

# Kahawatte Plantations PLC

Interim Financial Statements

Nine months ended 30<sup>th</sup> September 2016



**INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30th SEPTEMBER 2016**

**KAHAWATTE PLANTATIONS PLC**

**INCOME STATEMENT**

	Quarter ended 30th September			Nine Months ended 30th September		
	2016	2015	Change +/-	2016	2015	Change +/-
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Revenue</b>	<b>745,657</b>	642,821	102,836	<b>2,115,746</b>	2,133,915	(18,169)
Cost of Sales	<b>(716,413)</b>	(699,086)	(17,327)	<b>(2,031,307)</b>	(2,171,662)	140,355
<b>Gross Profit/(Loss)</b>	<b>29,244</b>	(56,265)	85,509	<b>84,439</b>	(37,747)	122,186
Other Income	<b>5,210</b>	5,469	(259)	<b>21,235</b>	19,137	2,098
Fair Value Gain on Biological Assets	<b>(2,230)</b>	-	(2,230)	<b>15,289</b>	14,742	547
Administrative Expenses	<b>(26,991)</b>	(27,120)	129	<b>(78,531)</b>	(78,506)	(25)
Management Fee	-	-	-	-	-	-
<b>Profit/(Loss) From Operating Activities</b>	<b>5,233</b>	(77,916)	83,149	<b>42,432</b>	(82,374)	124,806
Finance Cost	<b>(41,605)</b>	(22,143)	(19,462)	<b>(105,220)</b>	(60,320)	(44,900)
<b>Profit/(Loss) before Taxation</b>	<b>(36,372)</b>	(100,059)	63,687	<b>(62,788)</b>	(142,694)	79,906
Taxation	-	-	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>(36,372)</b>	<b>(100,059)</b>	<b>63,687</b>	<b>(62,788)</b>	<b>(142,694)</b>	<b>79,906</b>
<b>Basic Earnings / (Loss) per Share (Rs.)</b>	<b>(0.46)</b>	(1.25)		<b>(0.79)</b>	(1.79)	

**KAHAWATTE PLANTATIONS PLC**

**STATEMENT OF COMPREHENSIVE INCOME**

	Quarter ended 30th September			Nine Months ended 30th September		
	2016	2015	Change +/-	2016	2015	Change +/-
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Profit/(Loss) for the period</b>	<b>(36,372)</b>	<b>(100,059)</b>	63,687	<b>(62,788)</b>	(142,694)	79,906
Actuarial (loss)/gain on defined benefit plan	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total Comprehensive Income for the period</b>	<b>(36,372)</b>	<b>(100,059)</b>	<b>63,687</b>	<b>(62,788)</b>	<b>(142,694)</b>	<b>79,906</b>

**STATEMENT OF CHANGES IN EQUITY**

	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	Accumulated Profit Rs.'000	Total Rs.'000
Balance as at 1st January 2015	898,760	-	205,648	1,104,408
Net Loss for the period	-	-	(142,694)	(142,694)
<b>Balance as at 30th September 2015</b>	<b>898,760</b>	<b>-</b>	<b>62,954</b>	<b>961,714</b>
Balance as at 1st January 2016	<b>898,760</b>	-	<b>42,148</b>	<b>940,908</b>
Net Loss for the period	-	-	<b>(62,788)</b>	<b>(62,788)</b>
<b>Balance as at 30th September 2016</b>	<b>898,760</b>	<b>-</b>	<b>(20,640)</b>	<b>878,120</b>

**KAHAWATTE PLANTATIONS PLC**  
**STATEMENT OF FINANCIAL POSITION**

As at	30.09.2016 Rs.'000	30.09.2015 Rs.'000	Audited 31.12.2015 Rs.'000
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Leasehold Right to Bare Land of JEDB/SLSPC Estates	167,316	173,110	171,661
Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)	85,356	97,706	96,288
Property, Plant & Equipment	738,171	732,027	747,764
Biological Assets	2,707,234	2,430,802	2,556,256
	<b>3,698,077</b>	<b>3,433,645</b>	<b>3,571,969</b>
<b>Current Assets</b>			
Inventories	314,601	359,413	345,218
Trade and Other Receivable	142,091	125,784	118,960
Amount due from Related Parties	620	529	605
Cash and Bank Balance	11,340	13,206	6,039
	<b>468,652</b>	<b>498,932</b>	<b>470,822</b>
<b>TOTAL ASSETS</b>	<b>4,166,729</b>	<b>3,932,577</b>	<b>4,042,791</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	898,760	898,760	898,760
Accumulated Profit / (Loss)	(20,640)	62,954	42,148
<b>Total Equity</b>	<b>878,120</b>	<b>961,714</b>	<b>940,908</b>
<b>Non Current Liabilities</b>			
Deferred Income	320,079	297,069	320,170
Deferred Tax Liability	28,982	45,746	28,982
Interest Bearing Loans and Borrowings	561,369	524,824	472,480
Retiring Benefit Obligations	759,791	731,898	749,454
Net Liability to Lessor of JEDB/SLSPC Estates	77,797	79,256	77,797
	<b>1,748,018</b>	<b>1,678,793</b>	<b>1,648,883</b>
<b>Current Liabilities</b>			
Interest Bearing Loans and Borrowings	454,593	47,046	326,533
Net Liability to Lessor of JEDB/SLSPC Estates	1,459	1,402	1,459
Trade and Other Payable	493,283	460,681	482,621
Amounts due to Related Parties	64,780	63,725	122,361
Bank Over Draft	526,476	719,216	520,026
	<b>1,540,591</b>	<b>1,292,070</b>	<b>1,453,000</b>
<b>Total Liabilities</b>	<b>3,288,609</b>	<b>2,970,863</b>	<b>3,101,883</b>
<b>Total Equity and Liabilities</b>	<b>4,166,729</b>	<b>3,932,577</b>	<b>4,042,791</b>
<b>Net Assets per share (Rs.)</b>	<b>10.99</b>	<b>12.04</b>	<b>11.78</b>

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)

Vidura Weerabahu

**General Manager - Finance**

Signed on behalf of the Board of Directors of Kahawatte Plantations PLC

(Sgd.)

Minette D A Perera

**Director**

**11th November 2016**

(Sgd.)

Viren Ruberu

**Chief Executive Officer /Director**

**KAHAWATTE PLANTATIONS PLC**  
**STATEMENT OF CASH FLOWS**

<b>For the Period ended</b>	<b>30th Sept 2016 Rs.'000</b>	<b>30th Sept 2015 Rs.'000</b>	<b>Audited 31.12.15 Rs.'000</b>
<b>Cash Flow from Operating Activities</b>			
Net Profit before taxation	(62,788)	(142,694)	(213,891)
<b>Adjustment For</b>			
Depreciation/Amortisation/Write-off	100,722	98,236	145,050
Profit on disposal of Property Plant and Equipments	-	-	586
Interest Expenses	105,220	60,320	72,317
Provision for Retirement Benefit Obligations	37,960	36,531	115,133
Fair Value Gain on Biological Assets	(15,289)	(14,742)	(71,602)
Amortisation of Grants	(6,375)	(5,154)	(9,051)
<b>Operating Profit before Working Capital Changes</b>	<b>159,450</b>	<b>32,497</b>	<b>38,542</b>
Decrease in Inventories	30,616	83,577	97,773
(Increase) / Decrease in Trade and other receivable	(16,440)	32,515	30,011
Increase in Amounts due from Related Companies	(15)	(4)	(80)
Increase in Trade and Other Payable	22,722	11,769	17,267
Increase / (Decrease) in amount due to Related Companies	(58,894)	(4,031)	54,391
<b>Cash Generated from Operation</b>	<b>137,439</b>	<b>156,323</b>	<b>237,904</b>
Interest Paid	(96,322)	(48,960)	(52,825)
Payment of Retirement Benefit Obligations	(43,690)	(38,717)	(49,632)
Grants Received	6,284	1,165	28,163
Economic Service Charge paid	(6,692)	(5,349)	(6,942)
<b>Net Cash flow from Operating Activities</b>	<b>(2,981)</b>	<b>64,462</b>	<b>156,668</b>
<b>Cash Flow from Investing Activities</b>			
Investment in Immature Plantations	(172,092)	(237,271)	(323,700)
Purchase of Property, Plant & Equipment	(39,459)	(17,754)	(51,815)
Proceeds from disposal of Property Plant and Equipments	-	-	-
<b>Net Cash used in Investing Activities</b>	<b>(211,551)</b>	<b>(255,025)</b>	<b>(375,515)</b>
<b>Cash Flow from Financing Activities</b>			
Loan Received	414,968	32,000	266,786
Loan Repayments	(198,019)	(18,503)	(29,416)
Lease Rentals Paid to JEDB/SLSPC	(3,566)	(6,908)	(10,474)
<b>Net Cash generated from Financing Activities</b>	<b>213,383</b>	<b>6,589</b>	<b>226,896</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(1,149)</b>	<b>(183,974)</b>	<b>8,049</b>
Cash and Cash Equivalents at the beginning of the year	(513,987)	(522,036)	(522,036)
<b>Cash and Cash Equivalents at end of the period</b>	<b>(515,136)</b>	<b>(706,010)</b>	<b>(513,987)</b>

## KAHAWATTE PLANTATIONS PLC SHAREHOLDERS INFORMATION

### 1. MAJOR SHAREHOLDERS

Name of the Shareholder	As at 30th Sept 2016	
	No.of Shares Held	%
Forbes Plantations (Pvt) Ltd.	50,955,581	63.78%
Ceylon Tea Services PLC	12,571,800	15.74%
Bank of Ceylon A/C Ceybank Unit Trust	6,735,392	8.43%
Phillip Securities PTE Ltd.	2,421,000	3.03%
People's Leasing Finance PLC/Carlines Holdings (Pvt) Limited	1,300,073	1.63%
Seylan Bank PLC /Almas Organisation (Pvt) Ltd.	1,015,007	1.27%
Bank of Ceylon No.1 Account	838,629	1.05%
Seylan Bank PLC /Carlines Holdings (Pvt) Limited	530,545	0.66%
Mr. T L M Nawash	108,300	0.14%
Mr. K C Vignarajah	72,300	0.09%
DFCC Vardhana Bank Ltd/Mr.B A D H C Mahipala	50,000	0.06%
Miss. N Harnam / Mrs. J K P Singh	35,000	0.04%
DPMC Assetsline Holdings (Pvt) Ltd. Account No. 02	30,400	0.04%
Dr. H.S.M. Singh / Mrs. J K P Singh	25,000	0.03%
Mrs. S T Fernando	23,617	0.03%
Seylan Bank PLC / Mr. Duleep Nissanka Daluwatte	22,396	0.03%
Waldock Mackenzie Ltd/Dr. H S D Soysa	21,878	0.03%
Mrs. E M Perera	20,000	0.03%
Pan Asia Banking Corporation PLC/ Mr. R E Rambukwella	16,866	0.02%
Mr.M.R. Noordeen	14,900	0.02%
	<b>76,808,684</b>	<b>96.14%</b>
Others	3,081,122	3.86%
<b>Total</b>	<b>79,889,806</b>	<b>100.00%</b>

### 2. PUBLIC SHARE HOLDING

	As at 30th Sept 2016
The percentage shares held by the Public	<b>20.48%</b>
Total No. of share holders who hold the public holding %	<b>19,023</b>

### 3. STATEMENT OF EACH DIRECTOR'S HOLDING AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES OF THE EQUITY

Name	As at 30th Sept 2016	
	No.of Shares Held	%
Mr. Merrill J Fernando	Nil	-
Mr.Malinga H Gunaratne	500	0.001
Mr. G T O Viren Ruberu	95	0.000
Mr. Malik J Fernando	Nil	-
Ms. Minette D A Perera	4,000	0.005
Mr. Dilhan C Fernando	Nil	-
Mr.Himendra S. Ranaweera	Nil	-
Mr. Daya P Wickramatunga	Nil	-
Mr. Nimal Maxwell Amerasekara	Nil	-

### 4. MARKET VALUE

	3rd Quarter 2016		3rd Quarter 2015	
	Rs.	Date	Rs.	Date
Highest	37.70	8-Jul-16	38.00	30-Sep-15
Lowest	30.20	21-Sep-16	26.50	10-Jul-15
Closing	34.00		37.90	

### 5. Company Registration No. PQ 109

**KAHAWATTE PLANTATIONS PLC**  
**INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30th SEPTEMBER 2016**

**Segmental Information**

	Quarter ended 30th September			Nine Months ended 30th September		
	2016	2015	Change +/-	2016	2015	Change +/-
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Segment Revenue</b>						
Tea	624,498	575,003	49,495	1,819,232	1,954,577	(135,345)
Rubber	73,551	56,937	16,614	204,792	152,971	51,821
Other Crop	47,608	10,881	36,727	91,722	26,367	65,355
	<b>745,657</b>	<b>642,821</b>	<b>102,836</b>	<b>2,115,746</b>	<b>2,133,915</b>	<b>(18,169)</b>

	Quarter ended 30th September			Nine Months ended 30th September		
	2016	2015	Change +/-	2016	2015	Change +/-
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Less - Segment Cost of Sale</b>						
Tea	(603,992)	(634,852)	30,860	(1,740,930)	(1,972,266)	231,336
Rubber	(85,996)	(57,893)	(28,103)	(241,199)	(182,138)	(59,061)
Other Crop	(26,425)	(6,341)	(20,084)	(49,178)	(17,258)	(31,920)
	<b>(716,413)</b>	<b>(699,086)</b>	<b>(17,327)</b>	<b>(2,031,307)</b>	<b>(2,171,662)</b>	<b>140,355</b>

	Quarter ended 30th September			Nine Months ended 30th September		
	2016	2015	Change +/-	2016	2015	Change +/-
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Segment Results</b>						
Tea	20,506	(59,849)	80,355	78,302	(17,689)	95,991
Rubber	(12,445)	(956)	(11,489)	(36,407)	(29,167)	(7,240)
Other Crop	21,183	4,540	16,643	42,544	9,109	33,435
	<b>29,244</b>	<b>(56,265)</b>	<b>85,509</b>	<b>84,439</b>	<b>(37,747)</b>	<b>122,186</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Corporate information

Kahawatte Plantations PLC is a public limited liability company incorporated and domiciled in Sri Lanka. It is listed on the Colombo Stock Exchange. The registered office of the Company is located at No.52, Maligawatte Road, Colombo 10.

The principal activities and Nature of Operation of the Company is involved in the cultivation, manufacture and sale of Tea and Rubber.

### 2. Basis of Preparation

The Condensed interim Financial Statements of the company have been prepared based on the Sri Lanka Accounting Standards that came into effect from January 01, 2012 (SLFRS/LKAS). There were no changes to the accounting policies and method of computation since the publication of the annual report 2015. Further Interim Financial Statements have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 Interim Financial Reporting.

The presentation and classification of the figures for the corresponding period has been amended to reflect the effect of transition to LKAS/SLFRS

### 3. Approval of Financial Statements

The Interim Financial Statements of the Company for the nine months ended 30<sup>th</sup> September 2016 were authorized for issue by the Board of Directors on 11<sup>th</sup> November 2016.

### 4. Contingencies, Capital and other commitments

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 31<sup>st</sup> December 2015.

### 5. Post Balance sheet events

There were no significant events after the balance sheet date which requires disclosure or adjustments in the interim financial statements.

6. The figures are extracted from unaudited financial statements of the company.

7. The nature of related party transactions in the current period is similar to those reported in the Audited Financial Statements – 31<sup>st</sup> December 2015

8. In Accordance with the Collective Agreement between Employers' Federation of Ceylon and the Trade Unions, with effect from 15<sup>th</sup> October, the daily basic wage of workers have been increased from Rs.450/- to Rs.500/-while an allowance of Rs.30/- Fixed price share is paid in addition to Rs.60 as an attendance incentive. Rs.140/- is paid as a productive incentive, totaling to Rs.730/- per day, as compared to Rs.620/-previously.