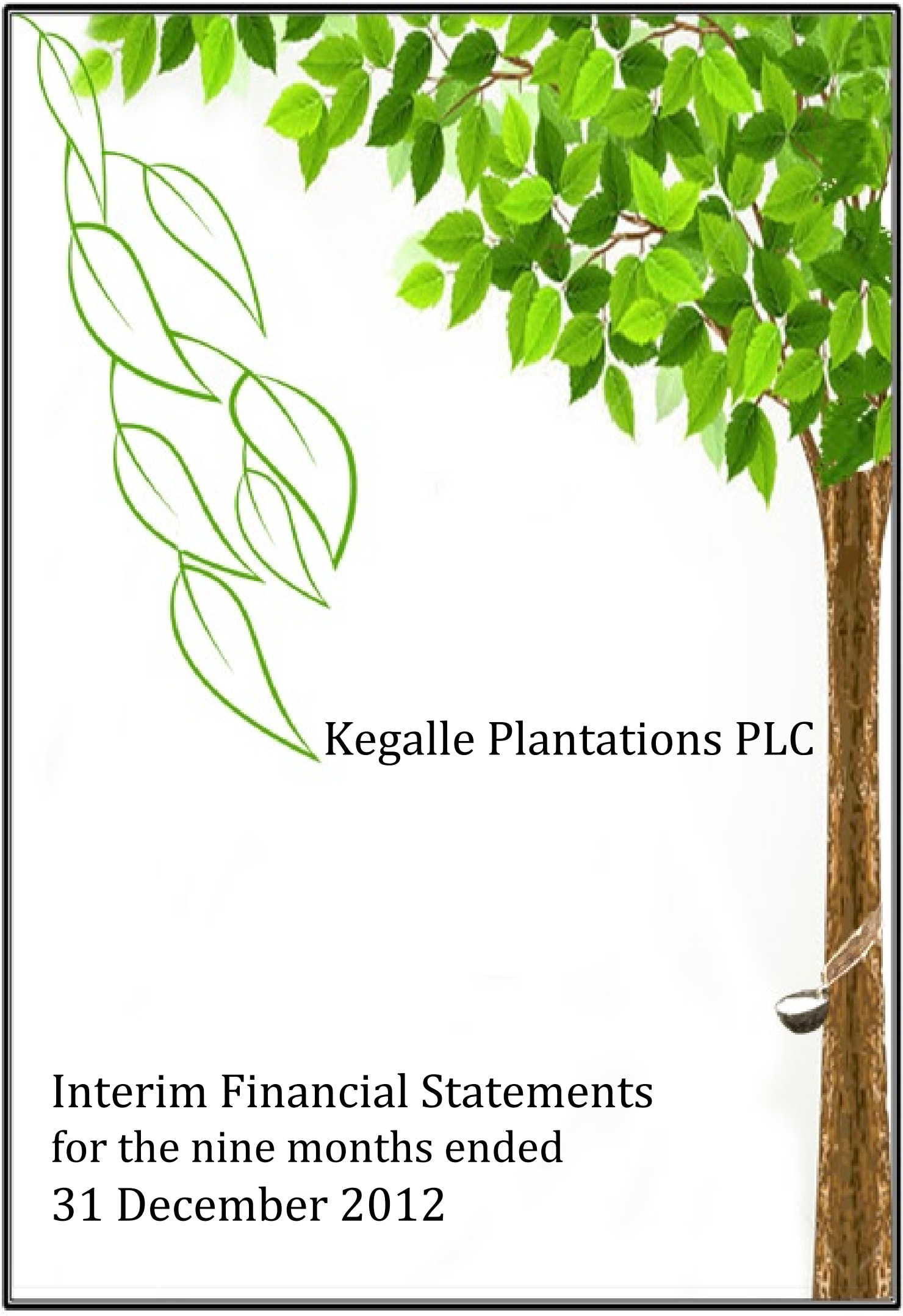


Kegalle Plantations PLC

Interim Financial Statements
for the nine months ended
31 December 2012

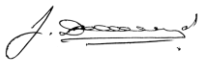
INTERIM FINANCIAL STATEMENTS

BALANCE SHEET

As at 31 December	Company			Group		
	2012 Rs. '000	2011 Rs. '000	31 March 2012 Rs. '000	2012 Rs. '000	2011 Rs. '000	31 March 2012 Rs. '000
ASSETS						
Non - Current Assets						
Leasehold right to bare land	**159,447**	164,355	163,128	**159,447**	164,355	163,128
Immovable Estates Assets on Finance Lease	**115,972**	126,748	124,339	**115,972**	126,748	124,339
Tangible Assets other than Immature / Mature Plantations	**382,632**	402,387	400,195	**444,881**	469,234	467,490
Immature / Mature Plantations	**1,300,044**	1,137,163	1,181,548	**1,300,044**	1,137,163	1,181,548
Long Term Investments	**570,000**	450,000	450,000	**575,966**	409,388	411,245
	2,528,095	**2,280,653**	**2,319,210**	**2,596,310**	**2,306,888**	**2,347,750**
Current Assets						
Inventories	**343,466**	370,923	264,270	**343,241**	372,647	264,494
Trade & Other Receivable	**330,375**	285,503	275,548	**343,112**	299,240	281,008
VAT Recoverable	**21,492**	20,004	21,492	**21,499**	20,011	28,777
Amounts due from Related Companies	**86,369**	70,399	104,077	**41,517**	25,453	59,038
Short Term Investments	**2,363,040**	1,747,846	1,806,093	**2,363,040**	1,747,846	1,806,093
Cash and Bank Balances	**33,172**	10,193	12,783	**33,185**	10,215	12,802
	3,177,914	**2,504,868**	**2,484,263**	**3,145,594**	**2,475,412**	**2,452,212**
Total Assets	**5,706,009**	**4,785,521**	**4,803,473**	**5,741,904**	**4,782,300**	**4,799,962**
EQUITY & LIABILITIES						
Capital & Reserves						
Stated Capital (Note 2)	**250,000**	250,000	250,000	**250,000**	250,000	250,000
General Reserve	**225,000**	225,000	225,000	**225,000**	225,000	225,000
Retained Profit	**2,855,394**	2,393,026	2,451,044	**2,863,026**	2,357,203	2,415,979
Shareholders' Fund	**3,330,394**	**2,868,026**	**2,926,044**	**3,338,026**	**2,832,203**	**2,890,979**
Non - Current Liabilities						
Interest Bearing Loans & Borrowings	**992,402**	640,040	604,444	**992,402**	640,040	604,444
Retirement Benefit Obligations	**403,302**	458,567	403,037	**403,397**	458,662	403,132
Deferred Income	**198,616**	195,243	199,633	**213,984**	214,962	218,265
Deferred Tax Liabilities	**61,409**	-	40,492	**61,409**	-	40,492
Net Liability to the Lessor - Payable after one year	**278,739**	283,410	282,381	**278,739**	283,410	282,381
	1,934,468	**1,577,260**	**1,529,987**	**1,949,931**	**1,597,074**	**1,548,714**
Current Liabilities						
Interest Bearing Loans & Borrowings	**147,749**	77,297	107,132	**147,749**	77,297	107,132
Net Liability to the Lessor - Payable within one year	**4,449**	4,278	4,278	**4,449**	4,278	4,278
Trade & Other Payables	**257,669**	248,562	209,406	**265,367**	256,256	217,139
Dividend Payable	**2,047**	1,569	1,870	**2,047**	1,569	1,870
Amounts due to Related Companies	**21,468**	7,503	5,855	**26,571**	12,597	10,950
Income Tax Payable	**7,765**	1,026	18,900	**7,765**	1,026	18,900
	441,147	**340,235**	**347,441**	**453,948**	**353,023**	**360,269**
Total Equity & Liabilities	**5,706,009**	**4,785,521**	**4,803,473**	**5,741,904**	**4,782,300**	**4,799,962**
Net Asset Value per Share (Rs.)	**133.22**	**114.72**	**117.04**	**133.52**	**113.29**	**115.64**

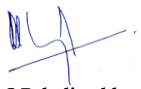
The above figures are subject to audit

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Jagath Dissanayake
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board of Directors of Kegalle Plantations PLC.



S S Poholiyadde
Director

J H P Ratnayeke
Director

Colombo
07 February 2013

INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

	Company							Group						
	Quarter Ended			Nine Months Ended			Year Ended	Quarter Ended			Nine Months Ended			Year Ended
For the Nine Months Ended 31 December	2012 Rs. '000	2011 Rs. '000	Variance + / (-) %	2012 Rs. '000	2011 Rs. '000	Variance + / (-) %	31 March 2012 Rs. '000	2012 Rs. '000	2011 Rs. '000	Variance + / (-) %	2012 Rs. '000	2011 Rs. '000	Variance + / (-) %	31 March 2012 Rs. '000
Continuing Operations														
Revenue	**692,565**	657,370	5	**1,995,853**	2,138,411	(7)	2,809,230	**692,565**	657,370	5	**1,995,853**	2,138,411	(7)	2,809,230
Cost of Sales	**(481,456)**	(474,247)	(2)	**(1,425,059)**	(1,565,272)	9	(1,937,105)	**(481,456)**	(474,247)	(2)	**(1,425,059)**	(1,565,272)	9	(1,937,105)
Gross Profit	**211,109**	**183,123**	**15**	**570,794**	**573,139**	**(0)**	**872,125**	**211,109**	**183,123**	**15**	**570,794**	**573,139**	**(0)**	**872,125**
Other Operating Income	**44,267**	56,768	(22)	**152,566**	126,297	21	229,265	**44,267**	56,768	(22)	**152,566**	126,297	21	229,265
Administrative Expenses	**(13,654)**	(11,893)	(15)	**(41,437)**	(42,473)	2	(51,703)	**(13,654)**	(11,893)	(15)	**(41,437)**	(42,473)	2	(51,703)
Management Fee	**(36,832)**	(31,297)	(18)	**(99,277)**	(97,487)	(2)	(142,967)	**(36,832)**	(31,297)	(18)	**(99,277)**	(97,487)	(2)	(142,967)
Finance Cost	**(39,296)**	(27,243)	(44)	**(108,447)**	(77,939)	(39)	(107,560)	**(39,296)**	(27,243)	(44)	**(108,447)**	(77,939)	(39)	(107,560)
Profit from Operations after Finance Cost	**165,594**	**169,458**	**(2)**	**474,199**	**481,537**	**(2)**	**799,160**	**165,594**	**169,458**	**(2)**	**474,199**	**481,537**	**(2)**	**799,160**
Share of Result of Associates	**-**	-	-	**-**	-	-	-	**16,680**	(876)	2,004	**49,701**	2,026	(2,353)	6,020
Profit before Taxation	**165,594**	**169,458**	**(2)**	**474,199**	**481,537**	**(2)**	**799,160**	**182,274**	**168,582**	**8**	**523,900**	**483,563**	**8**	**805,180**
Tax Expenses	**(11,411)**	(18,525)	38	**(69,849)**	(44,949)	(55)	(117,054)	**(12,863)**	(19,275)	33	**(74,828)**	(45,894)	(63)	(120,136)
Profit for the Period from continuing operations	**154,183**	**150,933**	**2**	**404,350**	**436,588**	**(7)**	**682,106**	**169,411**	**149,308**	**13**	**449,072**	**437,669**	**3**	**685,044**
										3				
Discontinued Operations														
(Loss) after tax for the Period from discontinued operations	**-**	-	-	**-**	-	-	-	**(645)**	(846)	24	**(2,025)**	(2,455)	18	(3,554)
Profit for the period	**154,183**	**150,933**	**2**	**404,350**	**436,588**	**(7)**	**682,106**	**168,766**	**148,462**	**14**	**447,047**	**435,214**	**3**	**681,490**
Basic Earnings Per Share from Continuing Operations (Rs.)	**6.17**	6.04		**16.17**	17.46		27.28	**6.78**	5.97		**17.96**	17.51		27.40
Dividend Per Share (Rs.)	**-**	-		**-**	-		7.50	**-**	-		**-**	-		7.50

The above figures are subject to audit

CASH FLOW STATEMENT

For the Nine Months Ended 31 December	Company 2012 Rs. '000	Company 2011 Rs. '000	Group 2012 Rs. '000	Group 2011 Rs. '000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Net Profit before Taxation from continuing operations	474,199	481,537	523,900	483,563
Net (Loss) before Taxation from discontinued operations	-	-	(2,025)	(2,455)
ADJUSTMENTS FOR				
Depreciation, Amortization and Impairment Loss	72,262	65,333	77,309	70,753
Provision for Defined Benefit Plan Costs	31,295	153,196	31,295	153,196
Amortization of Grants	(4,312)	(4,309)	(7,576)	(7,573)
Share of Result of Associates	-	-	(49,701)	(2,026)
Finance Cost	108,447	77,939	108,459	77,949
Operating Profit before Working Capital Changes	681,891	773,696	681,661	773,407
(Increase)/Decrease in Trade & Other Receivables	(54,827)	(55,093)	(54,827)	(55,093)
(Increase)/Decrease in Inventories	(79,943)	20,731	(79,493)	20,731
(Increase)/Decrease in amounts due from Related Companies	17,708	(13,222)	17,708	(13,222)
Increase/(Decrease) in Trade & Other Payables	48,263	(11,471)	48,049	(11,194)
Increase/(Decrease) in amounts due to Related Companies	15,613	(8,294)	15,613	(8,294)
Cash Generated from / (used in) Operations	628,705	706,347	628,711	706,335
Defined Benefit Plan Costs Paid	(31,031)	(29,654)	(31,031)	(29,654)
Finance Cost Paid	(77,667)	(49,251)	(77,679)	(49,261)
ESC/Income Tax Paid	(60,068)	(60,806)	(60,068)	(60,806)
Net Cash from Operating Activities	**459,939**	**566,636**	**459,933**	**566,614**
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES				
Grant Received	3,295	2,814	3,295	2,814
Field Development Expenditure	(146,751)	(145,792)	(146,751)	(145,792)
Purchase of Property, Plant & Equipment	(13,649)	(42,375)	(13,649)	(42,375)
Long Term Investment	(120,000)	(225,000)	(120,000)	(225,000)
Net Cash from / (used in) Investing Activities	**(277,105)**	**(410,353)**	**(277,105)**	**(410,353)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Dividend Paid	177	(12,156)	177	(12,156)
Payment of Government Lease Rentals	(34,251)	(31,773)	(34,251)	(31,773)
Proceeds from Loans	519,267	405,733	519,267	405,733
Repayment of Loans	(87,818)	(31,967)	(87,818)	(31,967)
Net Cash from / (used in) Financing Activities	**397,375**	**329,837**	**397,375**	**329,837**
Net Increase/(Decrease) in Cash & Cash Equivalents	580,209	486,120	580,203	486,098
Cash & Cash Equivalents at the beginning of the period **Note A**	1,814,790	1,271,919	1,814,809	1,271,964
Cash & Cash Equivalents at the end of the period **Note B**	**2,394,999**	**1,758,039**	**2,395,012**	**1,758,062**

NOTES

A. Cash & Cash Equivalents at the beginning of the period

Cash & Bank Balances	12,783	10,263	12,802	10,308
Investment in Treasury Bills, REPO & Others	1,806,093	1,289,494	1,806,093	1,289,494
Bank Overdrafts	(4,086)	(27,838)	(4,086)	(27,838)
	1,814,790	**1,271,919**	**1,814,809**	**1,271,964**

B. Cash & Cash Equivalents at the end of the period

Cash & Bank Balances	33,172	10,193	33,185	10,216
Investment in Treasury Bills, REPO & Others	2,363,040	1,747,846	2,363,040	1,747,846
Bank Overdrafts	(1,213)	-	(1,213)	-
	2,394,999	**1,758,039**	**2,395,012**	**1,758,062**

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

For the Nine Months Ended 31 December 2012

	Company				Group			
	Stated Capital	General Reserve	Accumulated Profit	Total	Stated Capital	General Reserve	Accumulated Profit	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31 March 2011	250,000	225,000	1,968,938	2,443,938	250,000	225,000	1,934,489	2,409,489
Net Profit for the period	-	-	436,588	436,588	-	-	435,214	435,214
Dividend Paid	-		(12,500)	(12,500)	-	-	(12,500)	(12,500)
Balance as at 31 December 2011	**250,000**	**225,000**	**2,393,026**	**2,868,026**	**250,000**	**225,000**	**2,357,203**	**2,832,203**
Balance as at 31 March 2012	250,000	225,000	2,451,044	2,926,044	250,000	225,000	2,415,979	2,890,979
Net Profit for the period	-	-	404,350	404,350	-	-	447,047	447,047
Dividend Paid	-	-	-	-	-	-	-	-
Balance as at 31 December 2012	**250,000**	**225,000**	**2,855,394**	**3,330,394**	**250,000**	**225,000**	**2,863,026**	**3,338,026**

The above figures are subject to audit

NOTES TO THE FINANCIAL STATEMENTS

	Quarter Ended		Nine Months Ended		Year Ended
For the Nine Months Ended 31 December	**2012** Rs.	2011 Rs.	**2012** Rs.	2011 Rs.	31 March 2012 Rs.
1. Market Price per Share					
Highest	**116.00**	149.00	**119.50**	234.90	234.90
Lowest	**100.00**	96.00	**86.20**	96.00	76.00
Last Traded	**104.00**	105.00	**104.00**	105.00	103.00

2. Stated Capital of Kegalle Plantations PLC amounts to Rs. 250,000,010 represented by 25,000,001 Ordinary Shares.

3. The Interim Financial Statements of the Company/Group are unaudited and have been prepared on the basis of the same accounting policies and methods applied for the year ended 31 March 2012 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the Interim Financial Statements of the Company/Group.

The Company is in the process of adopting Sri Lanka Accounting Standards (SLFRS/LKAS) with effect from 1st April 2012 and the impact to the Statement of Comprehensive Income and Net Assets Base has not been determined since such work is presently in progress. The Interim Financial Statements are also prepared in accordance with the second option given in the "Ruling on the Comparative Figures in the Interim Financial Statements" issued by The Institute of Chartered Accountants of Sri Lanka dated 2nd March 2012.

4. The Company invested in 12 mn ordinary shares at Rs. 10.00 per share of Richard Pieris Arpico Finance Ltd in November 2012 (A new Finance Company established under the "Arpico" brand) was amounting to Rs. 120 mn. As a result, Richard Pieris Arpico Finance Ltd is treated as an Associate Company with voting rights of 30% and is in conformity with Section 185 (1) (a) of the Companies Act No. 7 of

5. The presentation and classification of figures for the corresponding period of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

6. There has been no material changes in the nature of the contingent liabilities, other than what was disclosed in the Annual Report for the year ended 31 March 2012.

7. There are no other events subsequent to the Balance Sheet date, which require disclosure in the Interim Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS CONTD...

8. Twenty largest shareholders of the Company are as follows;

As at	31 December 2012		31 March 2012	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
RPC Plantation Management Services (Pvt) Ltd	17,625,282	70.50%	17,591,500	70.37%
Deutsche Bank AG As Trustee for Sri Lanka - Heraymila Capital Growth Fund	722,323	2.89%	-	-
J B Cocoshell (Pvt) Ltd	606,500	2.43%	606,500	2.43%
Almar Trading Co. (Pvt) Ltd	243,600	0.97%	270,000	1.08%
HSBC International Nominees Ltd-SSBT-Deustche Bank	200,000	0.80%	200,000	0.80%
Tranz Dominion, L.L.C	185,000	0.74%	185,000	0.74%
Seylan Bank PLC / Symphony Capital Ltd	177,536	0.71%	123,798	0.50%
Mr. A. Singh	149,963	0.60%	118,800	0.48%
Waldock Mackenzie Ltd / Hi-Line Trading (Pvt) Ltd	131,999	0.53%	131,999	0.53%
Waldock Mackenzie Ltd / Hi-Line Towers (Pvt) Ltd	129,600	0.52%	129,600	0.52%
Employees Provident Fund	122,300	0.49%	122,300	0.49%
Deutsche Bank AG As Trustee for Namal Acuity Fund	100,000	0.40%	100,000	0.40%
Deutsche Bank AG As Trustee for National Equity Fund	100,000	0.40%	100,000	0.40%
Cocoshell Activated Carbon Company Limited	94,500	0.38%	97,700	0.39%
Waldock Mackenzie Ltd / Symphony Capital Ltd	94,200	0.38%	94,200	0.38%
Mr. M. J. Fernando	85,500	0.34%	85,500	0.34%
Deutsche Bank AG As Trustee for Comtrust Equity Fund	68,695	0.27%	-	-
Askold (Pvt) Ltd	67,250	0.27%	75,000	0.30%
Pershing LLC S/A Averbach Grauson & Co.	67,000	0.27%	-	-
Waldock Mackenzie Ltd / Mr. M. Z. M. Wafik	58,223	0.23%	-	-
Sub Total	**21,029,471**	**84.12%**	**-**	**-**
Balance held by 9,163 Shareholders (31 March 2012 - 9,337 Shareholders)	3,970,530	15.88%	4,344,704	17.38%
Total Shares	**25,000,001**	**100.00%**	**25,000,001**	**100.00%**

The percentage of shares held as follows;

	31 December 2012		31 March 2012	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
Public Holding	7,374,412	29.50%	7,408,194	29.63%
Other Holding	17,625,589	70.50%	17,591,807	70.37%
	25,000,001	**100.00%**	**25,000,001**	**100.00%**

9. **The number of shares held by the Board of Directors are as follows;**

As at	Number of Shares	
	31 December 2012	31 March 2012
Dr. Sena Yaddehige	-	-
Mr. J H P Ratnayeke	-	-
Mr. S S Poholiyadde	307	307
Prof. R C W M R A Nugawela	-	-
Dr. S S B D G Jayawardena	-	-

SEGMENT INFORMATION

Company

For the Nine Months Ended 31 December	Rubber		Tea		Coconut		Others		Total	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
Revenue	**1,264,241**	1,395,902	**629,620**	613,012	**30,532**	35,814	**71,460**	93,683	**1,995,853**	2,138,411
Revenue Expenditure	**(708,991)**	(691,748)	**(592,778)**	(635,626)	**(20,637)**	(20,492)	**-**	-	**(1,322,406)**	(1,347,866)
Depreciation / Amortization	**(47,225)**	(41,944)	**(23,854)**	(21,987)	**(212)**	(212)	**(66)**	(66)	**(71,357)**	(64,209)
Other Non Cash Expenses - Gratuity	**(18,836)**	(82,386)	**(12,460)**	(70,061)	**-**	(750)	**-**	-	**(31,296)**	(153,197)
Segment Results	**489,189**	579,824	**528**	(114,662)	**9,683**	14,360	**71,394**	93,617	**570,794**	**573,139**
Other Operating Income									**152,566**	126,297
Administrative Expenses									**(41,437)**	(42,473)
Management Fee									**(99,277)**	(97,487)
Finance Cost									**(108,447)**	(77,939)
Tax Expenses									**(69,849)**	(44,949)
Profit for the Period									**404,350**	**436,588**

SEGMENT INFORMATION

Group

For the Nine Months Ended 31 December	Rubber		Tea		Coconut		Others		Total	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
Revenue	**1,264,241**	1,395,902	**629,620**	613,012	**30,532**	35,814	**71,460**	93,683	**1,995,853**	2,138,411
Revenue Expenditure	**(708,991)**	(691,748)	**(592,778)**	(635,626)	**(20,637)**	(20,492)	**-**	-	**(1,322,406)**	(1,347,866)
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Segment Results	**489,189**	579,824	**528**	(114,662)	**9,683**	14,360	**71,394**	93,617	**570,794**	**573,139**
Other Operating Income									**152,566**	126,297
Administrative Expenses									**(41,437)**	(42,473)
Management Fee									**(99,277)**	(97,487)
Finance Cost									**(108,447)**	(77,939)
Profit from Operations after Finance Cost									**474,199**	**481,537**
Share of Result of Associates									**49,701**	2,026
Profit before Taxation									**523,900**	**483,563**
Tax Expenses									**(74,828)**	(45,894)
Profit for the period from continuing operations									**449,072**	**437,669**
(Loss) after tax for the period from discontinued operations									**(2,025)**	(2,455)
Profit for the Period									**447,047**	**435,214**

The above figures are subject to audit

CORPORATE INFORMATION

Name of the Company	: **KEGALLE PLANTATIONS PLC**
Legal Form	: A Quoted Public Company with limited liability, Incorporated in Sri Lanka under the Companies Act No. 07 of 2007.
Date of Incorporation	: 22 June 1992
Company Registration No	: New Registration No. P Q 135 [Old No. N (PBS/CGB) 140]
Head/Registered Office	: No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Principal Business Activities	: Cultivation, Manufacture and Sale of Rubber, Tea, Coconut, Cardamom & other agricultural produce.
Ultimate Parent Enterprise	: Richard Pieris & Company PLC No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Board of Directors	: Dr. Sena Yaddehige - Chairman Mr. J H P Ratnayeke - Deputy Chairman Mr. S S Poholiyadde Prof. R C W M R A Nugawela Dr. S S B D G Jayawardena
Stock Exchange Listing	: The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka.
Secretaries	: Richard Pieris Group Services (Pvt) Limited No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka Telephone : + (94) 11 4310500
Auditors	: Messrs. Ernst & Young, Chartered Accountants, No. 201, De Saram Place, Colombo 10.
Bankers	: Hatton National Bank PLC Bank of Ceylon - Corporate Branch & Regional Branches NDB Bank PLC Peoples Bank Seylan Bank PLC Commercial Bank of Ceylon PLC Indian Overseas Bank
Legal Advisors	: Paul Ratnayeke Associates International Legal Consultants, Solicitors and Attorneys-at-Law, No. 59, Gregory's Road, Colombo 7, Sri Lanka.
Contact Details	: Telephone : + (94) 11 4310500 Facsimile : + (94) 11 4310799 Website : www.arpico.com E-mail : kpl.rpk@arpico.com

Kegalle Plantations PLC
310, High Level Road,
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