

KELANI CABLES PLC

Company Reg. No. PQ 117

INTERIM FINANCIAL STATEMENT

FOR THE 6 MONTHS PERIOD ENDED SEPTEMBER 30, 2008

Corporate Information

Name of the Company	- Kelani Cables PLC
Legal Form	- A Quoted Public Company with Limited Liability
Date of Incorporation	- Incorporated as Ceylon Non-Ferrous Metal Industries Limited on 27th January 1969. Thereafter on 18th December 1973 name changed to Kelani Cables Limited. - With the adoption of the Companies Act No. 07 of 2007, re-registered as Kelani Cables PLC in February 2008.
Company Registration No.	- PQ 117
Registered Office	- P.O Box 14, Wewelduwa, Kelaniya, Sri Lanka Telephone : 94-11-2911224 Fax : 94-11-2910481 Email : info@kelanicables.com Website : www.kelanicables.com
Board of Directors	- Mr. U. G. Madanayake Mr. H. A. S. Madanayake Mr. Hemantha Perera Mrs. N. C. Madanayake Dr. Bandula Perera Dr. Ranjith Cabral
Company Secretary	- J. M. R. J. Bandara Attorney-at-Law
Auditors	- KPMG Ford, Rhodes, Thornton & Co., (Chartered Accountants) 32A, Sir Mohamed Macan Mawatha P. O. Box 186 Colombo 3 Sri Lanka
Bankers	- Hatton National Bank Limited Hongkong and Shanghai Banking Corporation Limited Peoples Bank Union Bank of Colombo Ltd Standard Chartered Bank

KELANI CABLES PLC

INTERIM FINANCIAL STATEMENT - SEPTEMBER 30, 2008

INCOME STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2008

	CONSOLIDATED QUARTER ENDED		COMPANY QUARTER ENDED	
	30.09.2008 Rs	30.09.2007 Rs	30.09.2008 Rs	30.09.2007 Rs
Turnover	781,128,079	785,349,848	781,128,079	785,349,848
Cost of Sales	<u>(663,620,422)</u>	<u>(630,318,892)</u>	<u>(663,620,422)</u>	<u>(630,318,892)</u>
Gross Profit	117,507,657	155,030,956	117,507,657	155,030,956
Other Operating Income	1,962,431	3,997,818	1,962,431	3,997,818
Distribution Expenses	<u>(40,300,084)</u>	<u>(44,149,274)</u>	<u>(40,300,084)</u>	<u>(44,149,274)</u>
Administrative Expenses	<u>(34,017,504)</u>	<u>(30,442,872)</u>	<u>(34,017,504)</u>	<u>(30,442,872)</u>
Profit from Operation	45,152,500	84,436,628	45,152,500	84,436,628
Finance Costs	<u>(13,188,286)</u>	<u>(13,607,877)</u>	<u>(13,188,286)</u>	<u>(13,607,877)</u>
Share of Associate Company Profit/ (Loss) before Taxation	<u>391,669</u>	788,437	<u>-</u>	<u>-</u>
Profit Before Tax	32,355,883	71,617,188	31,964,214	70,828,751
Income Tax Expense	<u>(13,571,407)</u>	<u>(30,424,091)</u>	<u>(13,571,407)</u>	<u>(30,424,091)</u>
Profit for the period	<u>18,784,476</u>	<u>41,193,097</u>	<u>18,392,807</u>	<u>40,404,660</u>
Basic Earnings Per Share (Rs.)	<u>1.72</u>	<u>3.78</u>	<u>1.69</u>	<u>3.71</u>
Diluted Earnings Per Share (Rs.)	<u>1.72</u>	<u>3.78</u>	<u>1.69</u>	<u>3.71</u>
Market Value per Share				
Highest Price			96.00	153.25
Lowest Price			82.00	120.25
Last Traded Price			83.00	122.00
Number of Shares representing the Stated Capital			10,900,000	10,900,000

Notes

1. The above figures are provisional and subject to audit.
2. The Company has followed the same accounting policies and methods of computation as disclosed in the Annual Report for the year ended March 31, 2008 and are in compliance with Sri Lanka Accounting Standards 35-Interim Financial Reporting. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statement of the Company and the Group.
3. The previous period figures have been re-classified to conform with the current presentation.
4. The dividend proposed for the year ended March 31, 2008 was paid on September 25, 2008 and this has not been recognised as a liability as at March 31, 2008 in accordance with the revised Sri Lanka Accounting Standard No. 03.
5. There have been no other material events subsequent to the interim period which require disclosure in the Financial Statements.

It is certified that these Financial Statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007

Sgd.

Hemamala Karunasekara
Finance Manager

Sgd.

U. G. Madanayake
Chairman

Sgd.

Hemantha Perera
Managing Director

Colombo
November 20, 2008

KELANI CABLES PLC

INTERIM FINANCIAL STATEMENT - SEPTEMBER 30, 2008

INCOME STATEMENT

FOR THE PERIOD ENDED SEPTEMBER 30, 2008

	CONSOLIDATED PERIOD ENDED		COMPANY PERIOD ENDED	
	30.09.2008 Rs	30.09.2007 Rs	30.09.2008 Rs	30.09.2007 Rs
Turnover	1,581,680,115	1,570,171,180	1,581,680,115	1,570,171,180
Cost of Sales	<u>(1,341,236,843)</u>	<u>(1,249,170,695)</u>	<u>(1,341,236,843)</u>	<u>(1,249,170,695)</u>
Gross Profit	240,443,272	321,000,485	240,443,272	321,000,485
Other Operating Income	4,489,526	13,083,535	4,489,526	13,083,535
Distribution Expenses	<u>(80,693,569)</u>	(74,423,684)	<u>(80,693,569)</u>	(74,423,684)
Administrative Expenses	<u>(61,329,634)</u>	<u>(55,170,915)</u>	<u>(61,329,634)</u>	<u>(55,170,915)</u>
Profit from Operation	102,909,595	204,489,421	102,909,595	204,489,421
Finance Costs	<u>(36,009,848)</u>	(24,743,858)	<u>(36,009,848)</u>	(24,743,858)
Share of Associate Company Profit/ (Loss) before Taxation	<u>(2,412,696)</u>	3,434,755	<u>-</u>	<u>-</u>
Profit Before Tax	64,487,052	183,180,318	66,899,747	179,745,563
Income Tax Expense	<u>(27,613,511)</u>	<u>(62,859,638)</u>	<u>(27,613,511)</u>	<u>(62,859,638)</u>
Profit for the period	<u>36,873,541</u>	<u>120,320,680</u>	<u>39,286,236</u>	<u>116,885,925</u>
Basic Earnings Per Share (Rs.)	<u>3.38</u>	<u>11.04</u>	<u>3.60</u>	<u>10.72</u>
Diluted Earnings Per Share (Rs.)	<u>3.38</u>	<u>11.04</u>	<u>3.60</u>	<u>10.72</u>
Market Value per Share				
Highest Price			104.75	189.00
Lowest Price			82.00	120.25
Last Traded Price			83.00	122.00

It is certified that these Financial Statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007

Sgd.

Hemamala Karunasekara
Finance Manager

Sgd.

U. G. Madanayake
Chairman

Sgd.

Hemantha Perera
Managing Director

Colombo
November 20, 2008

INTERIM FINANCIAL STATEMENT - SEPTEMBER 30, 2008

BALANCE SHEET

AS AT SEPTEMBER 30, 2008

	CONSOLIDATED		COMPANY	
	As At 30.09.2008 Rs.	As At 31.03.08 Rs.	As At 30.09.2008 Rs.	As At 31.03.08 Rs.
ASSETS				
NON CURRENT ASSETS				
Property, Plant and Equipment	263,770,640	271,020,520	263,770,640	271,020,520
Capital Work-in-Progress	35,747,218	19,303,800	35,747,218	19,303,800
Investment in Subsidiary	-	-	80	80
Investment in Associate Company	27,668,133	30,080,828	51,200,000	51,200,000
Investment Property	104,000,000	104,000,000	104,000,000	104,000,000
	<u>431,185,991</u>	<u>424,405,148</u>	<u>454,717,938</u>	<u>445,524,400</u>
CURRENT ASSETS				
Inventories	630,740,849	599,104,876	630,740,849	599,104,876
Trade and Other Receivables	907,913,129	1,047,020,292	907,913,129	1,047,020,292
Amount due from Related Companies	57,427,534	69,937,969	57,427,534	69,937,969
Deposits and Prepayments	9,023,698	4,892,761	9,023,698	4,892,761
Short Term Deposits	169,745,954	213,867,788	169,745,954	213,867,788
Cash at Banks and in Hand	26,321,892	13,778,394	26,321,892	13,778,394
	<u>1,801,173,056</u>	<u>1,948,602,080</u>	<u>1,801,173,056</u>	<u>1,948,602,080</u>
TOTAL ASSETS	<u>2,232,359,047</u>	<u>2,373,007,228</u>	<u>2,255,890,994</u>	<u>2,394,126,480</u>
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Stated Capital	218,000,000	218,000,000	218,000,000	218,000,000
Capital Reserves	114,012,688	114,012,688	114,012,688	114,012,688
Revenue Reserves	432,000,000	432,000,000	432,000,000	432,000,000
Retained Earnings	590,735,245	578,386,704	614,267,192	599,505,956
Total Equity Attributable to Equity Holders of the Company	<u>1,354,747,933</u>	<u>1,342,399,392</u>	<u>1,378,279,880</u>	<u>1,363,518,644</u>
Minority Interest	-	-	-	-
Total Equity	<u>1,354,747,933</u>	<u>1,342,399,392</u>	<u>1,378,279,880</u>	<u>1,363,518,644</u>
NON CURRENT LIABILITIES				
Provision for Retiring Gratuity	25,590,248	26,327,837	25,590,248	26,327,837
Provision for Payment in Lieu of -Employee Share Issue Scheme	3,402,907	3,492,163	3,402,907	3,492,163
Deferred Taxation	23,869,481	21,241,456	23,869,481	21,241,456
	<u>52,862,636</u>	<u>51,061,456</u>	<u>52,862,636</u>	<u>51,061,456</u>
CURRENT LIABILITIES				
Trade Creditors	355,649,435	404,714,404	355,649,435	404,714,404
Accrued Charges	18,140,834	12,983,257	18,140,834	12,983,257
Amount due to Related Companies	93,248,988	49,608,896	93,248,988	49,608,896
Other Accounts Payable	6,671,807	21,011,700	6,671,807	21,011,700
Income Tax Payable	74,064,984	64,459,198	74,064,984	64,459,198
Dividend Payable	23,405,033	3,379,049	23,405,033	3,379,049
Bank Loans	55,367,177	240,766,752	55,367,177	240,766,752
Bank Overdrafts	198,200,220	182,623,124	198,200,220	182,623,124
	<u>824,748,478</u>	<u>979,546,380</u>	<u>824,748,478</u>	<u>979,546,380</u>
TOTAL EQUITY AND LIABILITIES	<u>2,232,359,047</u>	<u>2,373,007,228</u>	<u>2,255,890,994</u>	<u>2,394,126,480</u>
Net Asset Per Share	124.29	123.16	126.45	125.09

It is certified that these Financial Statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007

Sgd.
Hemamala Karunasekara
Finance Manager

Sgd.
U. G. Madanayake
Chairman

Colombo
November 20, 2008

Sgd.
Hemantha Perera
Managing Director

KELANI CABLES PLC

INTERIM FINANCIAL STATEMENT - SEPTEMBER 30, 2008

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED SEPTEMBER 30, 2008

CONSOLIDATED

	Stated Capital Rs.	Capital Reserves Rs.	Revenue Reserves Rs.	Retained Profits Rs.	Total Rs.
Balance As At 1 April 2007	218,000,000	114,012,688	432,000,000	540,077,683	1,304,090,371
Net Profit for the Period	-	-	-	120,320,680	120,320,680
Balance As At September 30, 2007	<u>218,000,000</u>	<u>114,012,688</u>	<u>432,000,000</u>	<u>660,398,363</u>	<u>1,424,411,051</u>
Balance As At 1 April 2008	218,000,000	114,012,688	432,000,000	578,386,704	1,342,399,392
Net Profit for the Period	-	-	-	36,873,541	36,873,541
Dividend Paid - Note- 4	-	-	-	(24,525,000)	(24,525,000)
Balance As At September 30, 2008	<u><u>218,000,000</u></u>	<u><u>114,012,688</u></u>	<u><u>432,000,000</u></u>	<u><u>590,735,245</u></u>	<u><u>1,354,747,933</u></u>

COMPANY

	Stated Capital Rs.	Capital Reserves Rs.	Revenue Reserves Rs.	Retained Profits Rs.	Total Rs.
Balance As At 1 April 2007	218,000,000	130,876,193	432,000,000	540,077,683	1,320,953,876
Net Profit for the Period	-	-	-	76,481,265	76,481,265
Balance As At September 30, 2007	<u>218,000,000</u>	<u>130,876,193</u>	<u>432,000,000</u>	<u>616,558,948</u>	<u>1,397,435,141</u>
Balance As At 1 April 2008	218,000,000	114,012,688	432,000,000	599,505,956	1,363,518,644
Dividend Paid - Note- 4	-	-	-	(24,525,000)	(24,525,000)
Net Profit for the Period	-	-	-	39,286,236	39,286,236
Balance As At September 30, 2008	<u><u>218,000,000</u></u>	<u><u>114,012,688</u></u>	<u><u>432,000,000</u></u>	<u><u>614,267,192</u></u>	<u><u>1,378,279,880</u></u>

KELANI CABLES PLC

INTERIM FINANCIAL STATEMENT - SEPTEMBER 30, 2008

CASH FLOW STATEMENT

FOR THE PERIOD ENDED SEPTEMBER 30, 2008

	CONSOLIDATED		COMPANY	
	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	Rs	Rs	Rs	Rs
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit before Taxation	64,487,052	183,180,318	66,899,747	179,745,563
Adjustments for				
Depreciation	13,855,499	16,111,217	13,855,499	16,111,217
Interest Income from Fixed Deposits	(8,370,096)	(7,244,339)	(8,370,096)	(7,244,339)
Provision for Bad Debts	-	926,874	-	926,874
Interest paid	36,009,848	24,743,858	36,009,848	24,743,858
Amortisation of Goodwill	-	-	-	-
Share of Associate Company	2,412,696	(3,434,755)	-	-
Provision for Obsolete Stocks	-	-	-	-
Profit on Disposal of Property, Plant and Equipment	(1,531,870)	-	(1,531,870)	-
Provision for Gratuity	1,860,852	3,052,783	1,860,852	3,052,783
Operating Profit before Working Capital Changes	<u>108,723,980</u>	217,335,956	<u>108,723,980</u>	217,335,956
Increase in Inventories	(31,635,973)	(274,645,236)	(31,635,973)	(274,645,236)
Decrease/(Increase) in Trade and Other Receivables	147,486,661	(119,665,823)	147,486,661	(119,665,823)
(Increase)/Decrease in Trade and Other Payables	(14,607,193)	387,100,096	(14,607,193)	387,100,096
Cash Generated from Operations	<u>209,967,475</u>	210,124,993	<u>209,967,475</u>	210,124,993
Interest Paid	(36,009,848)	(24,743,858)	(36,009,848)	(24,743,858)
Gratuity Paid	(2,598,441)	(1,370,098)	(2,598,441)	(1,370,098)
Payment for Payment In Lieu of Employee Share -Issue Scheme	(89,256)	(310,333)	(89,256)	(310,333)
Income Tax Paid	(15,379,700)	(40,443,600)	(15,379,700)	(40,443,600)
NET CASH FLOW FROM/(USED IN)				
OPERATING ACTIVITIES	155,890,230	143,257,104	155,890,230	143,257,104
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income from Fixed Deposits	8,370,096	7,244,339	8,370,096	7,244,339
Proceeds from Sale of Property, Plant And Equipment	1,531,870	-	1,531,870	-
Purchase of Property, Plant & Equipment	(6,605,619)	(6,328,863)	(6,605,619)	(6,328,863)
Additions to Capital Work-in-Progress	(16,443,418)	(5,387,256)	(16,443,418)	(5,387,256)
NET CASH FLOW FROM/(USED IN)				
INVESTING ACTIVITIES	(13,147,071)	(4,471,780)	(13,147,071)	(4,471,780)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend Paid	(4,499,016)	(7,086,854)	(4,499,016)	(7,086,854)
Term loan received/(repaid)	(185,399,575)	(103,236,596)	(185,399,575)	(103,236,596)
NET CASH FLOW FROM/(USED IN)				
FINANCING ACTIVITIES	(189,898,591)	(110,323,450)	(189,898,591)	(110,323,450)
Net Increase/(Decrease) in Cash and				
Cash Equivalents	(47,155,432)	28,461,874	(47,155,432)	28,461,874
Cash and Cash Equivalents at beginning	45,023,058	90,827,460	45,023,058	90,827,460
CASH AND CASH EQUIVALENTS AT END	<u>(2,132,374)</u>	<u>119,289,334</u>	<u>(2,132,374)</u>	<u>119,289,334</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS				
AT END OF THE YEAR				
Short Term Deposits	169,745,954	200,349,340	169,745,954	200,349,340
Cash at Banks and in Hand	26,321,892	84,865,823	26,321,892	84,865,823
Short Term Loans	-	-	-	-
Bank Overdrafts	(198,200,220)	(165,925,829)	(198,200,220)	(165,925,829)
	<u>(2,132,374)</u>	<u>119,289,334</u>	<u>(2,132,374)</u>	<u>119,289,334</u>