



# **HORANA PLANTATIONS PLC**

*(Company Number : PQ 126)*

## **INTERIM FINANCIAL STATEMENTS**

**For the Six (06) Months Ended  
30-Sep-2017**

*Registered Office - No.400, Deans Road, P.O.Box 2042, Colombo 10, Sri Lanka*

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# **Horana Plantations PLC**

## **Interim Financial Statements For the Six (6) Months Ended 30th September 2017**

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## Horana Plantations PLC

### Statement of Profit or Loss and Comprehensive Income For the Six (6) Months Ended 30th September 2017

Year Ended		Six (06) Months Ended			Three (3) Months Ended	
31-Mar 2017 (Audited) Rs' 000		30-Sep 2017 Rs' 000	30-Sep 2016 Rs' 000	Change %	30-Sep 2017 Rs' 000	30-Sep 2016 (Restated) Rs' 000
1,947,278	<b>Revenue</b>	<b>1,163,181</b>	853,462	36.29	<b>537,199</b>	417,385
(1,831,450)	Cost of Sales	<b>(1,042,373)</b>	(936,062)	(11.36)	<b>(475,991)</b>	(472,515)
115,828	<b>Gross Profit</b>	<b>120,807</b>	(82,600)	246.26	<b>61,208</b>	(55,130)
14,431	Other Operating Income	<b>2,523</b>	6,998	(63.94)	<b>1,262</b>	5,824
28,871	Change in Fair Value of Biological Assets	<b>6,407</b>	-	100.00	<b>1,405</b>	-
159,130		<b>129,737</b>	(75,602)	271.61	<b>63,875</b>	(49,306)
(90,123)	Administrative Expenses	<b>(51,800)</b>	(44,466)	(16.49)	<b>(24,551)</b>	(22,130)
(9,940)	Management Fees	<b>(7,323)</b>	-	(100.00)	<b>(3,880)</b>	-
59,067	<b>Profit/(Loss) from Operations</b>	<b>70,615</b>	(120,068)	158.81	<b>35,444</b>	(71,436)
(88,656)	Net Finance Expense	<b>(45,510)</b>	(36,911)	(23.30)	<b>(22,964)</b>	(20,854)
(29,589)	<b>Profit/(Loss) before Taxation</b>	<b>25,105</b>	(156,979)	115.99	<b>12,480</b>	(92,291)
(700)	Tax Reversal/(Expense)	<b>(3,886)</b>	7,779	(149.96)	<b>(5,429)</b>	8,127
(30,289)	<b>Profit/(Loss) for the period</b>	<b>21,219</b>	(149,200)	114.22	<b>7,051</b>	(84,163)
31,506	<b>Other Comprehensive Income/(Expense):-</b> Actuarial Gain on Employee Benefits	-	-	-	-	-
(4,411)	Tax Expense on Other Comprehensive Income	-	-	-	-	-
27,095	<b>Other Comprehensive Income for the period after Tax</b>	-	-	-	-	-
(3,194)	<b>Total Comprehensive Income/(Expense) for the period</b>	<b>21,219</b>	(149,200)	114.22	<b>7,051</b>	(84,163)
(1.21)	<b>Earnings per Ordinary Share (Rs.)</b>	<b>0.85</b>	(5.97)	114.22	<b>0.28</b>	(3.37)

**Horana Plantations PLC**  
**Statement of Financial Position**  
**As at 30th September 2017**

As at		As at	
31-Mar 2017 (Audited) Rs' 000		30-Sep 2017	30-Sep 2016
Rs' 000		Rs' 000	Rs' 000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Property, Plant &amp; Equipment:-</b>			
109,119	Leasehold Rights to Bare Land of JEDB/SLSPC Estates	107,140	110,987
54,821	Immovable JEDB/SLSPC Estate Assets on Finance Lease (Other than Bare Land)	50,877	59,431
2,085,018	Bearer Biological Assets	2,166,046	2,023,701
490,535	Consumable Biological Assets	497,336	463,292
476,129	Other Tangibles	463,415	493,612
3,215,622		3,284,814	3,151,024
27,285	<b>Other Non-Current Assets</b>	27,285	27,285
3,242,907	<b>Total Non-Current Assets</b>	3,312,099	3,178,309
<b>Current Assets</b>			
6,860	Non-harvested Produce on Bearer Biological Assets	6,407	2,566
230,211	Inventories	230,029	195,059
100,476	Trade and Other Receivables	91,376	68,825
16,636	Holding Company Receivable	30,023	5,463
8,636	Other Related Company Receivables	7,956	1,971
10,177	Cash and Cash Equivalents	12,898	6,428
372,996	<b>Total Current Assets</b>	378,689	280,312
3,615,903	<b>Total Assets</b>	3,690,788	3,458,621
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
250,000	Stated Capital	250,000	250,000
35,000	Sinking Fund	35,000	35,000
35,000	Development Reserve	35,000	35,000
1,106,369	Retained Profits	1,127,588	960,363
1,426,369	<b>Total Equity</b>	1,447,588	1,280,363
<b>Non-Current Liabilities</b>			
730,943	Interest bearing Borrowings payable after one year	783,435	644,467
84,564	Net Liability to Lessor of JEDB/SLSPC Estates	82,469	86,735
4,003	Other Finance Lease Creditors	1,175	7,153
393,480	Employee Benefits	386,241	423,601
138,189	Deferred Income	137,865	134,652
133,248	Deferred Tax Liability	136,404	121,056
1,484,427	<b>Total Non-Current Liabilities</b>	1,527,589	1,417,664
<b>Current Liabilities</b>			
224,251	Trade and Other Payables	216,576	218,035
40,487	Payable to Other Related Companies	65,547	72,058
150,115	Interest bearing Borrowings payable within one year	161,027	162,182
1,728	Net Liability to Lessor of JEDB/SLSPC Estates	2,959	5,115
6,144	Other Finance Lease Creditors	5,978	6,241
282,380	Short Term Borrowings	263,523	296,963
705,106	<b>Total Current Liabilities</b>	715,611	760,594
3,615,903	<b>Total Equity &amp; Liabilities</b>	3,690,788	3,458,621
57.05	<b>Net Assets per Ordinary Share (Rs.)</b>	57.90	51.21

The Statement of Financial Position as at **30th September 2017** and the Statement of Profit or Loss, Statement of Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement for the period ended **30th September 2017** are drawn up from the unaudited Financial Statements of the Company, provide the information required by the Colombo Stock Exchange.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.

Ms.P.M.Ediriweera

**Assistant General Manager - Finance**

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

(Sgd.) A.M.Pandithage

**Chairman**

**24th October 2017**

(Sgd.) W. G. R. Rajadurai

**Managing Director**

# Horana Plantations PLC

## Statement of Changes in Equity

For the Six (6) Months Ended 30th September 2017

<b><u>(Stated Capital comprised - 25 Million Ordinary Shares and 1 Golden Share)</u></b>	Stated Capital	Sinking Fund	Development Reserve	Retained Earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b><u>Six (6) Months Ended 30th September 2016:-</u></b>					
Balance as at 1st April 2016	250,000	35,000	35,000	1,109,563	1,429,563
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	960,363	1,280,363
<b><u>Six (6) Months Ended 30th September 2017 :-</u></b>					
Balance as at 1st April 2017	250,000	35,000	35,000	1,106,369	1,426,369
Profit/(Loss) for the period	-	-	-	21,219	21,219
Other Comprehensive Income/(Expense)	-	-	-	-	-
Balance as at 30th September 2017	250,000	35,000	35,000	1,127,588	1,447,588

# Horana Plantations PLC

## Statement of Cash Flows

For the Six (6) Months Ended 30th September 2017

Year Ended		Six (06) Months Ended	
31-Mar 2017 (Audited) Rs' 000		30-Sep 2017 Rs' 000	30-Sep 2016 Rs' 000
	<b>Cash Flow from Operating Activities</b>		
(29,589)	Profit/(Loss) before Taxation	25,105	(156,979)
	<i>Adjustments for non-cash items :</i>		
(28,871)	Change in Fair Value of Biological Assets	(6,407)	-
131,575	Depreciation and Amortisation	68,548	65,329
73,292	Provision for Retiring Gratuity -Net of Actuarial Gain	35,898	38,523
88,646	Net Finance Expense	45,510	36,901
5,016	Finance Lease Interest	2,194	2,633
(9,671)	Profit on Disposal of Property, Plant & Equipment and Redundant Materials	-	(4,650)
(4,760)	Amortisation of Capital Grants	(2,523)	(2,348)
745	Field Development Expenditure written off	-	496
226,383	<i>Operating Profit before Working Capital Changes</i>	168,325	(20,095)
(4,746)	(Increase)/Decrease in Debtors, Deposits & Prepayments	14,846	23,364
(54,303)	(Increase)/Decrease in Inventories	7,027	(21,716)
(4,116)	(Increase)/Decrease in Related Party Receivables	(12,706)	13,723
22,252	Increase/(Decrease) in Related Party Payables	25,060	53,823
27,266	Increase/(Decrease) in Creditors, Provisions & Accrued Charges	(6,280)	17,223
212,737	<i>Cash Generated from Operations</i>	196,273	66,322
(81,674)	Interest paid	(45,315)	(32,073)
(75,899)	Payments made for Employee benefits	(37,666)	(43,320)
(6,798)	Payment of Income Tax (Economic Service Charge & Withholding Tax)	(6,532)	(2,561)
48,366	<i>Net Cash Inflow/(Outflow) from Operating Activities</i>	106,761	(11,632)
	<b>Cash Flow from Investing Activities</b>		
(11,673)	Purchase/Construction of Property, Plant and Equipment	(11,974)	(5,531)
(209,348)	Expenditure incurred on Biological Assets	(125,713)	(106,409)
8,649	Capital Grants and Subsidies received	2,198	2,699
9,671	Proceeds on Disposal of Property, Plant & Equipment and Redundant Materials	-	4,650
129	Interest Income	134	64
(202,572)	<i>Net Cash Outflow from Investing Activities</i>	(135,354)	(104,526)
	<b>Cash Flow from Financing Activities</b>		
250,000	Receipt of Project Loans	100,000	-
(86,250)	Repayment of Project Loans	(45,900)	(40,350)
133,000	Receipt of Other Term Loans	46,935	133,000
(159,382)	Repayment of Other Term Loans	(37,631)	(29,691)
204,000	Receipt of Short Term Advances	20,000	-
(204,000)	Repayment of Short Term Advances	(20,000)	-
(28,236)	Payment of Finance Lease Rentals	(13,233)	(10,208)
109,132	<i>Net Cash Inflow/(Outflow) from Financing Activities</i>	50,171	52,751
(45,073)	<b>Net Cash Inflow/(Outflow) for the period</b>	21,578	(63,407)
	<b>Change in Cash and Cash Equivalents</b>		
(227,129)	At the beginning of the Year	(272,203)	(227,129)
(45,073)	Net Cash Inflow/(Outflow) for the Period	21,578	(63,407)
(272,203)	At the End of the Period	(250,625)	(290,536)

## Horana Plantations PLC

### Notes to the Interim Financial Statements For the Six (6) Months Ended 30th September 2017

#### 1 Segmental Information

	<b>Tea</b>		<b>Rubber</b>		<b>Unallocated</b>		<b>Total</b>	
	<b>30-Sep 2017</b>	<b>30-Sep 2016</b>	<b>30-Sep 2017</b>	<b>30-Sep 2016</b>	<b>30-Sep 2017</b>	<b>30-Sep 2016</b>	<b>30-Sep 2017</b>	<b>30-Sep 2016</b>
	<b>Rs' 000</b>	<b>Rs' 000</b>	<b>Rs' 000</b>	<b>Rs' 000</b>	<b>Rs' 000</b>	<b>Rs' 000</b>	<b>Rs' 000</b>	<b>Rs' 000</b>
<b><u>Segmental Revenue:-</u></b>								
Main Sectors	<b>987,020</b>	708,806	<b>154,307</b>	135,312	-	-	<b>1,141,327</b>	844,118
Other Operating Revenue		-		-	<b>21,854</b>	9,344	<b>21,854</b>	9,344
	<b>987,020</b>	708,806	<b>154,307</b>	135,312	<b>21,854</b>	9,344	<b>1,163,181</b>	853,462
Cost of Sales	<b>(855,096)</b>	(752,363)	<b>(174,801)</b>	(173,555)	<b>(12,476)</b>	(10,144)	<b>(1,042,373)</b>	(936,062)
<b>Segmental Gross Profit/(Loss)</b>	<b>131,924</b>	(43,556)	<b>(20,494)</b>	(38,243)	<b>9,377</b>	(800)	<b>120,807</b>	(82,600)
Other Operating Income					2,523	6,998	<b>2,523</b>	6,998
Change in Fair Value of Biological Assets					6,407	-	<b>6,407</b>	-
Administrative Expenses					(51,800)	(44,466)	<b>(51,800)</b>	(44,466)
Management Fees					(7,323)	-	<b>(7,323)</b>	-
<b>Profit/(Loss) from Operations</b>							<b>70,615</b>	(120,068)
Net Finance Expense					(45,510)	(36,911)	<b>(45,510)</b>	(36,911)
<b>Profit/(Loss) before Taxation</b>							<b>25,105</b>	(156,979)
Tax Reversal/(Expense)					(3,886)	7,779	<b>(3,886)</b>	7,779
<b>Profit/(Loss) for the period</b>							<b>21,219</b>	(149,200)

#### 2 Market Prices (per Share)

<b>Year Ended</b>		<b>Quarter Ended 30th September</b>				
<b>31-Mar-17</b>		<b>2017</b>		<b>2016</b>		<b>Variance</b>
<b>Rs.Cts.</b>		<b>Rs.Cts.</b>	<b>Date</b>	<b>Rs.Cts.</b>	<b>Date</b>	<b>Rs.Cts.</b>
<b>24.50</b>	Highest	<b>30.00</b>	<b>29-Sep-17</b>	22.70	1-Jul-16	7.30
<b>14.00</b>	Lowest	<b>23.00</b>	<b>22-Aug-17</b>	20.00	30-Sep-16	3.00
<b>16.90</b>	Closing	<b>29.00</b>		20.00		9.00

#### 3 Basis of Preparation

3.1 The above figures are provisional and subject to audit.

3.2 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.

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

3.4 No material events have occurred subsequent to the Reporting Period, which require adjustments to or disclosures in the Financial Statements.

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

3.6 The company has opted to apply the amendment to LKAS 16 and LKAS 41, on harvestable biological assets growing on the bearer plants which are measured at their fair value less cost to harvest, prospectively; as the retrospective impact of the amendment being not significantly affect the results of the corresponding period.

# Horana Plantations PLC

## Notes to the Interim Financial Statements (Contd.....) For the Six (6) Months Ended 30th September 2017

Name	No. of Shares	Percentage (%)
<b><u>4 Twenty (20) Major Shareholders as at 30th September 2017</u></b>		
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	1,882,012	7.528
4 Associated Electrical Corporation Ltd.	1,185,359	4.741
5 Seylan Bank PLC / Dr. Thirugnanasambandar Senthilverl	870,614	3.482
6 Bank of Ceylon No.01 Account	513,000	2.052
7 Mrs. N. A. Ediriweera	200,000	0.800
8 Mr. K. C. Vignarajah	196,200	0.785
9 Gulf East Finance Limited	195,400	0.782
10 Mr. H. A. A. H. Algharabally	131,500	0.526
11 Mr. P. F. Nandasiri	113,320	0.453
12 Mr. P. H. D. Waidyatilaka	105,000	0.420
13 Mr. Anthony A. Page	100,000	0.400
14 Alpha Tours Private Limited	100,000	0.400
15 Mr. G. M. Weerakoon	89,230	0.357
16 Mr. P. Somadasa	77,671	0.311
17 Merchant Bank of Sri Lanka PLC / J. A. S. Priyantha	77,263	0.309
18 Mr. Y. L. Farook	75,007	0.300
19 East West Properties PLC	71,400	0.286
20 Mr. A. Sithampalam	50,000	0.200
	20,936,709	83.747
Others	4,063,292	16.253
	25,000,001	100.000
<b><u>5 Directors' Shareholdings as at 30th September 2017</u></b>		
1 Mr. A. M. Pandithage	-	-
2 Mr. Dhammika Perera	-	-
3 Mr. W. G. R. Rajadurai	1,000	0.004
4 Mr. J. Manuja Kariapperuma	-	-
5 Mr. L. J. A. Fernando	-	-
6 Dr. S. Selliah	-	-
7 Mr. K. D. H. Perera	-	-
8 Mr. A. N. Wickremasinghe	-	-
9 Mr. S. C. Ganegoda	-	-
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)	-	-
	1,000	0.004
<b><u>6 Public Holding Percentage as at 30th September 2017</u></b>		
<b>Holding of 10% or more:</b>		
Vallibel Plantation Management Ltd	12,750,000	51.000
<b>Directors' Shareholding:</b>		
Mr. W. G. R. Rajadurai	1,000	0.004
	<b>12,751,000</b>	<b>51.004</b>
<b>Public Holding</b>	<b>10,265</b>	<b>48.996</b>
<b>Total Stated Capital</b>	<b>25,000,001</b>	<b>100.000</b>

*No. of Shareholders*