SKIL Ports & Logistics Limited - SPL
Interim Results
Released 07:00 24-Sep-2015

RNS Number : 0282A
SKIL Ports & Logistics Limited
24 September 2015

24 September 2015

SKIL Ports & Logistics Limited

("SPL" or the "Company")

Interim results for the period ended 30 June 2015

SKIL Ports and Logistics, which is developing a modern port and logistics facility in Mumbai, India, is pleased to announce its interim results for the period ended 30 June 2015.

Highlights, including post period end

- Local community issues resolved;
- Remobilisation of contractors completed;
- Work on site resumed;
- 24 hour shift pattern expected post monsoon;
- Ground reclamation, piling for the jetty and dredging works to progress simultaneously following the conclusion of the monsoon season, most likely in November;
- Cash balance of £40.06 million at the period end is in line with financial projections, with £47.03 million credit facility and flexible debt structure in place to provide sufficient capital to fund the project and initiate commercial operations during the first half of 2016.

Nikhil Gandhi, Executive Chairman of SPL said, "There is significant demand for a 'world-class' port and logistics facility in Mumbai and we remain confident that the Group has access to sufficient cash resources to commence commercial operations. The unforeseen recent delays have impacted on our previously anticipated timeline but we will be doing everything we can to make up as much time as possible in the coming months with an intention of starting operations during the first half of 2016".

Enquiries:

SPL	Nikhil Gandhi C/O Redleaf PR +44 (0) 20 382 4769
Cenkos Securities plc (Nomad and Broker)	Stephen Keys/Camilla Hume +44 (0) 20 7397 8926
Redleaf Communications (Financial PR)	Charlie Geller/Harriet Lynch +44 (0) 20 382 4769 SKIL@redleafpr.com

Chairman's Statement

At the beginning of the year work on site was progressing at a rapid pace. The local community issues, announced on 22 April 2015, unfortunately hindered this pace and caused some delays. We are therefore pleased that we were able to announce on 29 July and 14 September respectively that the issues had been resolved and the remobilization of the contractors had been completed. We expect that the shift pattern will move to 24 hours as soon as the monsoon has finished, most likely in November.

We expect ground reclamation and piling for the jetty to progress simultaneously following the conclusion of the monsoon season. It will take three weeks to reach peak momentum, and at this point we expect to see roughly 1200-1400 tipper movements per day, dumping roughly 20,000 cubic meters of fill material in the reclamation area. Ground improvement and compaction works will commence with a two month lag to reclamation. Once started, piling is expected to progress at the rate of an average of eight piles per week. Dredging will also recommence immediately after the end of the monsoon season.

We continue to promote our facility to end-users and the initial feedback is encouraging. While the facility was initially conceived primarily as a container handling port, the scope of potential end-users, based on the feedback received, now includes a variety of break-bulk cargoes including food grains, pulses, cement and Ro-Ro amongst others. We are monitoring the most effective cargo utilization for the facility by talking to shipping lines and end-users. We believe that focusing on project and break-bulk cargo in the initial years of operation will prove to be the most productive approach and will ensure the maximum return on investment for our shareholders.

The rapid acceleration of work on the ground that we are expecting over the coming months will inevitably lead to a significant increase in our cash burn rate. As of June 30, 2015 SPL had a cash position of £40.06 million, which is in line with its financial projections, and the Company also has the benefit of having a £47.03 million credit facility in place. The Board is confident that the Company has the resources in place to complete the project within the timeframes envisaged.

I would like to thank all shareholders of SPL for their continued support and my fellow Board members for their invaluable guidance in navigating the Company through the challenges we experienced earlier this year. These challenges are now behind us and the Company expects that works will progress from here on, to deliver an operational facility next year.

Nikhil Gandhi

Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2015

	Note	6 months to 30 June 2015	6 months to 30 June 2014	Year to 31 Dec 2014
		£000	£000	£000
CONTINUING OPERATIONS				
Revenue		-	-	-
Administrative expenses		(1,272)	(974)	(1,936)
OPERATING LOSS		**(1,272)**	**(974)**	**(1,936)**
Finance income		1,173	1,408	2,665
Finance cost		-	-	-
NET FINANCING INCOME		**1,173**	**1,408**	2,665
PROFIT / (LOSS) BEFORE TAX		**(99)**	**434**	**729**
Tax expense for the period / year		(401)	(456)	(862)
LOSS FOR THE PERIOD / YEAR		**(500)**	**(22)**	**(133)**
Profit / (loss) for the period / year attributable to:				
Non-controlling interest		1	1	2
Owners of the parent		(501)	(23)	(135)
Profit / (loss) for the period / year		**(500)**	**(22)**	**(133)**
Other comprehensive income/(expense)				
Exchange differences on translating foreign operations	4	(725)	(110)	1,641
Other comprehensive expense for the period / year		**(725)**	**(110)**	**1,641**
Total comprehensive income / (expense) for the period / year		**(1,225)**	**(132)**	**1,508**
Total comprehensive income / (expense) for the period / year attributable to:				
Non-controlling interest		1	1	2
Owners of the parent		(1,226)	(133)	1,506
		(1,225)	**(132)**	**1,508**
Loss per share (consolidated):				
Basic & Diluted, for the year/period attributable to ordinary equity holders (£)		(0.011)	(0.001)	(0.003)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Note	Period ended 30 June 2015	Period ended 30 June 2014	Year ended 31 Dec 2014
		£000	**£000**	**£000**
Assets				
Property, plant and equipment	7	19,718	11,248	15,508
Total non-current assets		**19,718**	**11,248**	**15,508**
Trade and other receivables		15,101	14,014	16,320
Cash and cash equivalents		40,061	45,502	41,041
Total current assets		**55,162**	**59,516**	**57,361**
Total assets		**74,880**	**70,764**	**72,869**
Equity				
Share premium		71,590	71,590	71,590
Retained earnings		4,634	5,246	5,134
Translation reserve		(20,725)	(21,751)	(20,000)
Equity attributable to owners of parent		**55,499**	**55,085**	**56,724**
Non-controlling interest		16	14	15
Total equity		**55,515**	**55,099**	**56,739**
Liabilities				
Non-current				
Borrowings		9,386	9,194	9,412

Non-current liabilities	**9,386**	**9,194**	**9,412**
Current			
Borrowings	29	8	9
Current tax liabilities	6,082	5,154	5,724
Trade and other payables	3,868	1,309	985
Current liabilities	**9,979**	**6,471**	**6,718**
Total liabilities	**19,365**	**15,665**	**16,130**
Total equity and liabilities	**74,880**	**70,764**	**72,869**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 30 June 2015

	Note	**6 months to 30 June 2015**	**6 months to 30 June 2014**	**Year to 31 Dec 2014**
		£000	**£000**	**£000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (loss) before tax		(99)	434	729
Adjustments	5	(1,205)	(1,218)	(2,301)
Operating loss before working capital changes		**(1,304)**	**(784)**	**(1,572)**
Net changes in working capital	5	4,103	(5,194)	(7,794)
Net cash generated from / (used in) operating activities		**2,799**	**(5,978)**	**(9,366)**

CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(4,424)	(4,807)	(8,861)
Finance income	1,173	1,408	2,665
Net cash from investing activities	**(3,251)**	**(3,339)**	**(6,196)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing	(6)	9,180	9,368
Net cash from financing activities	**(6)**	**9,180**	**9,368**
Net change in cash and cash equivalents	**(458)**	**(197)**	**(6,194)**
Cash and cash equivalents, beginning of the period / year	41,041	45,796	45,796
Exchange differences on cash and cash equivalents	(522)	(97)	1,439
Cash and cash equivalents, end of the period / year	**40,061**	**45,502**	**41,041**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

SKIL Ports & Logistics Limited (the "Company") was incorporated in Guernsey under the Companies (Guernsey) Law 2008 on 24 August 2010. The condensed interim consolidated financial statements of the Company for the period ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Company has been established to develop, own and operate port and logistics facilities.

2. General information and basis of preparation

The condensed interim consolidated financial statements are for the period ended 30 June 2015. The condensed interim consolidated financial statements are prepared under AIM 18 guidance. They have been prepared on the historical cost basis. They do not include all of the information required in annual financial statements in accordance with IFRS. The condensed interim consolidated financial statements are not audited.

The condensed interim consolidated financial statements are presented in Great British Pounds Sterling (£), which is the functional currency of the parent company. The preparation of the condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the annual IFRS financial statements.

The Company's financing effort to date is considered sufficient to enable the Company to fund all aspects of its operations. As a result, the condensed interim consolidated financial statements have been prepared on a going concern basis.

The condensed interim consolidated financial statements have been approved for issue by the Board of Directors on 23rd September, 2015.

3. Significant accounting policies
The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2014. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

4. Operating loss
The loss for the period is calculated after charging a loss of £ 725,000 on the retranslation of cash balances held in Indian rupees to Great British Pounds Sterling (£).

5. Cash flow adjustments and changes in working capital
The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

	Period ended 30 Jun 2015 £000	Period ended 30 Jun 2014 £000	Year ended 31 Dec 2014 £000
Adjustments			
Depreciation	11	9	18
Finance income	(1,173)	(1,408)	(2,665)
Tax expense	(401)	(456)	(862)
Change in current tax liabilities	358	637	1,208
	(1,205)	**(1,218)**	**(2,301)**
Net changes in working capital			
Change in trade and other payables	2,887	(1,453)	(1,848)
Change in trade and other receivables	1,219	(3,741)	(6,047)
Change in borrowings	(3)	-	101
	4,103	**(5,194)**	**(7,794)**

6. Loan facility

Karanja Terminal & Logistics Private Limited (KTLPL), the Indian subsidiary has successfully tied-up a rupee term loan of INR 480 crore (GBP 47.96 million) for part financing the port facility. The rupee term loan was sanctioned by 4 Indian public sector banks and the loan agreement was executed on 28th February, 2014. The tenure of the loan is for 10 years with repayment beginning at the end of the third year. The repayment schedule is as follows:

	Repayment amount	
Payment falling due	**INR in Crore**	**GBP in Million**
Within 1 year	-	-
1 to 5 year's	220.80	22.06
After 5 year's	259.20	25.90
Total	**480.00**	**47.96**

The rate of interest is a floating rate linked to the Canara bank base rate with an additional spread of 355 basis points. The present composite rate of interest is 13.50%. The borrowings are secured by the hypothecation of the port facility and pledge of its shares. The carrying amount of the bank borrowing is considered to be a reasonable approximation of the fair value.

KTLPL has utilised the rupee term loan facility of INR 92.87 crore (GBP 9.28 million) as at 30 June 2015.

7. Property, plant and equipment

During the six months ended 30 June 2015, the Group progressed construction of the facility and the carrying amount at 30 June 2015 was GBP 19.72 million (31 December 2014: GBP 15.51 million). The amount of borrowing costs capitalised during the six months ended 30 June 2015 was GBP 0.70 million (31 December 2014: GBP 0.75 million). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 13.50 %, which is the effective interest rate of the specific borrowing.

END