



**Kotmale Holdings PLC**

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
31 DECEMBER 2020



SINCE 1844  
A SUBSIDIARY OF CARGILLS (CEYLON) PLC

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## Statement of Profit or Loss and Other Comprehensive Income - Group

	Group			Group		
	For the three months ended 31 Dec			For the nine months ended 31 Dec		
	2020	2019	Change	2020	2019	Change
	Rs.' 000	Rs.' 000	%	Rs.' 000	Rs.' 000	%
Revenue	810,593	728,341	11.29	2,361,490	2,144,431	10.12
Cost of sales	(631,734)	(551,905)	(14.46)	(1,836,336)	(1,629,708)	(12.68)
<b>Gross profit</b>	<b>178,859</b>	<b>176,436</b>	<b>1.37</b>	<b>525,154</b>	<b>514,723</b>	<b>2.03</b>
Other income	454	382	18.85	956	819	16.73
Distribution expenses	(80,855)	(74,619)	(8.36)	(222,405)	(218,197)	(1.93)
Administrative expenses	(49,786)	(44,553)	(11.75)	(132,872)	(127,195)	(4.46)
<b>Results from operating activities</b>	<b>48,672</b>	<b>57,646</b>	<b>(15.57)</b>	<b>170,833</b>	<b>170,150</b>	<b>0.40</b>
Net finance costs	(6,454)	(3,898)	65.57	(24,733)	(4,732)	422.68
<b>Profit before taxation</b>	<b>42,218</b>	<b>53,748</b>	<b>(21.45)</b>	<b>146,100</b>	<b>165,418</b>	<b>(11.68)</b>
Income tax expense	(9,171)	(18,366)	50.07	(38,521)	(47,592)	19.06
<b>Profit for the period</b>	<b>33,047</b>	<b>35,382</b>	<b>(6.60)</b>	<b>107,579</b>	<b>117,826</b>	<b>(8.70)</b>
<b>Other comprehensive income (OCI)</b>						
<b>items that will not be classified to profit or loss</b>						
Remeasurement of retirement benefit obligation	-	-		-	-	
Deferred tax attributable to remeasurement of retirement benefit obligation	-	-		-	-	
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Total comprehensive income for the period</b>	<b>33,047</b>	<b>35,382</b>		<b>107,579</b>	<b>117,826</b>	
Basic Earnings per share (Rs.)	1.05	1.13		3.43	3.75	
Diluted Earnings per share (Rs.)	1.05	1.13		3.43	3.75	

Explanatory notes are given on page 08.

## Statement of Profit or Loss and Other Comprehensive Income - Company

	Company					
	For the three months ended 31 Dec			For the nine months ended 31 Dec		
	2020 Rs.' 000	2019 Rs.' 000	Change %	2020 Rs.' 000	2019 Rs.' 000	Change %
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
<b>Gross profit</b>	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Distribution expenses	-	-	-	-	-	-
Administrative expenses	(1,496)	(1,174)	(27.43)	(3,717)	(3,412)	(8.94)
<b>Results from operating activities</b>	<b>(1,496)</b>	<b>(1,174)</b>	<b>(27.43)</b>	<b>(3,717)</b>	<b>(3,412)</b>	<b>(8.94)</b>
Net finance costs	(1)	(35)	(97.14)	(41)	(45)	(8.89)
<b>Loss before taxation</b>	<b>(1,497)</b>	<b>(1,209)</b>	<b>23.82</b>	<b>(3,758)</b>	<b>(3,457)</b>	<b>8.71</b>
Income tax expense	-	-	-	-	-	-
<b>Loss for the period</b>	<b>(1,497)</b>	<b>(1,209)</b>	<b>23.82</b>	<b>(3,758)</b>	<b>(3,457)</b>	<b>8.71</b>
<b>Other comprehensive income (OCI)</b>						
<b>items that will not be classified to profit or loss</b>						
Remeasurement of retirement benefit obligation	-	-	-	-	-	-
Deferred tax attributable to remeasurement of retirement benefit obligation	-	-	-	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>(1,497)</b>	<b>(1,209)</b>	<b>23.82</b>	<b>(3,758)</b>	<b>(3,457)</b>	<b>8.71</b>
Basic Earnings per share (Rs.)	(0.05)	(0.04)	-	(0.12)	(0.11)	-
Diluted Earnings per share (Rs.)	(0.05)	(0.04)	-	(0.12)	(0.11)	-

Explanatory notes are given on page 08.

## Statement of Financial Position

As at	Group		Company	
	31 Dec	31 March	31 Dec	31 March
	2020	2020	2020	2020
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
		(Audited)		(Audited)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,528,169	1,284,133	-	-
Intangible assets	55,863	55,863	-	-
Right of use of asset	11,861	15,184	-	-
Investments in subsidiaries	-	-	185,400	185,400
<b>Total non-current assets</b>	<b>1,595,893</b>	<b>1,355,180</b>	<b>185,400</b>	<b>185,400</b>
<b>Current assets</b>				
Inventories	374,610	258,311	-	-
Trade and other receivables	425,446	398,061	1,691	698
Amount due from related companies	106,481	59,950	166,190	169,706
Other financial assets	31,235	18,930	-	-
Cash and cash equivalents	50,238	22,616	2,734	2,618
<b>Total current assets</b>	<b>988,010</b>	<b>757,868</b>	<b>170,615</b>	<b>173,022</b>
<b>Total assets</b>	<b>2,583,903</b>	<b>2,113,048</b>	<b>356,015</b>	<b>358,422</b>
<b>Equity</b>				
Stated capital	314,000	314,000	314,000	314,000
Reserves	199,522	199,295	3,054	3,054
Retained earnings	688,744	581,165	31,475	35,233
<b>Total equity</b>	<b>1,202,266</b>	<b>1,094,460</b>	<b>348,529</b>	<b>352,287</b>

## Statement of Financial Position contd.

As at	Group		Company	
	31 Dec 2020 Rs.' 000	31 March 2020 Rs.' 000 (Audited)	31 Dec 2020 Rs.' 000	31 March 2020 Rs.' 000 (Audited)
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liabilities	9,528	10,795	-	-
Deferred tax liabilities	57,582	52,299	-	-
Employee benefit liabilities	42,215	37,846	-	-
<b>Total non-current liabilities</b>	<b>109,325</b>	<b>100,940</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	306,768	243,618	5,532	4,475
Current tax liabilities	154,696	142,431	-	-
Amount due to related companies	25,346	150,334	1,954	1,660
Lease liabilities	4,070	5,588	-	-
Interest bearing loans and borrowings	780,000	248,500	-	-
Bank Overdraft	1,432	127,177	-	-
<b>Total current liabilities</b>	<b>1,272,312</b>	<b>917,648</b>	<b>7,486</b>	<b>6,135</b>
<b>Total liabilities</b>	<b>1,381,637</b>	<b>1,018,588</b>	<b>7,486</b>	<b>6,135</b>
<b>Total equity and liabilities</b>	<b>2,583,903</b>	<b>2,113,048</b>	<b>356,015</b>	<b>358,422</b>
Net Assets value per share (Rs.)	38.29	34.86	11.10	11.22

Explanatory notes are given on page 08.

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

**(Signed.)**

Dilantha Jayawardhana

(Group Chief Financial Officer)

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed on behalf of the Board of Directors

**(Signed.)**

V R Page

(Chairman)

25th January 2021

Colombo

**(Signed.)**

M .I. Abdul Wahid

(Managing Director)

## Statement of Changes in Equity - Group

	Stated capital	Capital reserve	Revaluation reserve	General reserve	Employee share option reserve	Retained earnings	Total
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Balance as at 1 April 2019	314,000	1,785	193,282	1,269	2,455	432,885	945,676
Profit for the period	-	-	-	-	-	117,826	117,826
Equity - Settled share - based payment	-	-	-	-	378	-	378
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>378</b>	<b>117,826</b>	<b>118,204</b>
<b>Transactions with owners of the company, recognized directly in equity</b>							
Dividends	-	-	-	-	-	-	-
Balance as at 31 December 2019	<b>314,000</b>	<b>1,785</b>	<b>193,282</b>	<b>1,269</b>	<b>2,833</b>	<b>550,711</b>	<b>1,063,880</b>
Balance as at 1 April 2020	314,000	1,785	193,282	1,269	2,959	581,165	1,094,460
Profit for the period	-	-	-	-	-	107,579	107,579
Equity - Settled share - based payment	-	-	-	-	227	-	227
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227</b>	<b>107,579</b>	<b>107,806</b>
<b>Transactions with owners of the company, recognized directly in equity</b>							
Dividends	-	-	-	-	-	-	-
Balance as at 31 December 2020	<b>314,000</b>	<b>1,785</b>	<b>193,282</b>	<b>1,269</b>	<b>3,186</b>	<b>688,744</b>	<b>1,202,266</b>

Explanatory notes are given on page 08.

## Statement of Changes in Equity - Company

	Stated capital	Capital reserve	Revaluation reserve	General reserve	Retained earnings	Total
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Balance as at 1 April 2019	314,000	1,785	-	1,269	39,969	357,023
Profit for the period	-	-	-	-	(3,457)	(3,457)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	<b>(3,457)</b>	<b>(3,457)</b>
<b>Transactions with owners of the company, recognized directly in equity</b>						
Dividends	-	-	-	-	-	-
<b>Balance as at 31 December 2019</b>	<b>314,000</b>	<b>1,785</b>	<b>-</b>	<b>1,269</b>	<b>36,512</b>	<b>353,566</b>
Balance as at 1 April 2020	314,000	1,785	-	1,269	35,233	352,287
Profit for the period	-	-	-	-	(3,758)	(3,758)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	<b>(3,758)</b>	<b>(3,758)</b>
<b>Transactions with owners of the company, recognized directly in equity</b>						
Dividends	-	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>314,000</b>	<b>1,785</b>	<b>-</b>	<b>1,269</b>	<b>31,475</b>	<b>348,529</b>

Explanatory notes are given on page 08.



## Statement of Cash Flows

For the nine months ended 31 Dec	Group		Company	
	2020	2019	2020	2019
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
<b>Cash flows from operating activities</b>				
Profit/(loss) before taxation	146,100	165,418	(3,758)	(3,457)
<b>Adjustments for:</b>				
Depreciation on property, plant and equipment	81,231	39,692	-	-
Employee benefits	5,290	6,500	-	-
Amortisation of right of use assets	3,323	-	-	-
Net finance costs	24,733	4,732	41	45
Share based payment expenses	227	378	-	-
<b>Operating profit before working capital changes</b>	<b>260,904</b>	<b>216,720</b>	<b>(3,717)</b>	<b>(3,412)</b>
<b>Changes in working capital</b>				
- Increase in inventories	(116,299)	(22,220)	-	-
- (Increase) / decrease in trade and other receivables	(27,385)	(36,544)	(993)	1,313
- (Increase) / decrease in related company receivables	(46,531)	(91,630)	3,516	(38,890)
- Increase / (decrease) in trade and other payables	63,150	26,497	1,057	(356)
- (Decrease) / increase in related company payables	(124,988)	221,021	294	(12,305)
<b>Cash generated from operations</b>	<b>8,851</b>	<b>313,844</b>	<b>157</b>	<b>(53,650)</b>
Income taxes paid	(20,974)	(67,019)	-	(977)
Interest paid	(25,644)	(7,690)	(41)	(220)
Retiring gratuity paid	(921)	(131)	-	-
<b>Net cash (used in) / generated from operating activities</b>	<b>(38,688)</b>	<b>239,004</b>	<b>116</b>	<b>(54,847)</b>
<b>Cash flows from investing activities</b>				
Acquisition and construction of property, plant and equipment	(325,267)	(405,740)	-	-
Interest income received	2,276	2,958	-	175
<b>Net cash generated from/(used in) investing activities</b>	<b>(322,991)</b>	<b>(402,782)</b>	<b>-</b>	<b>175</b>
<b>Cash flows from financing activities</b>				
Net proceeds from short term borrowings	531,500	100,000	-	-
Repayment of right of use lease obligations	(4,149)	-	-	-
<b>Net cash generated from financing activities</b>	<b>527,351</b>	<b>100,000</b>	<b>-</b>	<b>-</b>
<b>Decrease in cash and cash equivalents</b>	<b>165,672</b>	<b>(63,778)</b>	<b>116</b>	<b>(54,672)</b>
<b>Movement in cash and cash equivalents</b>				
At the beginning of the period	(85,631)	84,972	2,618	57,121
Movement during the period	165,672	(63,778)	116	(54,672)
<b>At the end of the period (Note 01)</b>	<b>80,041</b>	<b>21,194</b>	<b>2,734</b>	<b>2,449</b>
<b>Note - 01</b>				
<b>Analysis of cash and cash equivalents at the end of the period</b>				
Short term investment	31,235	27,910	-	-
Cash in hand and at bank	50,238	51,610	2,734	2,449
Bank overdrafts	(1,432)	(58,326)	-	-
	<b>80,041</b>	<b>21,194</b>	<b>2,734</b>	<b>2,449</b>

Explanatory notes are given on page 08.

## Explanatory Notes

- The result for the period ended 31 December 2020 and the Statement of Financial Position as at 31 December 2020 are provisional and subject to audit.
- The Condensed Interim Financial Statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Condensed Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2020.
- Where appropriate, the previous year's figures have been reclassified to conform to the current classification. All per share details have been calculated, for all periods, based on the number of shares in issue as at 31st December 2020.
- The Group results From SLFRS 16 - " Leases" , for the period ended 31st December 2020 and balances as at 31st December 2020 included the following

Description	Quarter ended 31st December 2020 Rs '000	For the Nine Months ended 31st December 2020 Rs '000	As at 31st December 2020 Rs '000
Amortization on RoU Assets (Included under Cost of Sales)	1,108	3,323	
Interest cost on Lease liabilities (Included under Net Finance Cost)	426	1,364	
RoU Assets			11,860
Lease Liabilities (Interest bearing loans and borrowings)			13,599

- There have been no significant change in the nature and the value of the contingencies and commitments which were disclosed in the annual report for the year ended 31 March 2020.

### 6. Related party transactions

For the nine months ended 31st December

	Group		Company	
	2020 Rs. Mn.	2019 Rs. Mn.	2020 Rs. Mn.	2019 Rs. Mn.
Transaction with parent company				
Sales of goods	259	153	-	-
Purchases	330	189	-	-
Transaction with other related companies				
Sales of goods	645	513	-	-
Purchases	2	22	-	-

- All known expenditure items have been provided for.
- The Company continues to evaluate options to complete the actions taken to date as per the disclosed intention to de-list and merge the operations of the Company with Cargills Quality Dairies (Pvt) Ltd, a wholly owned subsidiary in the Cargills Group of Companies to create a unified entity focusing on carrying out the dairy operations of the Group. However, consequent to the Company being non-compliant with Rule 7.13.1 (a) as of 01 July 2018, the Securities of the Company has been transferred to Watch List on 01 July 2018.
- In accordance with the provision of the Inland Revenue Act No. 24 of 2017, the tax liability of companies are computed at the standard rate of 28%.
- No events have occurred since the reporting date which would require any adjustment to, or disclosure in, the financial statements.

# Investor Relations Supplement

## 1. General

Stated capital	Rs. 314,000,000
Issued shares	31,400,000
Class of shares	Ordinary Shares
Voting rights	One vote per ordinary share

## 2. Stock Exchange Listing

The issued ordinary shares of Kotmale Holdings PLC are listed in the Colombo Stock Exchange.

## 3. Share Valuation

The market price per share recorded during the quarter ended 31 December	2020	2019
	Rs	Rs
Highest	263.90	230.00
Lowest	192.00	176.40
Last traded price	237.10	214.70

## 4. Top 20 Shareholders

The holdings of the top 20 shareholders as at	31 December 2020		31 December 2019	
	Number of		Number of	
	Shares	%	Shares	%
Cargills Quality Dairies (Pvt) Ltd.	31,192,462	99.34	31,192,462	99.34
Cargills (Ceylon) PLC	54,315	0.17	54,315	0.17
Mrs.I.S.Jayasinghe	37,500	0.12	37,500	0.12
Mr.K.C.Vignarajah	22,356	0.07	22,356	0.07
Dr.G.R.Handy	2,950	0.01	2,950	0.01
Uniwalkers Limited	2,550	0.01	2,550	0.01
Mrs.R.T. Purasinghe	2,100	0.01	2,100	0.01
Mr.S. Muhunthan	2,096	0.01	2,096	0.01
Mr.Z.G. Carimjee	2,000	0.01	2,000	0.01
Mrs.S.Z. Nizam	2,000	0.01	2,000	0.01
Mrs.P.T.D. Harasgama	2,000	0.01	2,000	0.01
Mr.P.R.A.Jansz	1,986	0.01	1,986	0.01
Mrs.B.P.Narhari	1,875	0.01	1,875	0.01
Mr.P.R.Gunasekara	1,600	0.01	1,600	0.01
Mr.D.R.Wickramasekara	1,500	0.00	1,500	0.00
Mr.B.Nadarajah	1,500	0.00	1,500	0.00
Dr.G.W.Karunaratne	1,400	0.00	1,400	0.00
People's Leasing & Finance PLC/Mr.A.L.Ranaweera	1,308	0.00	1,308	0.00
Mr.A.Rajaratnam	1,300	0.00	1,300	0.00
Mr.M.R.Fernando	1,159	0.00	1,331	0.00
	<b>31,335,957</b>	<b>99.80</b>	<b>31,336,129</b>	<b>99.80</b>

## Investor Relations Supplement contd.

### 5. Public Holding

The percentage of shares held by the public and number of public shareholders as at 31 December 2020 is 0.49%. (2019 - 0.49%) and 555 (2019 - 548) respectively. The total number of shares in issue is 31,400,000, of which Public Holding represents 153,222 shares. The float adjusted market capitalisation amounts to Rs. 36.3 Mn.

### 6. Directors' Shareholdings

The Directors' shareholdings in the Company were as follows as at 31 December:	2020	2019
Mr.Ranjit Page	-	-
Mr.Imtiaz Abdul Wahid	-	-
Mr.Priya Edirisinghe	-	-
Mr.Sunil Mendis	-	-
Mr.Joseph Page	-	-
Mr. Asite Talwatte	-	-

# Corporate Information

## **Name of Company**

Kotmale Holdings PLC

## **Company Registration No.**

PQ 213

## **Legal Form**

Incorporated as a Public Company in 1967 under the provisions of the Companies Ordinance No.51 of 1938 and subsequently re-registered under the Companies Act No.7 of 2007 on 6 May 2008.

In 1969 the Company was listed on the Colombo Stock Exchange.

## **Board of Directors**

Ranjit Page (Chairman)  
Imtiaz Abdul Wahid (Managing Director)  
Priya Edirisinghe  
Sunil Mendis  
Joseph Page  
Asite Talwatte (w. e. f. 18 Dec 2020)

## **Company Secretary**

Hemali Sagarika Ellawala

## **Remuneration Committee**

Asite Talwatte (Chairman w. e. f. 01 Jan 2021)  
Sunil Mendis (Chairman up to 31 Dec 2020)  
Priya Edirisinghe

## **Audit Committee**

Asite Talwatte (Chairman w. e. f. 01 Jan 2021)  
Priya Edirisinghe (Chairman up to 31 Dec 2020)  
Sunil Mendis

## **Related Party Transactions Review Committee**

Asite Talwatte (Chairman w. e. f. 01 Jan 2021)  
Priya Edirisinghe (Chairman up to 31 Dec 2020)  
Sunil Mendis

## **Registered Office**

No 40, York Street, Colombo 01.

## **Postal Address**

P.O. Box 23, Colombo 1

## **Auditors**

KPMG  
Chartered Accountants

## **Bankers**

Cargills Bank Ltd.  
Bank of Ceylon  
Commercial Bank of Ceylon PLC  
NDB Bank  
Pan Asia Banking Corporation PLC  
Seylan Bank PLC  
The Hongkong & Shanghai Banking Corporation Ltd.  
HNB Bank PLC

## **Subsidiary Companies**

Kotmale Dairy Products (Pvt) Ltd.  
Kotmale Milk Foods Ltd.  
Kotmale Milk Products Ltd.  
Kotmale Products Ltd.

## **Stock Exchange Listing**

Colombo Stock Exchange