

KOTAGALA PLANTATIONS PLC

**Interim Financial Statements
For the Period ended 30th June 2020**

Kotagala Plantations PLC

| Statement of Financial Position | | | | | |
|---------------------------------|------------|---|------------|------------|------------|
| Group | Company | | Group | Company | |
| As at | As at | | As at | As at | As at |
| 31.03.2020 | 31.03.2020 | | 30.06.2020 | 30.06.2019 | 30.06.2020 |
| Rs.'000 | Rs.'000 | | Rs.'000 | Rs.'000 | Rs.'000 |
| Unaudited | Unaudited | | Unaudited | Unaudited | Unaudited |
| ASSETS | | | | | |
| 1,381,682 | 1,376,942 | Property, Plant & Equipment | 1,366,981 | 697,633 | 1,357,768 |
| 4,763,135 | 4,763,135 | Biological Assets | 4,738,487 | 4,590,298 | 4,738,487 |
| 655,564 | 655,564 | Leasehold Properties | 647,277 | 201,281 | 647,277 |
| | 115 | Investments in Subsidiaries | - | | 115 |
| 258,354 | 206,784 | Investment in Associates | 258,354 | 206,784 | 206,784 |
| 305,310 | 305,310 | Fair value through OCI Investments | 310,158 | 276,899 | 310,158 |
| 7,364,045 | 7,307,850 | Total Non - Current Assets | 7,321,257 | 5,972,895 | 7,260,589 |
| 199,856 | 184,398 | Inventories | 228,872 | 297,372 | 208,761 |
| 266,973 | 261,065 | Trade and Other Receivables | 273,480 | 589,012 | 266,515 |
| 5,000 | 5,000 | Fair value of growing produce of bearer biological assets | 5,000 | 5,000 | 5,000 |
| 62,919 | 69,391 | Amounts due from Related Parties | 62,919 | 115,414 | 73,141 |
| 24,207 | 24,056 | Cash and Cash Equivalents | 18,948 | 17,664 | 15,150 |
| 558,955 | 543,909 | Total Current Assets | 589,219 | 1,024,462 | 568,567 |
| 7,923,001 | 7,851,761 | Total Assets | 7,910,477 | 6,997,357 | 7,829,156 |
| EQUITY | | | | | |
| 781,500 | 781,500 | Stated Capital | 781,500 | 781,500 | 781,500 |
| 240,000 | 240,000 | Capital Reserves | 240,000 | 240,000 | 240,000 |
| 612,432 | 612,432 | Revaluation Reserve | 612,432 | | 612,432 |
| (1,862) | | Foreign Exchange Translation Reserve | (1,862) | 1,433 | |
| 43,100 | 46,355 | Fair Value through Other Comprehensive Income Reserve | 47,948 | 17,437 | 51,203 |
| (883,535) | (946,475) | Retained Earnings | (908,080) | (615,683) | (970,955) |
| 791,635 | 733,812 | Total Equity | 771,938 | 424,687 | 714,180 |
| LIABILITIES | | | | | |
| 1,066,364 | 1,066,364 | Interest bearing Borrowings | 1,066,364 | 944,716 | 1,066,364 |
| 330,309 | 330,309 | Deferred Income - Capital Grant | 330,309 | 328,358 | 330,309 |
| 403,335 | 403,335 | Deferred Tax Liabilities | 403,335 | 303,638 | 403,335 |
| 646,906 | 646,906 | Net Obligation to Lessor of JEDB/SLSPC | 646,906 | 348,146 | 646,906 |
| 874,322 | 873,812 | Retirement Benefit Obligations | 903,542 | 790,151 | 897,805 |
| 3,519 | | Lease Liability | 3,519 | | |
| 3,324,754 | 3,320,725 | Total Non - Current Liabilities | 3,353,974 | 2,715,009 | 3,344,718 |
| 783,957 | 783,957 | Interest bearing Borrowings | 766,957 | 919,980 | 766,957 |
| 1,985,131 | 1,976,931 | Trade & Other Payables | 1,965,926 | 2,096,476 | 1,952,807 |
| 440,286 | 440,286 | Amounts due to Related Parties | 454,444 | 378,130 | 454,444 |
| 1,188 | | Lease Liability | 1,188 | | |
| 596,050 | 596,050 | Bank Overdraft | 596,050 | 463,075 | 596,050 |
| 3,806,612 | 3,797,224 | Total Current Liabilities | 3,784,565 | 3,857,661 | 3,770,258 |
| 7,131,366 | 7,117,949 | Total Liabilities | 7,138,539 | 6,572,670 | 7,114,976 |
| 7,923,001 | 7,851,761 | Total Equity and Liabilities | 7,910,477 | 6,997,357 | 7,829,156 |
| 10.52 | 9.75 | Net Assets per Share (Rs.) | 10.26 | 5.65 | 9.49 |

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

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M Kowdu
General Manager - Finance

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

S S Poholiyadde
Director
4th September 2020
Colombo

M Madugalle
Director

Kotagala Plantations PLC

COMPANY

STATEMENT OF CHANGES IN EQUITY

| | Attributable to Owners of the Company | | | | | | Total Rs. '000 |
|--|---------------------------------------|----------------------------------|--|---------------------------------|---|------------------|-------------------|
| | Stated Capital Rs. '000 | Revaluation Reserve Rs.000 | Available for Sale Reserves Rs. '000 | General Reserves Rs. '000 | Retained Profit / (Loss) Rs. '000 | | |
| | | | | | | | |
| Balance as at 01.04.2019 | 781,500 | | 17,437 | | 240,000 | (531,995) | 506,942 |
| Profit for the Period | | | | | | (167,850) | (167,850) |
| Other Comprehensive Income for the Period | - | | | | | | |
| Dividend paid | - | | - | | - | - | - |
| Balance as at 30.06.2019 | 781,500 | | 17,437 | | 240,000 | (699,845) | 339,092 |
| Balance as at 01.04.2020 | 781,500 | 612,432 | 46,355 | | 240,000 | (946,475) | 733,812 |
| Profit for the Period | | | | | | (24,480) | (24,480) |
| Other Comprehensive Income for the Period | | | 4,848 | | | | 4,848 |
| Dividend paid | - | | - | | - | - | - |
| Balance as at 30.06.2020 | 781,500 | 612,432 | 51,203 | - | 240,000 | (970,955) | 714,180 |

STATEMENT OF CHANGES IN EQUITY

Group

| | Attributable to Owners of the Company | | | | | | Total Rs. '000 |
|--|---------------------------------------|----------------------------------|--|---|---------------------------------|---|-------------------|
| | Stated Capital Rs. '000 | Revaluation Reserve Rs.000 | Available for Sale Reserves Rs. '000 | Foreign Currency translation reserve | General Reserves Rs. '000 | Retained Profit / (Loss) Rs. '000 | |
| | | | | | | | |
| Balance as at 01.04.2019 | 781,500 | | 17,437 | 1,433 | 240,000 | (448,872) | 591,498 |
| Net changes in fair value gain transferred | | | | | | | |
| Profit for the Period | | | | | | (166,811) | (166,811) |
| Other Comprehensive Income for the Period | - | | | | | | |
| Dividend paid | - | | - | | - | - | - |
| Balance as at 30.06.2019 | 781,500 | | 17,437 | 1,433 | 240,000 | (615,683) | 424,687 |
| Balance as at 01.04.2020 | 781,500 | 612,432 | 43,100 | (1,862) | 240,000 | (883,535) | 791,635 |
| Profit for the Period | | | | | | (19,697) | (19,697) |
| Other Comprehensive Income for the Period | | | 4,848 | | | | |
| Dividend paid | | | | | | | |
| Balance as at 30.06.2020 | 781,500 | 612,432 | 47,948 | (1,862) | 240,000 | (903,232) | 771,938 |

Kotagala Plantations PLC

CASH FLOW STATEMENT

| For the Three Month ended 30 th June | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2020 Rs.'000 | 2019 Rs.'000 | 2020 Rs.'000 | 2019 Rs.'000 |
| Cash Flows from Operating Activities | | | | |
| Profit before Taxation | (24,545) | (166,811) | (24,480) | (167,850) |
| Adjustments for : | - | - | - | - |
| Depreciation | 60,324 | 52,615 | 60,324 | 52,615 |
| Depreciation /Amortisation on Property, Plant & Equipment | - | - | - | - |
| Write - off of Immature Plantation | - | - | - | - |
| Dividend Income | - | - | - | - |
| Interest Expense | 49,938 | 90,380 | 49,938 | 90,380 |
| (Gain) / Loss on Disposal of Property, Plant & Equipment | - | - | - | - |
| (Gain)/Loss on Translation of Foreign Currency | - | - | - | - |
| Interest Income | - | - | - | - |
| Negative Goodwill | - | - | - | - |
| Deined Beneit Plan Cost - Retiring Gratuity | 23,993 | 32,125 | 23,993 | 32,125 |
| (Gain)/Loss on Disposal of Investments | - | - | - | - |
| Provision for fall in Value of Investments - Long Term | - | - | - | - |
| Impairment of Goodwill | - | - | - | - |
| Provision/ (Reversal of Provision) for Doubtful Debts - Trade & Other Rece | - | - | - | - |
| Provision /(Reversal of Provision) for Doubtful Debts - Related Parties | - | - | - | - |
| Provision for Obsolete Inventories | - | - | - | - |
| Fair value (Gain)/Loss on investments classified as FVTPL | - | - | - | - |
| Fair value (Gain)/Loss on investments classified as AFS | - | - | - | - |
| Creditors no longer payable written back | - | - | - | - |
| Amortisation of Deferred Income | - | - | - | - |
| Gain / (Loss) on change in Fair Value of Biological Assets | - | - | - | - |
| (Gain) / Loss on Disposal Investments Classified as FVTPL | - | - | - | - |
| (Gain) / Loss on Disposal Investments Classified as AFS | - | - | - | - |
| Operating Profit before Working Capital Changes | 109,710 | 8,309 | 109,775 | 7,270 |
| (Increase)/Decrease in Inventories | (29,016) | (35,358) | (24,363) | (35,359) |
| (Increase)/Decrease in Trade & other Receivables | (6,392) | 6,182 | (5,450) | 6,500 |
| (Increase)/Decrease in Amounts due from Related Parties | - | (2,799) | (3,750) | (2,799) |
| Increase/(Decrease) in Trade & Other Payables | (18,567) | 203,978 | (24,124) | 204,381 |
| Increase/(Decrease) in Amounts due to Related Parties | 14,158 | 155,959 | 14,158 | 155,959 |
| Net Cash Flow from Operating Activities | 69,893 | 336,271 | 66,246 | 335,952 |
| Income Tax Paid | (4,500) | - | (4,500) | - |
| Interest Paid | (44,992) | (84,372) | (44,992) | (84,372) |
| Retiring Gratuity Paid | (2,600) | (1,200) | (2,600) | (1,200) |
| Net Cash Flow from Operating Activities | 17,801 | 250,699 | 14,154 | 250,380 |
| Cash Flows from Investing Activities | | | | |
| Purchase & Construction of Property, Plant & Equipment | - | (76) | - | (76) |
| Investment in immature plantations | (6,061) | (8,962) | (6,061) | (8,962) |
| Investment in Subsidiaries | - | - | - | - |
| Interest Received | - | - | - | - |
| Dividends Received | - | - | - | - |
| Net Investments in Short Term Investments | - | - | - | - |
| Proceeds on Disposal of Property, Plant & Equipment | - | - | - | - |
| Net Proceeds on acquisition /Disposal of Investments classified as FVTPL | - | - | - | - |
| Net Proceeds on Disposal of Investments | - | - | - | - |
| Net Cash generated from/(used in) Investing Activities | (6,061) | (9,038) | (6,061) | (9,038) |
| Cash Flows from Financing Activities | | | | |
| Payment of finance lease rentals | - | - | - | - |
| Payment to lessor on leasehold rights | - | - | - | - |
| Proceeds from Rights Issue of Shares | - | - | - | - |
| Capital Grants Received | - | - | - | - |
| Long Term Loans obtained from Related Parties | - | - | - | - |
| Long Term Loans Receipts/(granted) to Related Parties | - | - | - | - |
| Net Lease Movement During the Year | - | - | - | - |
| Proceeds from Long Term Loans | - | - | - | - |
| Repayment of Long Term Loans | (17,000) | (267,276) | (17,000) | (267,276) |
| Settlement c | - | - | - | - |
| Net Transactions with minority | - | - | - | - |
| Direct cost on Right Issue | - | - | - | - |
| Net Movement in Short Term Borrowings | - | - | - | - |
| Net Cash generated from/(used in) Financing Activities | (17,000) | (267,276) | (17,000) | (267,276) |
| Net Increase in Cash & Cash Equivalents | (5,260) | (25,615) | (8,907) | (25,934) |
| Cash & Cash Equivalents at the beginning of the year | (571,842) | (419,796) | (571,993) | (419,796) |
| Cash & Cash Equivalents at the end of the period | (577,102) | (445,411) | (580,900) | (445,730) |
| Analysis of Cash & Cash Equivalents at the end of the Period | | | | |
| Cash in Hand & Bank | 18,948 | 17,664 | 15,150 | 17,345 |
| Bank & Other Borrowings | (596,050) | (463,075) | (596,050) | (463,075) |
| | (577,102) | (445,411) | (580,900) | (445,730) |

Segmental Information

| Group | | Company | | Group | | Company | |
|---|---|--|--|--|--|--|--|
| Unaudited Year ended 31/03/2020 Rs. '000 | Unaudited Year ended 31/03/2020 Rs. '000 | Quarter ended 30/06/2020 Rs. '000 | Quarter ended 30/06/2019 Rs. '000 | Quarter ended 30/06/2020 Rs. '000 | Quarter ended 30/06/2019 Rs. '000 | Quarter ended 30/06/2020 Rs. '000 | Quarter ended 30/06/2019 Rs. '000 |
| Revenue | | | | | | | |
| 2,139,016 | 2,139,016 | 624,959 | 600,456 | 624,959 | 600,456 | 624,959 | 600,456 |
| 463,303 | 420,373 | 94,676 | 99,196 | 76,918 | 88,142 | 76,918 | 88,142 |
| | | | - | | | | |
| 109,107 | 109,107 | 45,375 | 35,883 | 45,375 | 35,883 | 45,375 | 35,883 |
| 2,711,427 | 2,668,497 | 765,010 | 735,535 | 747,252 | 724,483 | 747,252 | 724,483 |
| Gross Profit | | | | | | | |
| (157,814) | (157,814) | 105,424 | (18,285) | 105,424 | (18,285) | 105,424 | (18,285) |
| (233,056) | (244,119) | (81,146) | (78,007) | (83,333) | (81,958) | (83,333) | (81,958) |
| | | | - | | | | |
| 41,301 | 41,301 | 21,732 | 13,545 | 21,732 | 13,545 | 21,732 | 13,545 |
| (349,569) | (360,632) | 46,010 | (82,747) | 43,824 | (86,698) | 43,824 | (86,698) |

Information on Debentures

| Type of Debenture | CSE Listing | Interest Rate | Balance as at End June 2020 - Rs. | Market Value - Rs. | | | Interest rate of comparable government security |
|-------------------|-------------|---------------|--------------------------------------|--------------------|--------|-------|--|
| | | | | Highest | Lowest | Close | |
| Type A | Listed | 14.25 | - | | | | |
| Type B | Listed | 14.50 | - | Not Traded | | | |
| Type C | Listed | 14.75 | 250,000,000 | | | | |
| Type D | Listed | 15.00 | 250,000,000 | | | | |

| Company - End June 2020 | |
|-------------------------|--------|
| Debt/Equity Ratio | 2.57 |
| Quick asset Ratio | 0.10 |
| Interest Cover | (0.51) |

The sinking fund for the Debenture issue is reflected under "Fair value through OCI Investments" in the Statement of Financial Position.

The sinking fund balance as per the schedule to trust deed is Rs.42Mn, and the balance available in the sinking fund is Rs.221.6Mn.

The Company has made a request for a redemption of the Units on 19th May 2020 which has not been satisfied as yet by the Fund Manager of the Unit Trust.

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 34 - Interim Financial Reporting.
- 2) The above figures are provisional and subject to audit.
- 3) There have been no events subsequent to the interim period, which require disclosure in the interim financial statements.
- 4) 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 2019
- 5) Starting mid of March 20, the crop intake and the production as well drastically declined with the outbreak of COVID-19, mainly due to restrictions on working days and social distancing as well. However normal operations resumed under essential service being declared by the Government. Plantation sector realigned well during the month of April 2020 at the Estate operational level, but the Head Office got disrupted due to the enforcement of curfew in Colombo which had an impact on maintaining accounting records during the months of March/April 2020. Whilst the production of Tea improved during the latter part of April 2020 and in May 2020 and the prices too showed commensurate increases, the Plantation sector as a whole were afraid of the risk involved in the disruption of the exports in the global supply chain.

- 6) Market Prices Recorded during the quarter ended 30th June

| | 2020 | 2019 |
|---------------------------------|------|------|
| Highest - (Rs.) | 7.20 | 7.00 |
| Lowest - (Rs.) | 4.10 | 5.60 |
| Last Traded - (Rs.) | 5.80 | 6.00 |
| (Volume Weighted Average Price) | | |

- 7) The Stated Capital of the Company of Rs.781,500,010/- is represented by 75,225,000 Ordinary Shares and 01 Golden Share.
- 8) The percentage of Shares held by the public as at 30th June 2020 was 24.34% and the number of public shareholders is 12,686.
- 9) The applicable option under CSE Rule 7.13.1 on minimum public holding is option 5 and the Float Adjusted Market Capitalization as of 30.06.2020 was Rs. 106.2Mn
- 10) Details pertaining to Directors direct shareholdings as at 30.06.2020 are given below

| Name of Director | No. of Shares |
|-------------------------|---|
| Mr. S D R Arudpragasam | 150,375 |
| Mr. C P R Perera | 112,500 |
| Mr. M S Madugalle | 7,185 |
| | Aggregate of 2,603 Fractional Shares held in trust consequent to subdivision of shares in 2018. |
| Mr. G D V Perera | 600 |
| Mr. S S Poholiyadde | 1,500 |
| Mr. Anushman Rajaratnam | 220,590 |

- 11) Major Shareholders as at 30th June 2020

| Name | No of Shares | % |
|---|-------------------|--------------|
| 1 CONSOLIDATED TEA PLANTATIONS LIMITED | 31,650,000 | 42.07 |
| 2 LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED | 11,103,150 | 14.76 |
| 3 NATIONAL DEVELOPMENT BANK PLC/LANKEM TEA AND RUBBER PLANTATIONS (PVT) LTD | 6,900,787 | 9.17 |
| 4 SECRETARY TO THE TREASURY | 5,700,834 | 7.58 |
| 5 NATIONAL DEVELOPMENT BANK PLC/CONSOLIDATED TEA PLANTATIONS LTD | 4,537,500 | 6.03 |
| 6 MR. DAVID KOTTHOFF | 1,600,000 | 2.13 |
| 7 LANKEM CEYLON PLC | 1,100,221 | 1.46 |
| 8 Mr. MERRIL JOSEPH FERNANDO | 785,103 | 1.04 |
| 9 BANK OF CEYLON NO. 1 ACCOUNT | 729,997 | 0.97 |
| 10 PEOPLE'S LEASING & FINANCE PLC/ MR.A.RAJARATNAM | 633,416 | 0.84 |
| 11 SAMPATH BANK PLC/ DR.T.SENTHILVERL | 385,363 | 0.51 |
| 12 COMMERCIAL BANK OF CEYLON PLC A/C NO. 04 | 302,625 | 0.40 |
| 13 PERSHING LLC S/A AVERBACH GRAUSON & CO. | 295,400 | 0.39 |
| 14 MRS. SHIELA IRANGANIE HEENETIMULLA | 269,631 | 0.36 |
| 15 MR. ANUSHMAN RAJARATNAM | 220,590 | 0.29 |
| 16 FINANCIAL TRUST LIMITED | 205,000 | 0.27 |
| 17 E.W. BALASURIYA & CO. (PVT) LTD | 177,015 | 0.24 |
| 18 MR. RAVINDRA EARL RAMBUKWELLA | 167,900 | 0.22 |
| 19 MR. LANSAKARA JAYASUNDARA MUDIYANSELAGE ABEYRATNE JAYASUNDARA AND MRS. RENUKA RAMANI JAYASUNDARA | 155,470 | 0.21 |
| 20 Mr. SRI DHAMAN RAJENDRAM ARUDPRAGASAM | 150,375 | 0.20 |
| Total | 67,070,377 | 89.16 |