Interim Financial Statements
for the three months ended

30 June 2011

Kegalle Plantations PLC

INTERIM FINANCIAL STATEMENTS

BALANCE SHEET

As at 30 June	Company			Group		
	2011 Rs. '000	2010 Rs. '000	31 March 2011 Rs. '000	2011 Rs. '000	2010 Rs. '000	31 March 2011 Rs. '000
ASSETS						
Non - Current Assets						
Leasehold right to bare land	166,809	171,717	168,036	166,809	171,717	168,036
Immovable Estates Assets on Finance Lease	132,421	143,334	135,259	132,421	143,334	135,259
Tangible Assets other than Immature / Mature Plantations	385,611	379,965	388,585	456,072	456,872	460,851
Immature / Mature Plantations	1,045,413	921,650	1,015,940	1,045,413	921,650	1,015,940
Long Term Investments	450,000	225,000	225,000	408,654	220,821	183,307
	2,180,254	1,841,666	1,932,820	2,209,369	1,914,394	1,963,393
Current Assets						
Inventories	344,541	313,902	391,655	346,266	315,637	393,378
Trade & Other Receivable	299,800	218,451	230,410	313,537	227,968	235,878
VAT Recoverable	20,004	20,188	20,004	20,011	20,195	28,282
Amounts due from Related Companies	82,354	68,581	57,177	37,981	29,266	12,897
Short Term Investments	1,383,313	801,840	1,289,494	1,383,313	801,840	1,289,494
Cash and Bank Balances	32,743	18,926	10,263	32,784	21,191	10,307
	2,162,755	1,441,888	1,999,003	2,133,892	1,416,097	1,970,236
Total Assets	4,343,009	3,283,554	3,931,823	4,343,261	3,330,491	3,933,629
EQUITY & LIABILITIES						
Capital & Reserves						
Stated Capital	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	1,987,812	1,279,201	1,968,938	1,952,899	1,275,022	1,934,489
Shareholders' Fund	2,462,812	1,754,201	2,443,938	2,427,899	1,750,022	2,409,489
Non - Current Liabilities						
Interest Bearing Loans & Borrowings	502,241	330,593	303,089	502,241	330,593	303,089
Retirement Benefit Obligations	457,516	320,190	335,025	457,611	320,285	335,120
Deferred Income	195,509	193,672	196,738	217,404	219,918	219,722
Net Liability to the Lessor - Payable after one year	285,466	289,626	286,660	285,466	289,626	286,660
	1,440,732	1,134,081	1,121,512	1,462,722	1,160,422	1,144,591
Current Liabilities						
Interest Bearing Loans & Borrowings	41,592	53,659	68,319	41,592	53,659	68,319
Net Liability to the Lessor - Payable within one year	4,278	4,113	4,113	4,278	4,113	4,113
Trade & Other Payables	333,608	212,248	260,034	341,371	226,252	267,799
Dividend Payable	16,271	76,032	1,225	16,271	76,032	1,225
Amounts due to Related Companies	26,006	35,151	15,798	31,418	45,922	21,209
Income Tax Payable	17,710	14,069	16,884	17,710	14,069	16,884
	439,465	395,272	366,373	452,640	420,047	379,549
Total Equity & Liabilities	4,343,009	3,283,554	3,931,823	4,343,261	3,330,491	3,933,629
Net Asset Value per Share (Rs.)	98.51	70.17	97.76	97.12	70.00	96.38

The above figures are subject to audit

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

L C Herath (Mrs.)
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/CEO

J H P Ratnayeke
Director

Colombo
11 August 2011

INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

For the Three Months Ended 30 June	Company				Group			
	2011 Rs. '000	2010 Rs. '000	Variance + / (-) %	Year ended 31 March 2011 Rs. '000	2011 Rs. '000	2010 Rs. '000	Variance + / (-) %	Year ended 31 March 2011 Rs. '000
Continuing Operations								
Revenue	**693,581**	630,602	10	2,991,762	**693,581**	630,602	10	2,991,762
Cost of Sales *(Note - 07)*	**(636,487)**	(463,033)	(37)	(1,817,992)	**(636,487)**	(463,033)	(37)	(1,817,992)
Gross Profit	**57,094**	**167,569**	**(66)**	**1,173,770**	**57,094**	**167,569**	**(66)**	**1,173,770**
Other Operating Income	**35,456**	26,248	35	105,951	**35,456**	26,248	35	105,951
Administrative Expenses	**(16,483)**	(13,569)	(21)	(54,636)	**(16,483)**	(13,569)	(21)	(54,636)
Management Fee	**(9,914)**	(29,912)	67	(193,492)	**(9,914)**	(29,912)	67	(193,492)
Finance Cost	**(25,005)**	(15,549)	(61)	(114,470)	**(25,005)**	(15,549)	(61)	(114,470)
Profit from Operations after Finance Cost	**41,148**	134,787	(69)	917,123	**41,148**	134,787	(69)	917,123
Share of Result of Associate	**-**	-	-	-	**347**	(4,179)	108	(41,676)
Profit before Taxation	**41,148**	134,787	(69)	917,123	**41,495**	130,608	(68)	875,447
Income Tax Expenses	**(9,774)**	(3,897)	(151)	(33,996)	**(9,774)**	(3,897)	(151)	(34,014)
Profit for the Period from continuing operations	**31,374**	130,890	(76)	883,127	**31,721**	126,711	(75)	841,434
Discontinued Operations								
(Loss) after tax for the Period from discontinued operations	**-**	-	-	-	**(811)**	(1,401)	42	(3,684)
Profit for the period	**31,374**	**130,890**	**(76)**	**883,127**	**30,910**	**125,310**	**(75)**	**837,750**
Basic Earnings Per Share from Continuing Operations (Rs.)	**1.25**	5.24		35.33	**1.27**	5.07		33.66
Dividend Per Share (Rs.)	**-**	-		3.00	**-**	-		3.00

The above figures are subject to audit

CASH FLOW STATEMENT

For the Three Months Ended 30 June		Company 2011 Rs. '000	Company 2010 Rs. '000	Group 2011 Rs. '000	Group 2010 Rs. '000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES					
Net Profit before Taxation from continuing operations		41,148	134,787	41,495	130,608
Net (Loss) before Taxation from discontinued operations		-	-	(811)	(1,401)
ADJUSTMENTS FOR					
Depreciation, Amortization and Impairment Loss		21,349	20,145	23,156	22,524
Provision for Defined Benefit Plan Costs		133,160	9,398	133,160	9,398
Amortization of Grants		(1,436)	(1,268)	(2,524)	(2,356)
Share of Result of Associate		-	-	(347)	4,179
Finance Cost		15,443	15,549	15,446	15,549
Operating Profit before Working Capital Changes		209,664	178,611	209,575	178,501
(Increase)/Decrease in Trade & Other Receivables		(69,390)	45,211	(69,390)	45,211
(Increase)/Decrease in Inventories		47,114	(66,187)	47,114	(66,175)
(Increase)/Decrease in amounts due from Related Companies		29,713	(15,721)	29,713	(15,721)
Increase/(Decrease) in Trade & Other Payables		14,180	14,673	14,269	14,734
Increase/(Decrease) in amounts due to Related Companies		10,208	(4,550)	10,208	(4,550)
Cash Generated from / (used in) Operations		241,489	152,037	241,489	152,000
Defined Benefit Plan Costs Paid		(10,670)	(5,962)	(10,670)	(5,962)
Finance Cost Paid		(15,443)	(11,349)	(15,446)	(11,349)
ESC/Income Tax Paid		(5,690)	(3,897)	(5,690)	(3,897)
Net Cash from Operating Activities		**209,686**	**130,829**	**209,683**	**130,792**
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
Grant Received		207	22,284	207	22,284
Field Development Expenditure		(37,661)	(29,423)	(37,661)	(29,423)
Purchase of Property, Plant & Equipment		(6,124)	(17,709)	(6,124)	(17,709)
Long Term Investment		(225,000)	-	(225,000)	-
Net Cash from / (used in) Investing Activities		**(268,578)**	**(24,848)**	**(268,578)**	**(24,848)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Dividend Paid		3,795	(98)	3,795	(98)
Payment of Government Lease Rentals		(1,028)	(5,189)	(1,028)	(5,189)
Proceeds from Loans		213,240	-	213,240	-
Repayment of Loans		(12,978)	(20,607)	(12,978)	(20,607)
Net Cash from / (used in) Financing Activities		**203,029**	**(25,894)**	**203,029**	**(25,894)**
Net Increase/(Decrease) in Cash & Cash Equivalents		144,137	80,088	144,134	80,050
Cash & Cash Equivalents at the beginning of the period	**Note A**	1,271,919	740,678	1,271,963	742,981
Cash & Cash Equivalents at the end of the period	**Note B**	**1,416,056**	**820,766**	**1,416,097**	**823,031**

NOTES

A. Cash & Cash Equivalents at the beginning of the period				
Cash & Bank Balances	10,263	20,685	10,307	22,988
Investment in Treasury Bills, REPO & Others	1,289,494	719,993	1,289,494	719,993
Bank Overdrafts	(27,838)	-	(27,838)	-
	1,271,919	**740,678**	**1,271,963**	**742,981**
B. Cash & Cash Equivalents at the end of the period				
Cash & Bank Balances	32,743	18,926	32,784	21,191
Investment in Treasury Bills, REPO & Others	1,383,313	801,840	1,383,313	801,840
	1,416,056	**820,766**	**1,416,097**	**823,031**

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

For the Three Months Ended 30 June 2011

	Company				Group			
	Stated Capital Rs. '000	General Reserve Rs. '000	Accumulated Profit Rs. '000	Total Rs. '000	Stated Capital Rs. '000	General Reserve Rs. '000	Accumulated Profit Rs. '000	Total Rs. '000
Balance as at 31 March 2010	250,000	225,000	1,223,311	1,698,311	250,000	225,000	1,224,712	1,699,712
Net Profit for the period	-	-	130,890	130,890	-	-	125,310	125,310
Dividend Paid	-		(75,000)	(75,000)	-	-	(75,000)	(75,000)
Balance as at 30 June 2010	**250,000**	**225,000**	**1,279,201**	**1,754,201**	**250,000**	**225,000**	**1,275,022**	**1,750,022**
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	-	-	31,374	31,374	-	-	30,910	30,910
Dividend Paid	-	-	(12,500)	(12,500)	-	-	(12,500)	(12,500)
Balance as at 30 June 2011	**250,000**	**225,000**	**1,987,812**	**2,462,812**	**250,000**	**225,000**	**1,952,899**	**2,427,899**

The above figures are subject to audit

NOTES TO THE FINANCIAL STATEMENTS

For the Three Months Ended 30 June	2011 Rs.	2010 Rs.	31 March 2011 Rs.
1. Market Price per Share			
Highest	**234.90**	81.50	285.00
Lowest	**180.50**	47.50	47.50
Last Traded	**183.10**	80.75	207.50

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

3. The Provisional 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 2011 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.

4. 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.

5. The Company invested in 22.5 mn ordinary shares at Rs. 10.00 per share of Arpico Insurance Ltd in June 2011 (A new Insurance Company established under the "Arpico" brand) at Rs. 225 mn. As a result, Arpico Insurance Ltd is treated as an Associate Company with voting rights of 45% and is in conformity with Section 185 (1) (a) of the Companies Act No. 7 of 2007.

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 2011.

7. In June 2011, as per the Collective Agreement, wage rate was increased from Rs. 447.75 to Rs. 572.00 with retrospective effect from April 2011. Arrears payment from April to May 2011 is payable in August 2011. Total impact of the wage arrears and increase in gratuity provision amounting to Rs. 162 mn was charged to Cost of Sales as at 30 June 2011 as follows;

Description	Amount (Rs. '000)
Cost of Manufacture for the period	474,106
Arrears in wages (April & May 2011)	38,919
Adjustment to opening balance of Gratuity Provision	123,462
Total Cost of Sales	**636,487**

These figures are subject to an Actuarial Valuation that will be carried out during the current financial year.

8. There have been no other events subsequent to the Balance Sheet date, which require disclosure in the Interim Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS CONTD...

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

As at	30 June 2011		31 March 2011	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
RPC Plantation Management Services (Pvt) Ltd	17,015,100	68.06%	17,015,100	68.06%
J B Cocoshell (Pvt) Ltd	606,500	2.43%	628,800	2.52%
Mr. T. T. T. Al Nakib	355,700	1.42%	-	-
Almar Trading Co. (Pvt) Ltd	236,300	0.95%	221,300	0.89%
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%
Commercial Bank of Ceylon PLC / D.R. Costa	154,900	0.62%	154,600	0.62%
Cocoshell Activated Carbon Company Limited	143,900	0.58%	153,500	0.61%
Commercial Bank of Ceylon PLC / D.S.J.V. Costa	138,500	0.55%	140,500	0.56%
Mr. M. M. Fuad	129,600	0.52%	92,300	0.37%
Waldock Mackenzie Ltd /Hi - Line Towers (Pvt) Ltd	129,600	0.52%	129,600	0.52%
Employees Provident Fund	122,300	0.49%	-	-
Waldock Mackenzie Ltd /Hi - Line Trading (Pvt) Ltd	107,600	0.43%	-	-
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%
Janashakthi Insurance PLC (Policy Holders)	94,800	0.38%	94,800	0.38%
Deutsche Bank AG As Trustee for Comtrust Equity	90,700	0.36%	-	-
Mr. M. J. Fernando	85,500	0.34%	85,500	0.34%
Askold (Pvt) Ltd	85,000	0.34%	85,000	0.34%
Goldman Sachs & Co S/A Wexford Spectrum Trading	73,800	0.30%	-	-
Sub Total	**20,154,800**	**80.62%**	**-**	**-**
Balance held by 9,543 Shareholders (2010/11 - 9,582 Shareholders)	4,845,201	19.38%	5,080,701	20.32%
Total Shares	**25,000,001**	**100.00%**	**25,000,001**	**100.00%**

The percentage of shares held as follows;

	30 June 2011		31 March 2011	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
Public Holding	7,984,594	31.94%	7,984,594	31.94%
Other Holding	17,015,407	68.06%	17,015,407	68.06%
	25,000,001	**100.00%**	**25,000,001**	**100.00%**

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

	Number of Shares	
As at	**30 June 2011**	**31 March 2011**
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 Three Months Ended 30 June	Rubber		Tea		Coconut		Others		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	**407,709**	337,380	**251,642**	274,967	**13,690**	8,887	**20,538**	9,368	**693,579**	630,602
Revenue Expenditure	**(213,803)**	(190,456)	**(262,497)**	(239,019)	**(6,040)**	(4,349)	**-**	-	**(482,340)**	(433,824)
Depreciation / Amortization	**(13,387)**	(12,182)	**(7,327)**	(7,358)	**(248)**	(248)	**(22)**	(22)	**(20,984)**	(19,810)
Other Non Cash Expenses - Gratuity	**(70,764)**	(4,740)	**(62,397)**	(4,409)	**-**	(250)	**-**	-	**(133,161)**	(9,399)
Segment Results	**109,755**	130,002	**(80,579)**	24,181	**7,402**	4,040	**20,516**	9,346	**57,094**	**167,569**
Other Operating Income									**35,456**	26,248
Administrative Expenses									**(16,483)**	(13,569)
Management Fee									**(9,914)**	(29,912)
Finance Cost									**(25,005)**	(15,549)
Income Tax Expenses									**(9,774)**	(3,897)
Profit for the Period									**31,374**	**130,890**

SEGMENT INFORMATION

Group

For the Three Months Ended 30 June	Rubber		Tea		Coconut		Others		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	**407,709**	337,380	**251,642**	274,967	**13,690**	8,887	**20,538**	9,368	**693,579**	630,602
Revenue Expenditure	**(213,803)**	(190,456)	**(262,497)**	(239,019)	**(6,040)**	(4,349)	**-**	-	**(482,340)**	(433,824)
Depreciation / Amortization	**(13,387)**	(12,182)	**(7,327)**	(7,358)	**(248)**	(248)	**(22)**	(22)	**(20,984)**	(19,810)
Other Non Cash Expenses - Gratuity	**(70,764)**	(4,740)	**(62,397)**	(4,409)	**-**	(250)	**-**	-	**(133,161)**	(9,399)
Segment Results	**109,755**	130,002	**(80,579)**	24,181	**7,402**	4,040	**20,516**	9,346	**57,094**	**167,569**
Other Operating Income									**35,456**	26,248
Administrative Expenses									**(16,483)**	(13,569)
Management Fee									**(9,914)**	(29,912)
Finance Cost									**(25,005)**	(15,549)
Profit from Operations after Finance Cost									**41,148**	134,787
Share of Result of Associate									**347**	(4,179)
Profit before Taxation									**41,495**	130,608
Income Tax Expenses									**(9,774)**	(3,897)
Profit for the period from continuing operations									**31,721**	126,711
(Loss) after tax for the Period from discontinued operations									**(811)**	(1,401)
Profit for the Period									**30,910**	**125,310**

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 - Chief Executive Officer 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 in 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, 201, De Saram Place, Colombo 10.
Bankers	: Hatton National Bank PLC Bank of Ceylon - Corporate Branch & Regional Branches National Development Bank PLC Peoples Bank Seylan Bank PLC
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 4310888 Facsimile : + (94) 11 4310799 Website : www.arpico.com E-mail : kpl.rpk@arpico.com

Kegalle Plantations PLC

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