

Kotagala Plantations PLC

Interim Financial Statements
for the nine months ended
31st December 2017

Kotagala Plantations PLC

			STATEMENT OF COMPREHENSIVE INCOME							
Group	Company		Group	Company		Group	Company		Group	Company
Year ended 31.03.2017	Year ended 31.03.2017		Quarter ended 31.12.2017 Rs.'000	Quarter ended 31.12.2016 Rs.'000	Quarter ended 31.12.2017 Rs.'000	Quarter ended 31.12.2016 Rs.'000	Nine Months ended 31.12.2017 Rs.'000	Nine Months ended 31.12.2016 Rs.'000	Nine Months ended 31.12.2017 Rs.'000	Nine Months ended 31.12.2016 Rs.'000
7,319,107	3,086,410	Revenue	1,889,241	1,725,845	860,568	545,629	6,265,588	5,291,065	2,787,591	2,083,066
(7,053,921)	(3,076,343)	Cost of Sales	(1,731,934)	(1,595,883)	(764,130)	(487,993)	(5,818,431)	(5,106,386)	(2,530,566)	(2,109,729)
265,186	10,067	Gross Profit	157,307	129,962	96,438	57,636	447,157	184,679	257,025	(26,663)
54,375	54,375	Fair Value gain on Biological assets								
363,725	338,342	Other Income	15,870	65,034	42,923	78,963	171,796	379,712	157,015	319,349
		Distribution Costs								
(481,836)	(244,412)	Administration Expenses	(112,365)	(99,539)	(27,903)	(23,779)	(327,129)	(298,898)	(77,254)	(69,940)
		Other Expenses								
(570,863)	(509,202)	Net Finance Cost	(122,177)	(106,829)	(129,764)	(124,901)	(430,784)	(386,102)	(358,206)	(379,138)
(369,413)	(350,830)	Profit / (Loss) before Tax	(61,365)	(11,371)	(18,306)	(12,081)	(138,960)	(120,608)	(21,420)	(156,392)
1,981		Share of profit/(loss) of associate company								
48,027	39,556	Income Tax expenses	81	-	-	-	81		-	-
(319,405)	(311,274)	Profit / (Loss) for the Period	(61,284)	(11,371)	(18,306)	(12,081)	(138,879)	(120,608)	(21,420)	(156,392)
Other Comprehensive Income										
4,100	(7,463)	Available for Sale Financial Assets - Net Change	(3,998)	(30,792)	-	(28,543)	9,277	(134,842)	-	(146,983)
(140,241)	(140,241)	Available for Sale Financial Assets - Reclassification	-	-	-	-	-	-	-	-
106,542	106,519	Actuarial gains/(losses) on Defined Benefit Obligations								
(21,659)	(21,651)	Tax effect on other comprehensive income								
(1,208)		Foreign Currency Translation Loss								
(52,466)	(62,836)	Other Comprehensive Income for the period	(3,998)	(30,792)	-	(28,543)	9,277	(134,842)	-	(146,983)
(371,871)	(374,110)	Total Comprehensive Income	(65,282)	(42,163)	(18,306)	(40,624)	(129,602)	(255,450)	(21,420)	(303,375)
(7.99)	(7.78)	Earnings/ (Loss) per Share (Rs.)	(1.22)	(0.28)	(0.37)	(0.30)	(2.77)	(3.02)	(0.43)	(3.91)

Kotagala Plantations PLC

STATEMENT OF FINANCIAL POSITION							
Group	Company		Group		Company		
As at Year ended 31.03.2017 Audited	As at Year ended 31.03.2017 Audited		As at 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000	As at 31.12.2017 Rs.'000	As at 31.12.2016 Rs.'000	
ASSETS							
182,260	182,260	Leasehold Right to Bare Land of JEDB/SLSPC Estates	177,416	184,855	177,416	184,855	
56,699	56,699	Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)	49,578	94,702	49,578	94,702	
2,100,059	851,103	Tangible Assets (Other than Mature/Immature Plantations)	1,988,988	2,252,755	782,265	876,943	
4,411,541	4,411,541	Biological assets	4,441,421	4,084,852	4,441,421	4,084,852	
21,272		Intangible Asset	20,954	21,566			
114,398		Investment Property	112,557				
-	1,272,287	Investments in Subsidiaries			1,272,287	1,340,456	
66,086	94,753	Investments in Associates	66,086	64,105	94,753	94,753	
333,658	288,344	Investments Classified as Available for Sale	349,985	341,870	299,490	295,977	
		Deferred Tax Asset	1,182	145			
7,285,973	7,156,987	Total Non - Current Assets	7,208,167	7,044,850	7,117,210	6,972,538	
1,091,435	285,922	Inventories	1,195,472	927,411	429,046	375,051	
1,238,390	256,952	Trade and Other Receivables	1,495,427	1,236,784	357,595	321,940	
219,680	620,048	Amounts Due from Related Parties	291,960	217,143	539,999	1,060,663	
7,024	7,024	Fair value gain on growing produce of bearer Biological Assets	7,024		7,024		
46,711		Tax receivable	58,308	44,159			
469,182	237,384	Bank & Cash Balances	135,620	764,860	23,755	95,942	
3,072,422	1,407,330	Total Current Assets	3,183,811	3,190,357	1,357,419	1,853,596	
10,358,395	8,564,317	Total Assets	10,391,981	10,235,207	8,474,629	8,826,134	
EQUITY							
680,000	680,000	Stated Capital	781,500	680,000	781,500	680,000	
240,000	240,000	General Reserve	240,000	240,000	240,000	240,000	
(1,208)		Foreign Currency Reserve	(1,208)				
20,757	5,663	Fair Value Reserve	30,034	22,057	5,663	6,384	
658,795	749,959	Accumulated Profit	519,916	602,636	728,539	649,900	
1,598,344	1,675,622	Share Holders' Funds	1,570,242	1,544,693	1,755,702	1,576,284	
LIABILITIES							
2,165,239	2,165,239	Interest bearing Borrowings	2,772,923	2,502,968	2,012,356	2,502,968	
335,031	335,031	Deferred Income	327,622	333,309	327,622	333,309	
316,890	170,927	Deferred Tax Liabilities	317,183	335,687	170,927	170,188	
363,695	363,695	Net Obligation to Lessor JEDB/SLSPC	360,695	372,926	360,695	372,926	
681,202	661,880	Retirement Benefit Obligations	718,349	686,526	693,581	664,537	
		Amounts Due to Related Parties			446,673		
3,862,057	3,696,772	Total Non - Current Liabilities	4,496,772	4,231,416	4,011,854	4,043,928	
2,623,685	791,325	Interest bearing Borrowings	2,354,647	2,035,360	486,644	606,559	
1,642,762	1,509,004	Trade and Other Payables	1,337,866	1,733,017	1,211,779	1,680,443	
150,331	426,432	Amounts Due to Related Parties	146,838	68,285	547,750	302,172	
5,922		Income Tax Payable					
475,294	465,162	Bank Overdraft	485,613	622,434	460,900	616,747	
4,897,994	3,191,923	Total Current Liabilities	4,324,964	4,459,096	2,707,073	3,205,921	
8,760,051	6,888,695	Total Liabilities	8,821,736	8,690,512	6,718,928	7,249,849	
10,358,395	8,564,317	Total Equity and Liabilities	10,391,981	10,235,207	8,474,629	8,826,134	
39.96	41.89	Net Assets per Share (Rs.)	31.31	49.70	35.01	49.70	

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

M Kowdu

General Manager -Finance

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

D S AbeyRatna

Director

Colombo

9th February 2018

R C Peries

Director

Kotagala Plantations PLC

Company

STATEMENT OF CHANGES IN EQUITY

Attributable to Owners of the Company

	Stated Capital Rs. '000		Available for Sale Reserves Rs. '000	General Reserves Rs. '000	Retained Profit / (Loss) Rs. '000	Total Rs. '000
Balance as at 01.04.2017	680,000	-	5,663	240,000	749,959	1,675,622
Profit for the Period					(21,420)	(21,420)
Rights Issue	101,500					101,500
Other Comprehensive Income for the Period			-			-
Dividend paid						
Balance as at 31.12.2017	781,500	-	5,663	240,000	728,539	1,755,702
Balance as at 01.04.2016	680,000	-	153,367	240,000	806,292	1,879,659
Profit for the Period					(156,392)	(156,392)
Other Comprehensive Income for the Period			(146,983)			(146,983)
Dividend paid	-					
Balance as at 31.12.2016	680,000	-	6,384	240,000	649,900	1,576,285

STATEMENT OF CHANGES IN EQUITY

Group

	Attributable to Owners of the Company					
	Stated	Foreign	Available for Sale	General	Retained	Total
	Capital	Currency	Reserves	Reserves	Profit / (Loss)	
	Rs. '000	Translation Reserve	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.04.2017	680,000	(1,208)	20,757	240,000	658,795	1,598,344
Profit for the Period			9,277		(138,879)	(129,602)
Rights Issue	101500					101,500
Other Comprehensive Income for the Period						
Dividend paid						
Balance as at 31.12.2017	781,500	(1,208)	30,035	240,000	519,916	1,570,242
Balance as at 01.04.2016	680,000	-	156,898	240,000	723,243	1,800,141
Profit for the Period			(134,842)		(120,608)	(255,450)
Balance as at 31.12.2016	680,000	-	22,056	240,000	602,635	1,544,693

Kotagala Plantations PLC

CASH FLOW STATEMENT				
	Group		Company	
For the period ended 31st December	2,017	2016	2017	2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit / (Loss) before Tax	(138,960)	(120,608)	(21,420)	(156,392)
Adjustments for :	-	-	-	-
Depreciation /Amortisation on Property, Plant & Equipment	232,484	194,591	175,836	146,069
Provision for impairment of Available for Sale Investments	-	-	-	-
Interest Expense	358,206	379,207	358,206	379,138
Fair value gain on biological assets	-	-	-	-
Stocks written off	-	-	-	-
(Gain) / Loss on Disposal of Property, Plant & Equipment	(6,897)	(20,957)	-	-
Interest Income	-	-	-	-
Defined Benefit Plan Cost - Retiring Gratuity	93,577	66,831	87,378	59,134
Provision for impairment in Investment in Subsidiaries	-	-	-	-
Profit on sale of shares	(1,682)	(175,648)	(620)	(175,648)
Exchange (gain)/loss	-	(41,195)	-	-
Provision for impairment of receivables	5,061	-	-	-
Bad debt write off	-	-	-	-
Deferred Income	(7,409)	(6,024)	(7,409)	(6,024)
Operating Profit before Working Capital Changes	534,380	276,198	591,971	246,277
(Increase) / Decrease in Inventories	(124,836)	20,874	(143,124)	(108,572)
(Increase) / Decrease in Trade and Other Receivables	(257,037)	8,686	(100,643)	(43,051)
(Increase) / Decrease in Amounts due from Related Parties	(72,280)	(40,429)	80,049	(46,316)
Increase / (Decrease) in Trade and Other Payables	(312,194)	339,792	(342,825)	271,251
Increase / (Decrease) in Amounts due to Related Parties	(3,493)	(35,790)	567,991	88,619
Net Cash Flow from Operating Activities	(235,460)	569,331	653,419	408,208
Income Tax/ESC Paid	(9,291)	(7,980)	(9,200)	(7,980)
Interest Received	-	-	-	-
Interest Paid	(303,908)	(221,727)	(303,908)	(221,609)
Retiring Gratuity Paid	(56,430)	(41,347)	(55,677)	(29,966)
Net Cash Flow from Operating Activities	(605,089)	298,278	284,634	148,653
Cash Flows from Investing Activities				
Purchase of property plant and equipment	(26,933)	(210,316)	(9,285)	(12,948)
Investment in immature plantations	(115,628)	(155,413)	(115,628)	(155,413)
Proceeds on Disposal of Investment	3,477	487,456	3,477	459,851
Purchase of Investment	-	-	-	-
Dividends Received	-	-	-	-
Net Investment in Short Term Investments	-	(19,900)	-	(19,900)
Proceeds on Disposal of Property, Plant & Equipment	12,289	-	-	-
Net Cash generated from/(used in) Investing Activities	(126,795)	101,827	(121,436)	271,590
Cash Flows from Financing Activities				
Payments to Lessor on Leasehold Rights	-	(21,194)	-	(21,194)
Payments of Finance Lease Rentals	(16,500)	-	(16,500)	-
Proceeds from Rights Issue	101,500	-	101,500	-
Capital Grants Received	-	7,843	-	7,843
Proceeds from Long Term Loans	1,303,967	108,433	543,400	108,433
Repayment of Long Term Loans	(1,000,964)	(587,405)	(1,000,964)	(587,405)
Dividend Paid	-	-	-	-
Net Cash generated from/(used in) Financing Activities	388,003	(471,129)	(372,564)	(492,323)
Net Increase in Cash & Cash Equivalents	(343,881)	(71,024)	(209,366)	(72,079)
Effect of exchange rate changes		24,021		
Cash & Cash Equivalents at the beginning of the year	(6,112)	189,428	(227,778)	(448,726)
Cash & Cash Equivalents at the end of the period	(349,993)	142,426	(437,144)	(520,805)

Segmental Information

Group	Company		Group	Company		Group	Company		Group	Company
Audited	Audited		Quarter	Quarter		Nine Months	Nine Months		Nine Months	Nine Months
Year ended	Year ended		ended	ended		ended	ended		ended	ended
31/03/2017	31/03/2017		31/12/2017	31/12/2016		31/12/2017	31/12/2016		31/12/2017	31/12/2016
Rs. '000	Rs. '000		Rs. '000	Rs. '000		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Revenue										
2,368,004	2,368,004	Tea	710,222	442,864	710,222	2,311,706	1,630,737	2,311,706		1,630,737
765,086	684,233	Rubber	153,659	112,271	144,325	474,082	474,821	442,151		426,495
4,151,844		Tea Exports	1,019,339	1,165,117	-	3,446,066	3,159,673			
34,173	34,173	Oil Palm	6,020	5,592	6,020	33,733	25,834	33,733		25,834
7,319,107	3,086,410		1,889,240	1,725,844	860,567	6,265,588	5,291,065	2,787,591		2,083,066
Gross Profit										
173,031	173,031	Tea	108,905	92,458	108,905	332,368	89,429	332,368		89,429
(150,773)	(156,565)	Rubber	(1,404)	(36,456)	(3,274)	(57,776)	(119,897)	(62,645)		(123,787)
249,326	-	Tea Exports	58,999	72,267	-	185,263	207,451			
(6,399)	(6,400)	Oil Palm	(9,193)	1,692	(9,193)	(12,698)	7,694	(12,698)		7,694
265,185	10,066		157,307	129,961	96,438	447,157	184,678	257,025		(26,663)

Information on Debentures

Type of Debenture	CSE Listing	Interest Rate	Balance as at End Dec 2017 - Rs.	Market Value - Rs.			Interest rate of comparable government security
				Highest	Lowest	Close	
Type A	Listed	14.25	250,000,000		Not Traded		Comparable government treasury bonds are not available for 4,5,6, and 7 years in the recent times.
Type B	Listed	14.50	250,000,000				
Type C	Listed	14.75	250,000,000				
Type D	Listed	15.00	250,000,000				

Company - End Dec 2017	
Debt/Equity Ratio	1.42
Quick asset Ratio	0.34
Interest Cover	0.94

The sinking fund for the Debenture issue is reflected under "Investment Classified as Available for Sale "in the Statement of Financial Position.
The sinking fund balance as per the schedule to trust deed is Rs.401.7Mn ,and the balance available in the sinking fund is Rs.166.2Mn.

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 34 - Interim Financial Reporting.

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

3) **Rights Issue**

The Company made a Rights Issue of 80,000,000 Ordinary Shares at a price of Rs. 10/- per share to the holders of the issued Ordinary Shares of the Company as at the end of trading on the 15th November 2017 in the proportion of Two (02) new Ordinary Shares for every One (1) Ordinary Share held by them in the Capital of the Company. The issue closed on 7th December 2017 and 10,150,000 shares were subscribed. The total consideration received was Rs. 101,500,000/-. The purpose of the issue was to raise funds to settle Outstanding Statutory Liabilities and to meet Working Capital requirements. Subsequent to the Rights Issue of Shares the Stated Capital of the Company is Rs. 781,500,010/-

KOTAGALA PLANTATIONS PLC –UTILISATION OF PROCEEDS OF THE RIGHTS ISSUE

Disclosure regarding status of utilization of Rights Issue proceeds as at 09/02/2018							
Objective Number	Objective as per circular	Amount allocated as per circular in LKR	Proposed date of utilization as per circular	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount Utilized in LKR (B)	% of proceeds Utilized Against Allocation (B/A)
1	Settlement of outstanding Statutory Liabilities	Rs.300Mn.	Immediately upon the conclusion of the Rights Issue	Rs.101.5Mn	100%	Rs.79.5Mn. EPF	78%
2	Working Capital Purpose	Rs. 500Mn	N/A	N/A	N/A	N/A	N/A

Total Subscription- Rs. 101.5 Mn.

A sum of Rs. 22Mn. has been retained to meet the outstanding statutory liabilities which will be paid in the month of February, 2018 in relation to EPF.

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

Subdivision of Shares

An ordinary resolution pertaining to the Subdivision of the post Right Issue Shares of the Company was carried unanimously by the Shareholders present at the Extraordinary General Meeting held on 15th November 2017 and such Subdivision was to be effective from 9th January 2018.

Consequent to the Right Issue which was concluded on 22nd December 2017, the Stated Capital of the Company was Rs. 781,500,010/- represented by 50,150,000 Ordinary Shares and One Golden Share. Accordingly without actuating any increase to the Stated Capital of the Company, such subdivision was effective from 9th January 2018 by subdividing every Two (2) existing issued Ordinary shares into Three (03) Issued Ordinary Shares consequent to which the Stated Capital of the Company is represented by 75,225,000 issued and fully paid Ordinary Shares and One Golden Share.

- 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 2017

- 6) Market Prices Recorded during the quarter ended 31st December

	2017	2016
Highest - (Rs.)	21.00	11.80
Lowest - (Rs.)	9.80	8.90
Last Traded - (Rs.)	12.20	8.90
(Volume Weighted Average Price)		

- 7) The Stated Capital of the Company of Rs.781,500,010/- is represented by 50,150,000 Ordinary Shares and 01 Golden Share.

- 8) The percentage of Shares held by the public as at 31st December 2017 was 25.73% and the number of public shareholders is 12,643.

- 9) Details pertaining to Directors direct shareholdings as at 31.12.2017 are given below

Name of Director	No.of Shares
Mr. S D R Arudpragasam	100,250
Mr. A Rajaratnam	9,600
Mr. C P R Perera	75,000
Mr. R C Peries	375
Mr. M S Madugalle	3,055
Mr. D S AbeyRatna	2,400
Mr. G D V Perera	400

- 10) Major Shareholders as at 31st December 2017

Name	No of Shares	%
1 CONSOLIDATED TEA PLANTATIONS LIMITED	21,100,000	42.07%
2 LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED	7,402,100	14.76%
3 NATIONAL DEVELOPMENT BANK PLC/LANKEM TEA AND RUBBER PLANTATIONS (PVT) LTD	4,600,525	9.17%
4 SECRETARY TO THE TREASURY	3,800,556	7.58%
5 NATIONAL DEVELOPMENT BANK PLC/CONSOLIDATED TEA PLANTATIONS LTD	3,025,000	6.03%
6 PAN ASIA BANKING CORPORATION PLC/MRS.M.MATHEWS	598,625	1.19%
7 SEYLAN BANK PLC/DR.THIRUGNANASAMBANDAR SENTHILVERL	586,719	1.17%
8 BANK OF CEYLON NO. 1 ACCOUNT	486,665	0.97%
9 PEOPLE'S LEASING & FINANCE PLC/MR.A.RAJARATNAM	452,344	0.90%
10 PERSHING LLC S/A AVERBACH GRAUSON & CO.	391,000	0.78%
11 LANKEM CEYLON PLC	341,802	0.68%
12 PAN ASIA BANKING CORPORATION PLC/LANKEM CEYLON PLC	291,612	0.58%
13 SAMPATH BANK PLC/ DR.T.SENTHILVERL	228,731	0.46%
14 COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	201,750	0.40%
15 SAMPATH BANK PLC/MR. PRABODHA LASANTHA ELANGASINGHA	186,000	0.37%
16 MR. LANSAKARA JAYASUNDARA MUDIYANSELAGE ABeyRATNE JAYASUNDARA AND MRS. RENUKA RAMANI JAYASUNDARA	150,013	0.30%
17 MR. HAMZAALLY ABDULHUSEIN	122,999	0.25%
18 E.W. BALASURIYA & CO. (PVT) LTD	118,010	0.24%
19 MR. HIRAN ANTHONY CABRAAL	105,343	0.21%
20 FINANCIAL TRUST LIMITED	104,979	0.21%
Total	44,294,773	88.32%