

KOTAGALA PLANTATIONS PLC

**Interim Financial Statements
For the Period ended 30th September 2016**

KOTAGALA PLANTATIONS PLC

Group	Company	
Year ended 31.03.2016	Year ended 31.03.2016	
Rs.'000	Rs.'000	
Audited	Audited	
6,684,033	3,038,112	Revenue
(6,564,404)	(3,169,370)	Cost of Sales
119,629	(131,258)	Gross Profit
(12,742)	(12,742)	Fair Value gain on Biological assets
213,307	185,209	Other Income
-	-	Distribution Costs
(594,092)	(447,311)	Administration Expenses
-	-	Other Expenses
(635,711)	(558,597)	Net Finance Cost
(909,609)	(964,699)	Profit / (Loss) before Tax
1,504	-	Share of profit/(loss) of associate company
136,061	107,666	Income Tax expenses
(772,044)	(857,033)	Profit / (Loss) for the Period
		Other Comprehensive Income
(1,156)	1,129	Net gain/(loss) on Financial Assets Available for Sale
124,373	114,278	Available for Sale Financial Assets - Reclassified to Profit or Loss
133,627	131,044	Actuarial gains/(losses) on Defined Benefit Obligations
(27,393)	(26,799)	Tax effect on other comprehensive income
229,451	219,652	Other Comprehensive Income for the period, net of Tax
(542,593)	(637,381)	Total Comprehensive Income
(19.30)	(21.43)	Earnings/ (Loss) per Share (Rs.)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME							
Group		Company		Group		Company	
Quarter ended	Quarter ended	Quarter ended	Quarter ended	Six Months ended	Six Months ended	Six Months ended	Six Months ended
30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2,033,196	1,683,469	869,585	744,713	3,565,220	3,755,214	1,537,437	1,555,521
(1,993,893)	(1,683,202)	(928,675)	(795,808)	(3,510,503)	(3,722,030)	(1,621,736)	(1,644,548)
39,303	267	(59,090)	(51,095)	54,717	33,184	(84,299)	(89,027)
109,534	71,720	59,423	66,496	314,678	120,515	240,386	105,091
-	-	-	-	-	-	-	-
(103,624)	(93,877)	(25,148)	(29,827)	(199,359)	(195,688)	(46,161)	(53,080)
-	-	-	-	-	-	-	-
(140,985)	(109,645)	(126,055)	(101,233)	(279,273)	(276,296)	(254,237)	(243,492)
(95,772)	(131,535)	(150,870)	(115,659)	(109,237)	(318,285)	(144,311)	(280,508)
-	-	-	-	-	-	-	-
-	13,910	-	-	-	17,518	-	-
(95,772)	(117,625)	(150,870)	(115,659)	(109,237)	(300,767)	(144,311)	(280,508)
3,929	(46,287)	(8,054)	(46,583)	(104,050)	(4,369)	(118,440)	(2,065)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,929	(46,287)	(8,054)	(46,583)	(104,050)	(4,369)	(118,440)	(2,065)
(91,843)	(163,912)	(158,924)	(162,242)	(213,287)	(305,136)	(262,751)	(282,573)
(2.39)	(2.94)	(3.77)	(2.89)	(2.73)	(7.52)	(3.61)	(7.01)

KOTAGALA PLANTATIONS PLC

STATEMENT OF FINANCIAL POSITION							
Group		Company		Group		Company	
As at	As at	As at	As at	As at	As at	As at	As at
31.03.2016	31.03.2016	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Audited	Audited						
ASSETS							
2,049,191	926,836	Property, Plant & Equipment	1,985,927	2,071,258	894,426	888,485	
4,008,566	4,008,566	Biological Assets	4,065,344	3,870,276	4,065,344	3,870,276	
301,037	301,037	Leasehold Properties	287,272	311,179	287,272	311,179	
116,840	-	Investment Property	115,615	89,981	-	-	
16,780	-	Intangible Assets	21,566	-	-	-	
-	1,340,459	Investments in Subsidiaries	-	-	1,340,459	1,512,137	
64,105	94,753	Investment in Associates	62,602	62,602	94,753	94,753	
745,337	711,587	Investment Classified as Available for Sale	465,723	765,589	417,582	722,202	
5,852	5,852	Investment Classified as Held to Maturity	-	50,820	-	-	
193	-	Deferred Tax Assets	193	150	-	-	
7,307,901	7,389,090	Total Non - Current Assets	7,004,242	7,221,855	7,099,836	7,399,032	
948,304	266,479	Inventories	944,014	1,229,827	251,254	331,718	
1,273,137	278,889	Trade and Other Receivables	1,530,088	1,265,239	301,304	207,374	
176,714	1,014,347	Amounts due from Related Parties	110,939	179,380	1,015,261	980,980	
31,301	-	Income Tax Recoverable	37,104	29,313	-	-	
719,094	54,392	Cash and Cash Equivalents	725,074	767,282	24,918	89,976	
3,148,550	1,614,107	Total Current Assets	3,347,219	3,471,041	1,592,737	1,610,048	
10,456,451	9,003,197	Total Assets	10,351,461	10,692,897	8,692,573	9,009,081	
EQUITY							
680,000	680,000	Stated Capital	680,000	680,000	680,000	680,000	
240,000	240,000	Capital Reserves	240,000	240,000	240,000	240,000	
156,898	153,367	Fair value reserve	52,848	29,312	34,927	35,895	
723,243	806,292	Accumulated Profit	614,006	1,088,286	661,981	1,278,572	
1,800,141	1,879,659	Equity Attributable to Equity Holders of the Parent	1,586,854	2,037,598	1,616,908	2,234,467	
-	-	Non-controlling Interests	-	-	-	-	
1,800,141	1,879,659	Total Equity	1,586,854	2,037,598	1,616,908	2,234,467	
LIABILITIES							
2,361,294	2,361,294	Interest bearing Borrowings	2,152,996	2,217,648	2,152,996	2,217,648	
331,488	331,488	Grants and Subsidies	329,526	328,333	329,526	328,333	
335,733	170,186	Deferred Tax Liabilities	335,734	429,447	170,188	251,179	
371,165	371,165	Net Obligation to Lessor	371,165	382,513	371,165	382,513	
719,380	693,706	Retirement Benefit Obligations	754,453	810,735	738,336	778,359	
4,119,060	3,927,839	Total Non - Current Liabilities	3,943,874	4,168,676	3,762,211	3,958,032	
2,185,498	838,823	Interest bearing Borrowings	606,458	766,726	606,458	766,726	
1,715,529	1,640,205	Trade & Other Payables	3,462,583	3,054,452	1,798,666	1,460,263	
104,075	213,553	Amounts due to Related Parties	145,779	29,526	323,916	76,579	
2,482	-	Income Tax Payable	2,434	1,766	-	-	
529,666	503,118	Bank Overdraft	603,479	634,153	584,414	513,014	
4,537,250	3,195,699	Total Current Liabilities	4,820,733	4,486,623	3,313,454	2,816,582	
8,656,310	7,123,538	Total Liabilities	8,764,607	8,655,299	7,075,665	6,774,614	
10,456,451	9,003,197	Total Equity and Liabilities	10,351,461	10,692,897	8,692,573	9,009,081	
45.00	46.99	Net Assets per Share (Rs.)	39.67	50.94	40.42	55.86	

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007

K M Ramesh

Director Finance

(Lankem Tea & Rubber Plantations Pvt Ltd - Managing Agents)

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

D S AbeyRatna

Director

8th November 2016

Colombo

M S Madugalle

Director

KOTAGALA PLANTATIONS PLC

STATEMENT OF CHANGES IN EQUITY

COMPANY	Attributable to Owners of the Company						
	Stated Capital	Other Capital Reserves	Available for Sale Reserves	General Reserves	Retained Profit / (Loss)	Non Controlling Interest	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.04.2015	680,000	-	37,960	240,000	1,559,080	-	2,517,040
Profit for the Period	-	-	-	-	(280,508)	-	(280,508)
Other Comprehensive Income for the Period	-	-	(2,065)	-	-	-	(2,065)
Balance as at 30.09.2015	680,000	-	35,895	240,000	1,278,572	-	2,234,467
Balance as at 01.04.2016	680,000	-	153,367	240,000	806,292	-	1,879,659
Profit for the Period	-	-	-	-	(144,311)	-	(144,311)
Other Comprehensive Income for the Period	-	-	(118,440)	-	-	-	(118,440)
Balance as at 30.09.2016	680,000	-	34,927	240,000	661,981	-	1,616,908

KOTAGALA PLANTATIONS PLC

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Owners of the Company						
	Stated Capital	Other Capital Reserves	Available for Sale Reserves	General Reserves	Retained Profit / (Loss)	Non Controlling Interest	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.04.2015	680,000	-	33,681	240,000	1,389,053	-	2,342,734
Profit for the Period	-	-	-	-	(300,767)	-	(300,767)
Other Comprehensive Income for the Period	-	-	(4,369)	-	-	-	(4,369)
Balance as at 30.09.2015	680,000	-	29,312	240,000	1,088,286	-	2,037,598
Balance as at 01.04.2016	680,000	-	156,898	240,000	723,243	-	1,800,141
Profit for the Period	-	-	-	-	(109,237)	-	(109,237)
Other Comprehensive Income for the Period	-	-	(104,050)	-	-	-	(104,050)
Balance as at 30.09.2016	680,000	-	52,848	240,000	614,006	-	1,586,854

KOTAGALA PLANTATIONS PLC

CASH FLOW STATEMENT				
For the six months ended 30 th September	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Cash Flows from Operating Activities				
Profit / (Loss) before Tax	(109,237)	(300,767)	(144,309)	(280,508)
Adjustments for :				
Depreciation /Amortisation on Property, Plant & Equipment	142,799	117,780	108,250	81,670
Interest Expense	254,254	243,492	254,237	243,492
Stocks written off		3,000		
(Gain) / Loss on Disposal of Property, Plant & Equipment	(27,922)	-	(10,227)	
Interest Income		(1,237)		
Defined Benefit Plan Cost - Retiring Gratuity	65,297	(2,390)	58,360	49,360
Provision for obsolete stocks	1,143			
Gain on market value changes		-		
Profit/loss on sale of shares	(158,083)	-	(158,083)	
Deferred Income	(4,015)	(3,346)	(4,015)	(3,346)
Operating Profit before Working Capital Changes	164,236	56,532	104,213	90,668
(Increase) / Decrease in Inventories	4,290	318,270	15,225	110,719
(Increase) / Decrease in Trade and Other Receivables	28,443	256,032	(22,415)	44,565
(Increase) / Decrease in Amounts due from Related Parties	65,775	(4,282)	(914)	18,653
Increase / (Decrease) in Trade and Other Payables	172,954	(305,485)	135,210	244,459
Increase / (Decrease) in Amounts due to Related Parties	(41,704)	(50,771)	110,363	(6,704)
Net Cash Flow from Operating Activities	393,994	270,296	341,682	502,360
Income Tax Paid	(8,029)	(2,806)	(7,980)	
Interest Paid	(141,217)	(235,183)	(141,200)	(235,178)
Retiring Gratuity Paid	(28,953)	(21,999)	(12,460)	(21,870)
Net Cash Flow from Operating Activities	215,795	10,308	180,042	245,312
Cash Flows from Investing Activities				
Purchase of property plant and equipment	(23,437)	(5,893)	(11,071)	(4,240)
Investment in immature plantations	(107,779)	(124,191)	(107,779)	(124,191)
Investment in Subsidiaries	-	-		
Interest Received	-	-		
Dividends Received	-	-		
Net Investment in Short Term Investments	(116,100)	(43,576)	(116,100)	(43,576)
Proceeds on sale of investments	378,841		378,841	
Proceeds on Disposal of Property, Plant & Equipment	29,777	-	10,227	-
Net Cash generated from/(used in) Investing Activities	161,302	(173,660)	154,118	(172,007)
Cash Flows from Financing Activities				
Lease rental paid	(11,410)	(18,320)	(11,410)	(18,320)
Share application money received	-	-		
Capital Grants Received	-	13,547		13,547
Proceeds from Long Term Loans	45,000	50,000	45,000	50,000
Repayment of Long Term Loans	(478,520)	(166,208)	(478,520)	(166,208)
Dividend Paid	-	-		
Net Cash generated from/(used in) Financing Activities	(444,930)	(120,981)	(444,930)	(120,981)
Net Increase in Cash & Cash Equivalents	(67,833)	(284,333)	(110,770)	(47,676)
Effect of exchange rate changes		38,646		
Cash & Cash Equivalents at the beginning of the year	189,428	378,812	(448,726)	(375,363)
Cash & Cash Equivalents at the end of the period	121,595	133,125	(559,496)	(423,038)

KOTAGALA PLANTATIONS PLC

SEGMENTAL INFORMATION

Group		Company		Group		Company		Group		Company	
Twelve Months ended	Twelve Months ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Six Months ended	Six Months ended	Six Months ended	Six Months ended	Six Months ended	Six Months ended
31.03.2016	31.03.2016	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue											
2,375,883	2,375,883	637,057	580,595	637,057	580,595	1,187,874	1,290,131	1,187,874	1,290,131	1,187,874	1,290,131
771,139	649,614	239,911	149,854	220,999	161,052	362,549	248,356	329,322	259,554	362,549	259,554
3,524,396	-	1,144,699	949,954	-	-	1,994,556	2,210,891	-	-	1,994,556	-
12,615	12,615	11,529	3,065	11,529	3,065	20,241	5,835	20,241	5,835	20,241	5,835
6,684,033	3,038,112	2,033,196	1,683,469	869,586	744,713	3,565,220	3,755,214	1,537,437	1,555,521	3,565,220	1,555,521
Gross Profit											
(61,877)	(61,859)	(47,048)	(43,050)	(47,049)	(43,050)	(3,028)	(30,283)	(3,028)	(30,283)	(3,028)	(30,283)
(51,370)	(61,847)	(14,102)	(7,771)	(16,041)	(7,771)	(83,441)	(57,624)	(87,273)	(57,624)	(83,441)	(57,624)
240,428	-	96,454	51,360	-	-	135,184	122,211	-	-	135,184	-
(7,552)	(7,552)	3,999	(272)	3,999	(272)	6,002	(1,120)	6,002	(1,120)	6,002	(1,120)
119,629	(131,258)	39,303	267	(59,090)	(51,095)	54,717	33,184	(84,299)	(89,027)	54,717	(89,027)

Information on Debentures

Type of Debenture	CSE Listing	Interest Rate	Balance as at End Sep 2016 - Rs.	Market Value - Rs.			Interest rate of comparable government security
				Highest	Lowest	Close	
Type A	Listed	14.25	250,000,000		Not traded		10.22
Type B	Listed	14.50	250,000,000		Not traded		10.43
Type C	Listed	14.75	250,000,000	101.00	100.00	100.00	10.46
Type D	Listed	15.00	250,000,000	100.00	100.00	100.00	10.51

Company - End September 2016	
Debt/Equity Ratio	1.71
Quick asset Ratio	0.40
Interest Cover	0.43
Interest Yield	14.41
Yield to Maturity	14.41

Kotagala Plantations PLC
Notes to the Financial Statements

1) Accounting policies and methods of computation adopted in the above interim accounts are same as those in the previous Audited Financial Statements and also in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

2) The above figures are provisional and subject to audit.

3) **Rights Issue**

The Company has announced a Rights Issue of 80,000,000 Ordinary Shares at a price of Rs.10/- per share in the proportion of Two (02) new Ordinary Shares for every One (01) existing issued Ordinary Share and has submitted an Application to the Colombo Stock Exchange in connection with the Listing of the said Ordinary Shares.

The purpose of the Issue is to settle outstanding statutory liabilities and to meet working capital requirements

Post Rights Subdivision of Shares

The Board has also recommended subject to Shareholder approval a subdivision of the shares after the listing of the Ordinary Shares arising from the Rights Issue. The proposed subdivision of issued ordinary shares of the Company will be on the basis of every Two (02) existing issued and fully paid ordinary shares being sub-divided into Three (03) ordinary shares.

4) There have been no events subsequent to the interim period, which require disclosure in the interim financial statements.

5) There has not been a significant change in the nature of contingent liabilities which were disclosed in the Annual Report for the year ended 31st March 2016

6) Market Prices Recorded during the quarter ended 30th September

	2016	2015
Highest - (Rs.)	18.90	27.40
Lowest - (Rs.)	11.20	22.70
Last Traded - (Rs.)	11.40	23.30
(Volume Weighted Average Price)		

7) The Stated Capital of the Company of Rs.680,000,010/- is represented by 40,000,000 Ordinary Shares and 01 Golden Share.

8) The percentage of Shares held by the public as at 30th September 2016 was 30.39% and the number of public shareholders is 12,535.

9) Details pertaining to Directors direct shareholdings as at 30.09.2016 are given below

Name of Director	No.of Shares
Mr. S D R Arudpragasam	250
Mr. C P R Perera	25,000
Mr. R C Peries	375
Mr. M S Madugalle	185
Mr. D S AbeyRatna	800

10) Major Shareholders as at 30th September 2016

Name	No of Shares	%
1 LANKEM PLANTATION HOLDINGS LIMITED.	15,125,000	37.81%
2 LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED	12,002,625	30.01%
3 SECRETARY TO THE TREASURY	3,800,556	9.50%
4 PAN ASIA BANKING CORPORATION PLC/MRS.M.MATHEWS	598,625	1.50%
5 SEYLAN BANK PLC/THIRUGNANASAMBANDAR SENTHILVERL	586,719	1.47%
6 BANK OF CEYLON NO. 1 ACCOUNT	486,665	1.22%
7 PEOPLE'S LEASING & FINANCE PLC/MR.A.RAJARATNAM	372,297	0.93%
8 LANKEM CEYLON PLC	324,229	0.81%
9 PAN ASIA BANKING CORPORATION PLC/LANKEM CEYLON PLC	291,612	0.73%
10 DR THIRUGNANASAMBANDAR SENTHILVERL	252,749	0.63%
11 COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	201,750	0.50%
12 MR. DAVID KOTTHOFF	200,000	0.50%
13 MR. ALAGIYAWANNA MOHOTTALALAGE DARMASENA ALAGIYAWANNA	144,578	0.36%
14 MR. HAMZAALLY ABDULHUSEIN	138,412	0.35%
15 E.W. BALASURIYA & CO. (PVT) LTD	120,000	0.30%
16 MR. KORALAGODAGE DON SAHAN RACHITRA KULATUNGA	115,449	0.29%
17 MRS. ASHA AJAY MERCHANT	97,500	0.24%
18 PERSHING LLC S/A AVERBACH GRAUSON & CO.	91,000	0.23%
19 FORTUNE ASSET (PVT) LTD	80,000	0.20%
20 MR. CHOKSHANADA KUMARA SANGAKKARA	76,061	0.19%
Total	35,105,827	87.76%