



# **HORANA PLANTATIONS PLC**

*(Company Number : PQ 126)*

## **INTERIM FINANCIAL STATEMENTS**

**For the Six (06) Months Ended  
30-Sep-2018**

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

*# Tel: 011 2627000 # Facsimile: 011 2627323 # E-mail: [horanap@hplnet.lk](mailto:horanap@hplnet.lk) # Web: [www.horanaplantations.com](http://www.horanaplantations.com)*

# **Horana Plantations PLC**

**Interim Financial Statements  
For the Six (6) Months Ended 30th September 2018**

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## Horana Plantations PLC

### Statement of Profit or Loss and Other Comprehensive Income

For the Six (6) Months Ended 30th September 2018

Year Ended		Six (6) Months Ended			Three (3) Months Ended	
		30-Sep 2018	30-Sep 2017	Change	30-Sep 2018	30-Sep 2017
		Rs' 000	Rs' 000	%	Rs' 000	Rs' 000
31-Mar 2018 (Audited) Rs' 000						
2,248,463	<b>Revenue</b>	<b>916,499</b>	1,163,181	(21.21)	<b>443,948</b>	537,199
(1,982,948)	Cost of Sales	<b>(909,716)</b>	(1,042,373)	12.73	<b>(447,795)</b>	(475,991)
265,515	<b>Gross Profit</b>	<b>6,783</b>	120,807	(94.39)	<b>(3,848)</b>	61,208
6,343	Other Operating Income	<b>10,953</b>	2,523	334.05	<b>9,354</b>	1,262
44,995	Change in Fair Value of Biological Assets	<b>4,766</b>	6,407	(25.60)	<b>1,060</b>	1,405
316,853		<b>22,503</b>	129,737	(82.66)	<b>6,565</b>	63,875
(108,024)	Administrative Expenses	<b>(59,087)</b>	(51,800)	(14.07)	<b>(29,947)</b>	(24,551)
(17,240)	Management Fees	<b>(2,173)</b>	(7,323)	70.32	<b>(1,007)</b>	(3,880)
191,589	<b>Profit/(Loss) from Operations</b>	<b>(38,758)</b>	70,615	(154.89)	<b>(24,389)</b>	35,444
(86,915)	Net Finance Expense	<b>(54,983)</b>	(45,510)	(20.82)	<b>(32,310)</b>	(22,964)
104,674	<b>Profit/(Loss) before Taxation</b>	<b>(93,740)</b>	25,105	(473.39)	<b>(56,699)</b>	12,480
(20,329)	Tax (Expense)/Reversal	<b>5,229</b>	(3,886)	234.55	<b>3,706</b>	(5,429)
84,344	<b>Profit/(Loss) for the period</b>	<b>(88,511)</b>	21,219	(517.14)	<b>(52,993)</b>	7,051
	<b>Other Comprehensive Income/(Expense):-</b>					
(40,926)	Actuarial Gain/(Loss) on Employee Benefits	<b>(19,333)</b>	-	-	<b>(9,667)</b>	-
5,730	Tax (Expense)/Reversal on Other Comprehensive Income	<b>2,707</b>	-	-	<b>1,353</b>	-
(35,196)	<b>Other Comprehensive Income/(Expense) for the period after Tax</b>	<b>(16,627)</b>	-	-	<b>(8,313)</b>	-
49,148	<b>Total Comprehensive Income/(Expense) for the period</b>	<b>(105,138)</b>	21,219	(595.49)	<b>(61,307)</b>	7,051
3.37	<b>Earnings per Ordinary Share (Rs.)</b>	<b>(3.54)</b>	0.85	(517.14)	<b>(2.12)</b>	0.28

**Horana Plantations PLC****Statement of Financial Position**

As at 30th September 2018

As at		As at	
31-Mar 2018 (Audited) Rs' 000		30-Sep 2018 Rs' 000	30-Sep 2017 (Restated) Rs' 000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Property, Plant &amp; Equipment:-</b>			
105,251	Leasehold Rights to Bare Land of JEDB/SLSPC Estates	103,273	107,140
47,106	Immovable JEDB/SLSPC Estate Assets on Finance Lease (Other than Bare Land)	43,750	50,877
2,176,052	Bearer Biological Assets	2,210,485	2,122,985
420,037	Other Tangibles	404,439	442,851
536,575	Consumable Biological Assets	543,815	497,336
<b>3,285,021</b>	<b>Total Non-Current Assets</b>	<b>3,305,762</b>	<b>3,221,189</b>
<b>Current Assets</b>			
6,210	Non-harvested Produce on Bearer Biological Assets	4,766	6,407
245,759	Inventories	219,047	230,029
27,285	Advance Company Tax(ACT) Recoverable	27,285	27,285
96,408	Trade and Other Receivables	77,003	91,376
15,089	Holding Company Receivable	24,487	30,023
3,852	Other Related Company Receivables	3,497	7,956
14,383	Cash and Cash Equivalents	5,172	12,898
<b>408,986</b>	<b>Total Current Assets</b>	<b>361,257</b>	<b>405,974</b>
<b>3,694,007</b>	<b>Total Assets</b>	<b>3,667,019</b>	<b>3,627,163</b>
<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
1,100,798	Retained Earnings	983,160	1,072,870
<b>1,420,798</b>	<b>Total Equity</b>	<b>1,303,160</b>	<b>1,392,870</b>
<b>Non-Current Liabilities</b>			
703,247	Interest bearing Borrowings payable after one year	790,280	783,435
82,767	Net Liability to Lessor of JEDB/SLSPC Estates	81,833	82,469
-	Other Finance Lease Creditors	-	1,175
426,461	Retirement Benefit Obligations	441,768	386,241
136,531	Deferred Income	134,341	137,865
137,478	Deferred Tax Liability	123,828	127,498
<b>1,486,484</b>	<b>Total Non-Current Liabilities</b>	<b>1,572,050</b>	<b>1,518,683</b>
<b>Current Liabilities</b>			
267,923	Trade and Other Payables	268,054	216,575
54,015	Payable to Other Related Companies	28,293	65,547
161,027	Interest bearing Borrowings payable within one year	193,617	161,027
6,694	Net Liability to Lessor of JEDB/SLSPC Estates	7,132	2,959
4,004	Other Finance Lease Creditors	1,175	5,978
293,062	Bank Overdrafts	293,538	263,523
-	Dividend Payable	-	-
<b>786,725</b>	<b>Total Current Liabilities</b>	<b>791,809</b>	<b>715,610</b>
<b>2,273,209</b>	<b>Total Liabilities</b>	<b>2,363,858</b>	<b>2,234,293</b>
<b>3,694,007</b>	<b>Total Equity &amp; Liabilities</b>	<b>3,667,019</b>	<b>3,627,163</b>
<b>56.83</b>	<b>Net Assets per Ordinary Share (Rs.)</b>	<b>52.13</b>	<b>55.71</b>

The Statement of Financial Position as at **30th September 2018** 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 2018** are drawn up from the unaudited Financial Statements of the Company, provide the information required by the Colombo Stock Exchange.

I certified that these 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**

**6th November 2018**

(Sgd.) W. G. R. Rajadurai

**Managing Director**

## Horana Plantations PLC

### Statement of Changes in Equity

**For the Six (6) Months Ended 30th September 2018**

<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 2017:-</u></b>					
Restated Balance as at 1st April 2017	250,000	35,000	35,000	1,051,651	1,371,651
Profit/(Loss) for the period	-	-	-	21,219	21,219
Other Comprehensive Income/(Expense)	-	-	-	-	-
Restated Balance as at 30th September 2017	250,000	35,000	35,000	1,072,870	1,392,870
<b><u>Six (6) Months Ended 30th September 2018:-</u></b>					
<b>Balance as at 1st April 2018</b>	<b>250,000</b>	<b>35,000</b>	<b>35,000</b>	<b>1,100,798</b>	<b>1,420,798</b>
<b>Profit/(Loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(88,511)</b>	<b>(88,511)</b>
<b>Other Comprehensive Income/(Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,627)</b>	<b>(16,627)</b>
<b>Interim Dividend of Rs.0.50 per share, payable for the year ending 31st March 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,500)</b>	<b>(12,500)</b>
<b>Balance as at 30th September 2018</b>	<b>250,000</b>	<b>35,000</b>	<b>35,000</b>	<b>983,160</b>	<b>1,303,160</b>

## Horana Plantations PLC

### Statement of Cash Flows

For the Six (6) Months Ended 30th September 2018

Year Ended		Six (6) Months Ended	
31-Mar 2018 (Audited) Rs' 000		30-Sep 2018 Rs' 000	30-Sep 2017 Rs' 000
	<b>Cash Flows from Operating Activities</b>		
104,674	Profit/(Loss) before Taxation	(93,740)	25,105
	<i>Adjustments for non-cash items :</i>		
(39,766)	Change in Fair Value of Biological Assets	(4,766)	(6,407)
157,637	Depreciation and Amortisation	69,197	68,548
74,718	Provision for Retiring Gratuity	35,415	35,898
87,193	Finance Expenses	55,068	45,644
(279)	Finance Income	(90)	(134)
4,233	Finance Lease Interest	1,844	2,194
(69)	Profit on Disposal of Property, Plant & Equipment and Redundant Materials	(6,785)	-
(6,274)	Amortisation of Capital Grants	(4,168)	(2,523)
-	Field Development Expenditure written off	1,800	-
382,063	<i>Operating Profit before Working Capital Changes</i>	53,774	168,325
14,626	(Increase)/Decrease in Debtors, Deposits & Prepayments	18,895	14,846
(8,701)	(Increase)/Decrease in Inventories	32,921	7,027
6,331	(Increase)/Decrease in Related Party Receivables	(9,042)	(12,706)
13,530	Increase/(Decrease) in Related Party Payables	(25,723)	25,060
47,827	Increase/(Decrease) in Creditors, Provisions & Accrued Charges	(1,221)	(6,280)
455,675	<i>Cash Generated from Operations</i>	69,603	196,273
(79,748)	Interest paid	(45,284)	(45,315)
(79,888)	Payments made for Retirement Gratuity	(39,887)	(37,666)
(12,023)	Payment of Income Tax (Economic Service Charge & Withholding Tax)	(5,202)	(6,532)
284,016	<i>Net Cash Inflows/(Outflows) from Operating Activities</i>	(20,770)	106,761
	<b>Cash Flows from Investing Activities</b>		
(15,556)	Purchase/Construction of Property, Plant and Equipment	(4,261)	(11,974)
(241,550)	Additions on Biological Assets	(87,475)	(125,713)
4,617	Capital Grants and Subsidies received	1,976	2,198
69	Proceeds on Disposal of Property, Plant & Equipment and Redundant Materials	6,785	-
279	Interest Income	90	134
(252,141)	<i>Net Cash Outflows from Investing Activities</i>	(82,885)	(135,354)
	<b>Cash Flows from Financing Activities</b>		
100,000	Receipt of Project Loans	200,000	100,000
(91,800)	Repayment of Project Loans	(45,900)	(45,900)
46,935	Receipt of Other Term Loans	-	46,935
(71,918)	Repayment of Other Term Loans	(34,477)	(37,631)
(21,569)	Payment of Finance Lease Rentals	(13,153)	(13,233)
-	Payment of Dividend	(12,500)	-
(38,351)	<i>Net Cash Inflows/(Outflows) from Financing Activities</i>	93,969	50,171
(6,476)	<b>Net Cash Inflow/(Outflow) for the period</b>	(9,686)	21,578
(272,204)	At the beginning of the Year	(278,680)	(272,203)
(278,680)	<b>Cash and Cash Equivalents</b>	(288,366)	(250,625)

## Horana Plantations PLC

### Notes to the Interim Financial Statements For the Six (6) Months Ended 30th September 2018

#### 1 Segmental Information

	Tea		Rubber		Unallocated		Total	
	30-Sep 2018	30-Sep 2017	30-Sep 2018	30-Sep 2017	30-Sep 2018	30-Sep 2017	30-Sep 2018	30-Sep 2017
	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000
<b>Segmental Revenue:-</b>								
Main Sectors	766,514	987,020	109,236	154,307	-	-	875,750	1,141,327
Other Operating Revenue	-	-	-	-	40,749	21,854	40,749	21,854
	766,514	987,020	109,236	154,307	40,749	21,854	916,499	1,163,181
Cost of Sales	(735,298)	(855,096)	(153,786)	(174,801)	(20,632)	(12,476)	(909,716)	(1,042,373)
<b>Segmental Gross Profit/(Loss)</b>	<b>31,216</b>	<b>131,924</b>	<b>(44,550)</b>	<b>(20,494)</b>	<b>20,117</b>	<b>9,377</b>	<b>6,783</b>	<b>120,807</b>
Other Operating Income					10,953	2,523	10,953	2,523
Change in Fair Value of Biological Assets					4,766	6,407	4,766	6,407
Administrative Expenses					(59,087)	(51,800)	(59,087)	(51,800)
Management Fees					(2,173)	(7,323)	(2,173)	(7,323)
<b>Profit/(Loss) from Operations</b>							<b>(38,758)</b>	<b>70,615</b>
Net Finance Expense					(54,983)	(45,510)	(54,983)	(45,510)
<b>Profit/(Loss) before Taxation</b>							<b>(93,740)</b>	<b>25,105</b>
Tax (Expense)/Reversal					5,229	(3,886)	5,229	(3,886)
<b>Profit/(Loss) for the period</b>							<b>(88,511)</b>	<b>21,219</b>
<b>Other Comprehensive Income/(Expense):</b>								
Actuarial Gain/(Loss) on Employee Benefits					(19,333)	-	(19,333)	-
Tax (Expense)/Reversal on Other Comprehensive Income					2,707	-	2,707	-
Other Comprehensive Income/(Loss) for the year after tax							(16,627)	-
<b>Total Comprehensive Income/(Expense) for the year</b>							<b>(105,138)</b>	<b>21,219</b>

#### 2 Market Prices (per Share)

Year Ended		Quarter Ended 30th September				
31-Mar-18		2018		2017		Variance
Rs. Cts.		Rs. Cts.	Date	Rs. Cts.	Date	Rs. Cts.
30.00	Highest	23.90	20-Jul-18	30.00	29-Sep-17	(6.10)
16.00	Lowest	15.50	26-Sep-18	23.00	22-Aug-17	(7.50)
22.00	Closing	15.60		29.00		(13.40)

The float adjusted market capitalization as at 30th September 2018 was **Rs.191,084,416.00**.

The float adjusted market capitalization of the Company falls under "Option 5" of Section 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

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

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

## Horana Plantations PLC

### Notes to the Interim Financial Statements (Contd.....)

For the Six (6) Months Ended 30th September 2018

Name	No. of Shares	Percentage (%)
<b><u>4 Twenty (20) Major Shareholders as at 30th September 2018</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	1,981,113	7.924
4 Associated Electrical Corporation Ltd.	1,286,186	5.145
5 Seylan Bank PLC / Dr. Thirugnanasambandar Senthilverl	871,174	3.485
6 Bank of Ceylon No.01 Account	513,000	2.052
7 Mr. G. M. Weerakoon	207,414	0.830
8 Mr. K. C. Vignarajah	196,205	0.785
9 Gulf East Finance Limited	195,400	0.782
10 Mrs. N. A. Ediriweera	150,000	0.600
11 Mr. H. A. A. H. Algharabally	131,500	0.526
12 Mr. P. F. Nandasiri	113,320	0.453
13 Mr. P. H. D. Waidyatilaka	105,000	0.420
14 Alpha Tours Private Limited	100,000	0.400
15 Mr. Anthony A. Page	100,000	0.400
16 Merchant Bank of Sri Lanka PLC / J. A. S. Priyantha	77,263	0.309
17 Mr. Y. L. Farook	74,529	0.298
18 Mrs. U. D. D. N. Perera	73,126	0.293
19 East West Properties PLC	71,400	0.286
20 Mr. P. Somadasa	69,586	0.278
	21,219,949	84.880
Others	3,780,052	15.120
	25,000,001	100.000
<b><u>5 Directors' Shareholdings as at 30th September 2018</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 Mr. K. D. H. Perera	-	-
7 Mr. A. N. Wickremasinghe	-	-
8 Mr. S. C. Ganegoda	-	-
9 Mr. S. S. Sirisena	-	-
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 2018</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>
<i>No. of Shareholders</i>		
<b>Public Holding</b>	<b>10,231</b>	<b>12,249,001</b>
<b>Total Stated Capital</b>	<b>25,000,001</b>	<b>100.000</b>