	Payment of Dividend	-	(12,500)
7,993	<i>Net Cash Inflow/(Outflow) from Financing Activities</i>	52,751	(48,366)
(68,382)	Net Cash Inflow/(Outflow) for the period	(63,407)	(16,175)
	Change in Cash and Cash Equivalents		
(158,747)	At the beginning of the Year	(227,129)	(158,747)
(68,382)	Net Cash Inflow/(Outflow) for the Period	(63,407)	(16,175)
(227,129)	At the End of the Period	(290,536)	(174,922)

Horana Plantations PLC

Notes to the Interim Financial Statements For the Six (6) Months Ended 30th September 2016

1 Segmental Information

Year Ended		Six (06) Months Ended	
31-Mar 2016 (Audited) Rs' 000		30-Sep 2016	30-Sep 2015
		Rs' 000	Rs' 000
	Revenue:-		
1,431,774	Tea	689,345	723,047
203,899	Rubber	77,333	67,763
164,157	Other Operating Revenue	69,707	75,653
1,799,830		836,385	866,463
	Gross Profit:-		
(51,112)	Tea	(63,116)	(45,204)
(100,181)	Rubber	(79,046)	(59,834)
152,907	Other Operating Revenue	59,563	70,219
1,615		(82,600)	(34,819)

2 Market Prices (per Share)

Year Ended		Quarter Ended 30th September				
31-Mar-16 Rs.Cts.		2016		2015		Variance
		Rs.Cts.	Date	Rs.Cts.	Date	Rs.Cts.
24.50	Highest	22.70	1-Jul-16	24.50	17-Jul-15	(1.80)
14.00	Lowest	20.00	30-Sep-16	21.10	10-Jul-15	(1.10)
16.90	Closing	20.00		23.00		(3.00)

3 Share Trading

Year Ended		Six (06) Months Ended 30th September	
31-Mar-16		2016	2015
809	Number of Transactions	286	453
706,725	Number of Shares Traded	280,222	375,915
14,878,089	Value of Shares Traded (Rs.)	5,968,062	8,421,944
178	Days Traded	82	94

4 Basis of Preparation

4.1 The above figures are provisional and subject to audit.

4.2 The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standards-LKAS 34 Interim Financial Reporting, and has applied the same accounting policies and methods of computation which have been adopted in the previous year.

4.3 Comparative figures have been re-classified to conform with the current year's presentation.

4.4 In accordance with the Collective Agreement signed between Employers' Federation of Ceylon and the Trade Unions on 18th October 2016, the daily wage has been increased from Rs.620.00 to Rs.730.00 with effect from 15th October 2016.

4.5 No material events have occurred subsequent to the Reporting Period, which require adjustments to or disclosures in the Financial Statements except for the following tax implications :-

As per the press issue by the Finance Ministry on 06 April 2016, the Company will be liable to pay income tax at 17.5% instead of current income tax at 12% & 28%, respectively on profit and income earned by the company with effect from year of assessment 2016/17. However it has not been enacted upto date.

4.6 There are no changes in contingent liabilities of material nature since the last annual reporting date.

Horana Plantations PLC

Notes to the Interim Financial Statements (Contd.....) For the Six (6) Months Ended 30th September 2016

Name	No. of Shares	Percentage (%)
<u>5 Twenty (20) Major Shareholders as at 30th September 2016</u>		
1 Vallibel Plantation Management Limited	12,750,000	51.000
2 Naratha Ventures Private Limited	2,153,733	8.615
3 Sampath Bank PLC / Dr. T. Senthilverl	1,500,000	6.000
4 Associated Electrical Corporation Ltd.	1,057,300	4.229
5 Bank of Ceylon No.01 Account	513,000	2.052
6 Dr. T. Senthilverl	354,193	1.417
7 Seylan Bank PLC / Thirugnanasambandar Senthilverl	267,500	1.070
8 Mrs. N. H. Abdul Husein	240,000	0.960
9 Almar Holdings (Pvt) Limited	230,000	0.920
10 Almar Trading Co., (Pvt) Ltd.	211,300	0.845
11 Mr. K. C. Vignarajah	197,205	0.789
12 Gulf East Finance Limited	150,000	0.600
13 Mr. H. A. A. H. Algharabally	131,500	0.526
14 Mr. P. F. Nandasiri	113,320	0.453
15 Dee Investments (Pvt) Ltd.	110,011	0.440
16 Mr. P. H. D. Waidyatilaka	105,000	0.420
17 Mr. Anthony A. Page	100,000	0.400
18 DFCC Vardhana Bank Ltd.,/Mr. B. A. D. H. C. Mahipala	100,000	0.400
19 Alpha Tours Private Limited	100,000	0.400
20 Mr. R. Gautam	75,000	0.300
	20,459,062	81.836
Others	4,540,939	18.164
	25,000,001	100.000
<u>6 Directors' Shareholdings as at 30th September 2016</u>		
1 Mr. W. D. N. H. Perera	-	-
2 Mr. Dhammika Perera	-	-
3 Mr. J. Manuja Kariapperuma	-	-
4 Mr. L. J. A. Fernando	-	-
5 Dr. S. Selliah	-	-
6 Mr. K. D. H. Perera	-	-
7 Mr. A. M. Pandithage	-	-
8 Mr. A. N. Wickremasinghe	-	-
9 Mr. W. G. R. Rajadurai	-	-
10 Mr. K. D. G. Gunaratne (Alternate Director to Mr.K.D.D.Perera)	-	-
11 Mr. N. T. Bogahalande (Alternate Director to Mr.K.D.H.Perera)	-	-
	-	-
<u>7 Public Holding Percentage as at 30th September 2016</u>		
Holding of 10% or more:		
Vallibel Plantation Management Ltd	12,750,000	51.000
Directors' Shareholding:		
None	-	-
	12,750,000	51.000
<i>No. of Shareholders</i>		
Public Holding	10,379	12,250,001
Total Stated Capital	25,000,001	100.000