



SINCE 1844

CARGILLS (CEYLON) PLC

A Member of CT Holdings Group



## Operational Review

Cargills (Ceylon) PLC, a member of the C T Holdings Group, is pleased to present to you the Provisional Financial Statements for the first quarter of the financial year 2012/13.

The Group Revenue increased by 25.7% to reach Rs. 14.1Bn, the highest ever quarterly turnover achieved by the Group whilst the Operating Profit increased by 21% to reach Rs. 691.7Mn. The core businesses of the Group performed as per expectations, although the newly acquired businesses are yet to realize their expected potential.

The impact of escalating costs on Borrowings to fund new acquisitions and investments resulted in an increase in Finance Costs by 115.5% resulting in a decline in profit before tax of 6.8%. The results were also adversely affected by the increase in income tax payable by its manufacturing units, resulting in a decline in profit after taxation of 24.3%.

The Group has continued to invest in expansion of its Retail chain and KFC outlets with the utmost confidence that such investments will enhance future profitability and establish its presence throughout the country. Major investments are also currently in progress in the newly acquired manufacturing

16 August 2012



## Income statements

For the quarter ended 30 June	Group			Company		
	2012 Rs.' 000	2011 Rs.' 000	Variance %	2012 Rs.' 000	2011 Rs.' 000	Variance %
Revenue	14,108,719	11,223,762	25.70	11,396,188	9,211,154	23.72
Cost of sales	(12,645,202)	(10,062,400)	(25.67)	(10,666,998)	(8,608,044)	(23.92)
Gross profit	1,463,517	1,161,362	26.02	729,190	603,110	20.90
Other income	233,039	193,595	20.37	235,019	183,391	28.15
Distribution costs	(368,016)	(232,468)	(58.31)	(66,306)	(40,619)	(63.24)
Administrative expenses	(577,512)	(483,563)	(19.43)	(355,800)	(287,570)	(23.73)
Other Expenses	(59,366)	(67,137)	11.57	(15,986)	(18,308)	12.68
Operating profit	691,662	571,789	20.96	526,117	440,004	19.57
Finance costs	(274,952)	(127,581)	(115.51)	(240,165)	(108,737)	(120.87)
Share of loss of equity accounted investees	(11,215)	(8,902)	(25.98)	-	-	-
Profit before taxation	405,495	435,306	(6.85)	285,952	331,267	(13.68)
Income tax expense	(155,618)	(105,300)	(47.79)	(79,417)	(82,152)	3.33
<b>Net profit for the period</b>	<b>249,877</b>	<b>330,006</b>	<b>(24.28)</b>	<b>206,535</b>	<b>249,115</b>	<b>(17.09)</b>
<b>Attributable to :</b>						
Equity shareholders of the parent	245,787	325,967		206,535	249,115	
Non controlling interest	4,090	4,039		-	-	
	<b>249,877</b>	<b>330,006</b>		<b>206,535</b>	<b>249,115</b>	
Earnings per share (Rs.)	1.10	1.46		0.92	1.11	
Dividend per share (Rs.)	-	-		-	-	
Dividend paid per share (Rs.)	-	-		-	-	



Balance sheets

As at	Group		Company	
	30 June 2012 Rs.' 000	31 March 2012 Rs.' 000 Unaudited	30 June 2012 Rs.' 000	31 March 2012 Rs.' 000 Unaudited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	15,092,740	14,152,240	8,813,386	8,311,391
Intangible assets	1,731,001	1,731,104	-	-
Investment in subsidiaries	-	-	2,673,554	2,673,553
Investment in associates	92,404	103,619	216,075	216,075
Prepayment on leasehold land and buildings	27,781	28,000	-	-
Deferred tax assets	84,119	81,425	-	-
	<b>17,028,045</b>	<b>16,096,388</b>	<b>11,703,015</b>	<b>11,261,019</b>
<b>Current assets</b>				
Inventories	4,702,732	5,041,726	2,953,312	3,469,818
Trade and other receivables	3,299,582	2,894,764	1,784,341	1,476,915
Amount due from related companies	243,160	160,888	4,156,266	3,507,427
Short term investments	76,531	139,555	34,006	34,006
Cash and cash equivalents	540,581	517,583	440,167	446,833
	<b>8,862,586</b>	<b>8,754,516</b>	<b>9,368,092</b>	<b>8,934,999</b>
<b>Total assets</b>	<b>25,890,631</b>	<b>24,850,904</b>	<b>21,071,107</b>	<b>20,196,018</b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Stated capital	130,723	130,723	130,723	130,723
Reserves	4,607,723	4,607,736	4,105,094	4,105,094
Retained earnings	3,137,866	2,892,807	1,588,642	1,382,107
<b>Shareholders' fund</b>	<b>7,876,312</b>	<b>7,631,266</b>	<b>5,824,459</b>	<b>5,617,924</b>
Non controlling interest	89,196	85,914	-	-
<b>Total equity</b>	<b>7,965,508</b>	<b>7,717,180</b>	<b>5,824,459</b>	<b>5,617,924</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	215,392	242,540	-	-
Deferred tax liability	393,525	412,477	339,391	365,350
Deferred income	25,147	25,658	-	-
Retirement benefit obligation	282,990	250,204	243,803	216,596
	<b>917,054</b>	<b>930,879</b>	<b>583,194</b>	<b>581,946</b>
<b>Current liabilities</b>				
Trade and other payables	5,847,429	6,614,213	4,423,922	4,952,301
Current tax liability	519,507	379,315	308,538	226,168
Amount due to related companies	1,829,849	1,819,264	2,514,984	2,410,053
Dividend payable	17,621	20,815	17,431	20,624
Borrowings	8,793,663	7,369,238	7,398,579	6,387,002
	<b>17,008,069</b>	<b>16,202,845</b>	<b>14,663,454</b>	<b>13,996,148</b>
<b>Total liabilities</b>	<b>17,925,123</b>	<b>17,133,724</b>	<b>15,246,648</b>	<b>14,578,094</b>
<b>Total equity and liabilities</b>	<b>25,890,631</b>	<b>24,850,904</b>	<b>21,071,107</b>	<b>20,196,018</b>
<i>Net Assets value per share (Rs.)</i>	<b>35.16</b>	34.07	<b>26.00</b>	25.08

Explanatory notes are given on page 8

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

Signed. A Vageesan (Group Financial Controller)

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
These financial statements have been approved by the Board on 16 August 2012

Signed on behalf of the Board

Signed. M Imtiaz Abdul Wahid (Managing Director / Deputy CEO)

Signed. P S Mathavan (Executive Director)



## Statements of changes in equity

Group	Stated capital Rs.' 000	Capital reserve Rs.' 000	Revaluation reserve Rs.' 000	General reserve Rs.' 000	Retained earnings Rs.' 000	Non controlling interest Rs.' 000	Total Rs.' 000
Balance as at 1 April 2011	130,723	7,928	4,115,464	485,500	2,220,095	89,723	7,049,433
Net profit for the period	-	-	-	-	325,967	4,039	330,006
Deferred tax on revaluation	-	-	386	-	-	-	386
Balance as at 30 June 2011	130,723	7,928	4,115,850	485,500	2,546,062	93,762	7,379,825
Balance as at 1 April 2012	130,723	7,928	4,114,308	485,500	2,892,807	85,914	7,717,180
Net profit for the period	-	-	-	-	245,787	4,090	249,877
Deferred tax on revaluation	-	-	(13)	-	-	-	(13)
Adjustment resulted in increase of subsidiary shareholding	-	-	-	-	(728)	(808)	(1,536)
Balance as at 30 June 2012	<b>130,723</b>	<b>7,928</b>	<b>4,114,295</b>	<b>485,500</b>	<b>3,137,866</b>	<b>89,196</b>	<b>7,965,508</b>

Company	Stated capital Rs.' 000	Revaluation reserve Rs.' 000	General reserve Rs.' 000	Retained earnings Rs.' 000	Total Rs.' 000
Balance as at 1 April 2011	130,723	3,618,106	485,500	571,237	4,805,566
Net profit for the Period	-	-	-	249,115	249,115
Deferred tax on revaluation	-	372	-	-	372
Balance as at 30 June 2011	130,723	3,618,478	485,500	820,352	5,055,053
Balance as at 1 April 2012	130,723	3,619,594	485,500	1,382,107	5,617,924
Net profit for the Period	-	-	-	206,535	206,535
Balance as at 30 June 2012	<b>130,723</b>	<b>3,619,594</b>	<b>485,500</b>	<b>1,588,642</b>	<b>5,824,459</b>



## Cash flow statements

For the quarter ended 30 June	Group		Company	
	2012 Rs.' 000	2011 Rs.' 000	2012 Rs.' 000	2011 Rs.' 000
<b>Cash flows from operating activities</b>				
Profit before taxation	405,495	435,306	285,952	331,267
Adjustments for:				
Depreciation	316,457	276,344	185,451	163,070
Retirement benefit obligation	35,936	29,573	29,436	27,316
Amortisation of intangible assets	2,227	13,421	-	-
Amortisation of prepayment on leasehold land and building	219	219	-	-
Amortisation of deferred income	(511)	(478)	-	-
Profit on sale of property, plant and equipment	(12,030)	(98)	-	-
Provision for inventories	10,297	3,362	(102)	262
Provision for doubtful debtors	2,893	3,801	187	-
Finance costs	274,952	127,581	240,165	108,737
Share of associate results	11,215	8,902	-	-
<b>Operating profit before working capital changes</b>	<b>1,047,150</b>	<b>897,933</b>	<b>741,089</b>	<b>630,652</b>
Changes in working capital				
- (Increase) / decrease in inventories	328,697	(135,479)	516,608	40,398
- (Increase) / decrease in trade and other receivables	(379,173)	(308,037)	(277,270)	(174,030)
- (Increase) / decrease in related company receivables	(82,272)	(5,871)	(648,839)	(607,235)
- Increase / (decrease) in trade and other payables	(766,784)	(236,952)	(528,379)	(348,791)
- Increase / (decrease) in related company payables	10,585	1,781,596	104,931	1,710,844
<b>Cash generated from operations</b>	<b>158,203</b>	<b>1,993,190</b>	<b>(91,860)</b>	<b>1,251,838</b>
Taxes paid	(65,622)	(42,582)	(53,350)	(30,893)
Interest paid	(274,952)	(127,581)	(240,165)	(108,737)
Gratuity paid	(3,150)	(4,358)	(2,229)	(4,036)
<b>Net cash generated from operating activities</b>	<b>(185,521)</b>	<b>1,818,669</b>	<b>(387,604)</b>	<b>1,108,172</b>
<b>Cash flows from investing activities</b>				
Addition to property, plant and equipment	(1,256,957)	(491,389)	(627,446)	(127,738)
Addition to intangible assets	(2,124)	(863)	-	-
Investment in new share issue of subsidiary	-	-	-	(100)
Acquisition of non controlling interest in subsidiary	(1,536)	-	-	-
Proceeds from disposal of property, plant and equipment	12,030	98	-	-
Short term investments	63,024	(22,498)	-	-
<b>Net cash used in investing activities</b>	<b>(1,185,563)</b>	<b>(514,652)</b>	<b>(627,446)</b>	<b>(127,838)</b>
<b>Cash flows from financing activities</b>				
Net proceeds from short term borrowings	2,100,040	(368,005)	2,049,995	(125,005)
Repayments of long term borrowings	(30,619)	(21,447)	-	-
Dividend paid	(3,194)	(4,326)	(3,193)	(4,326)
<b>Net cash generated from financing activities</b>	<b>2,066,227</b>	<b>(393,778)</b>	<b>2,046,802</b>	<b>(129,331)</b>
Increase / (decrease) in cash and cash equivalents	<b>695,143</b>	<b>910,239</b>	<b>1,031,752</b>	<b>851,003</b>
<b>Movement in cash and cash equivalents</b>				
At the beginning of the period	(3,976,133)	(2,270,443)	(3,210,229)	(1,936,721)
Movement during the period	695,143	910,239	1,031,752	851,003
At the end of the period	<b>(3,280,990)</b>	<b>(1,360,204)</b>	<b>(2,178,477)</b>	<b>(1,085,718)</b>

Explanatory notes are given on page 8

## Segment Information

For the quarter ended 30 June	Retail		Fast Moving Consumer Goods		Restaurant		Group	
	2012 Rs.' 000	2011 Rs.' 000	2012 Rs.' 000	2011 Rs.' 000	2012 Rs.' 000	2011 Rs.' 000	2012 Rs.' 000	2011 Rs.' 000
<b>Revenue</b>	<b>11,396,188</b>	9,211,154	<b>3,481,935</b>	2,596,043	<b>416,529</b>	315,604	<b>15,294,652</b>	12,122,801
Intra segment revenue	-	-	<b>(304,078)</b>	(237,383)	-	-	<b>(304,078)</b>	(237,383)
Intersegment revenue	<b>(8,456)</b>	(7,256)	<b>(873,399)</b>	(654,400)	-	-	<b>(881,855)</b>	(661,656)
	<b>11,387,732</b>	9,203,898	<b>2,304,458</b>	1,704,260	<b>416,529</b>	315,604	<b>14,108,719</b>	11,223,762
<b>Segment operating profit</b>	<b>526,463</b>	438,864	<b>119,483</b>	85,605	<b>45,716</b>	47,320	<b>691,662</b>	571,789
Finance costs	<b>(241,673)</b>	(108,737)	<b>(32,208)</b>	(18,374)	<b>(1,071)</b>	(470)	<b>(274,952)</b>	(127,581)
Share of associate results	<b>(11,215)</b>	(8,902)	-	-	-	-	<b>(11,215)</b>	(8,902)
<b>Profit before taxation</b>	<b>273,575</b>	321,225	<b>87,275</b>	67,231	<b>44,645</b>	46,850	<b>405,495</b>	435,306
Income tax expense	<b>(79,417)</b>	(82,152)	<b>(69,682)</b>	(16,070)	<b>(6,519)</b>	(7,078)	<b>(155,618)</b>	(105,300)
<b>Profit for the year</b>	<b>194,158</b>	239,073	<b>17,593</b>	51,161	<b>38,126</b>	39,772	<b>249,877</b>	330,006
Attributable to:								
Equity shareholders of the parent	<b>194,158</b>	239,073	<b>13,503</b>	47,122	<b>38,126</b>	39,772	<b>245,787</b>	325,967
<b>Non controlling interest</b>	-	-	<b>4,090</b>	4,039	-	-	<b>4,090</b>	4,039
	<b>194,158</b>	239,073	<b>17,593</b>	51,161	<b>38,126</b>	39,772	<b>249,877</b>	330,006



- 1 The result for the quarter ended 30 June 2012 and the balance sheet as at 30 June 2012 are provisional and subject to audit.
- 2 The same accounting policies are followed as in the annual report for the year ended 31 March 2011. Annual report for the year ended 31 March 2012 is not yet released and accordingly the Balance Sheet as at 31 March 2012 is subject to audit.
- 3 Where appropriate, the previous year's presentation has been amended to conform to the current classification.
- 4 There are no material events subsequent to the balance sheet date that require disclosure or adjustments in the financial statements.

**5 Contingent liabilities**

Income tax

The Department of Inland Revenue is contesting the income tax exemptions claimed under the Inland Revenue Act No. 10 of 2006. The contingent liability on potential income tax payment is as follows;

Cargills Agrifoods Limited - Rs. 80.49 Mn, Cargills Quality Dairies (Private) Limited - Rs. 189.43 Mn, Cargills Quality Foods Limited - Rs. 16.56 Mn, Kotmale Dairy Products (Private) Limited - Rs. 40.03 Mn and Kotmale Milk Products Limited - Rs. 8.04 Mn.

Having sought professional advice, management is confident that the tax exemption sought are applicable and as such no liability would arise. Accordingly, no provision has been made in the financial statements.

There are no other contingent liabilities as at the balance sheet date.

- 6 All known expenditure items have been provided for.

**7 Application of the new accounting standards issued and effective from 1 April 2012**

The new Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka comprising accounting standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS) will be adopted by the group effective from 1 April 2012.

The group is currently in the process of evaluating the potential effect of the adoption of these standards on its financial statements. Such impact has not been quantified as at the reporting date.

The Group has opted to report the quarter results on the earlier Sri Lanka Accounting Standards (SLAS's) based on the ruling issued by the Institute of Chartered Accountants of Sri Lanka.





## Investor relations supplement

### General

Stated capital	Rs. 130,723,000
Issued shares	224,000,000
Class of shares	Ordinary shares
Voting rights	One vote per ordinary share

### Stock exchange listing

The issued ordinary shares of Cargills (Ceylon) PLC are listed in the Colombo Stock Exchange.

### Share valuation

The market price per share recorded during the quarter ended 30 June

	2012 Rs	2011 Rs
Highest	180.00	230.00
Lowest	125.00	117.00
Last traded price	140.00	198.50

### Top 20 shareholders

The holdings of the top 20 shareholders as at

	30 June 2012		30 June 2011	
	Number of Shares	%	Number of Shares	%
C T Holdings PLC	156,799,240	70.00	156,749,240	69.98
Mr. V R Page	14,403,900	6.43	14,381,400	6.42
Employees' Provident Fund	7,213,985	3.22	6,285,500	2.81
Ceylon Guardian Investment Trust - A/C No.1	6,558,700	2.93	6,558,700	2.93
Mr. Anthony A Page	5,050,000	2.25	5,050,000	2.25
Odeon Holdings (Ceylon) Limited	4,622,920	2.06	4,622,920	2.06
Ms. M M Page	2,655,900	1.19	2,648,400	1.18
Mr. J C Page	1,705,500	0.76	1,705,500	0.76
BNY-CF Ruffer Investment Fund : CF Ruffer Pacific Fund	1,500,000	0.67	1,500,000	0.67
HINL - JPMCB - Butterfield Trust (Bermuda) Limited	1,297,500	0.58	1,297,500	0.58
The Gilpin Fund Limited	864,000	0.39	864,000	0.39
Bank of Ceylon - A/C No. 1	809,600	0.36	809,600	0.36
The Associated Newspapers of Ceylon Limited	799,840	0.36	799,840	0.36
Northern Trust Fiduciary Services (Ireland) Limited	787,500	0.35	787,500	0.35
SLIC Ltd - Life Fund	776,600	0.35	417,600	0.19
Mr. C Gardiner, The Bishop of Jaffna, The Archbishop of Colombo	563,040	0.25	563,040	0.25
National Saving Bank	543,800	0.24	548,300	0.24
Mrs. M M Udeshi	535,718	0.24	1,417,740	0.63
PICTET & CIE - C/O Citi Bank	500,000	0.22	500,000	0.22
AVIVA NDB Insurance PLC - A/C No. 7	459,358	0.21	457,800	0.20
<b>Total</b>	<b>208,447,101</b>	<b>93.06</b>	<b>207,964,580</b>	<b>92.84</b>

### Public holding

The percentage of shares held by the public as at 30 June 2012 is 18.35% (30 June 2011 - 18.38%)

### Directors' shareholdings

The Directors' shareholdings in the Company were as follows as at 30 June:

	2012	2011
Mr. L R Page	36,760	36,760
Mr. V R Page	14,403,900	14,381,400
Mr. M I Abdul Wahid	4,000	4,000
Mr. S V Kodikara	124,000	124,000
Mr. P S Mathavan	500	500
Mr. Jayantha Dhanapala	-	-
Mr. A T P Edirisinghe	50,000	50,000
Mr. S E C Gardiner	20,000	20,000
Mr. Sunil Mendis	20,000	20,000
Mr. Anthony A Page	5,050,000	5,050,000
Mr. J C Page	1,705,500	1,705,500
Mr. E A D Perera	10,000	10,000

**Name of company**

Cargills (Ceylon) PLC

**Company Registration No.**

PQ 130

**Legal form**

Quoted public company with limited liability, incorporated in Sri Lanka on 1 March 1946.

**Board of Directors**

L R Page (Chairman)

V R Page (Deputy Chairman / CEO)

M I Abdul Wahid (Managing Director / Deputy CEO)

S V Kodikara (Executive Director / COO)

P S Mathavan (Executive Director)

Jayantha Dhanapla

A T P Edirisinghe

S E C Gardiner

Sunil Mendis

Anthony A Page

J C Page

E A D Perera

**Company Secretary**

S L W Dissanayake

**Senior Management**

S J Fernando

M Beamish

M H A Barrie

Ms. D Chandrasekara

D G O Dias

S L W Dissanayake

Ms. H S Ellawala

Ms. M Jayasekera

N Sri Kandaraj

S Law

Ms. M G Perera

M R Rahim

A Vageesan

J C M Victoria

**Remuneration Committee**

Sunil Mendis (Chairman)

A T P Edirisinghe

Jayantha Dhanapla

**Audit Committee**

A T P Edirisinghe (Chairman)

Sunil Mendis

E A D Perera

**Stock exchange listing**

Colombo Stock Exchange

**Registered office**

40, York Street, Colombo 1, Sri Lanka

Telephone : 2427777, 2427500

Telefax : 2338704

E-mail : ccl@cargillsceylon.com

**Postal address**

P.O. Box 23, Colombo 1

**Auditors**

KPMG

Chartered Accountants

**Legal consultants**

Dissanayake Amaratunga Associates

**Bankers**

Bank of Ceylon

Commercial Bank of Ceylon

Deutsche Bank

DFCC Bank

HSBC

MCB

Nations Trust Bank

Sampath Bank

Seylan Bank

Standard Chartered Bank

**Subsidiary companies**

Cargills Agrifoods Limited

Cargills Distributors (Private) Limited

Cargills Food Processors (Private) Limited

Cargills Food Services (Private) Limited

Cargills Quality Confectionaries (Private) Limited

Cargills Quality Dairies (Private) Limited

Cargills Quality Foods Limited

Cargills Retail (Private) Limited

C P C Lanka Limited

Dawson Office Complex (Private) Limited

Millers Brewery Limited

Millers Limited

Kotmale Dairy Products (Private) Limited

Kotmale Holdings PLC

Kotmale Kiri (Private) Limited

Kotmale Marketing (Private) Limited

Kotmale Milk Foods Limited

Kotmale Milk Products Limited

Kotmale Products Limited

**Associate company**

CT Properties Limited



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