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**PROVISIONAL FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
30TH SEPTEMBER 2016**

HVA FOODS PLC
Statement of Comprehensive Income

 Provisional Financial Statements for the six months ended 30th September 2016

All amounts in Sri Lanka Rupees

	Group					Company				
	6 months to		3 months to		Year ended 31.03.2016	6 months to		3 months to		Year ended 31.03.2016
	30.09.2016	30.09.2015	30.09.2016	30.09.2015		30.09.2016	30.09.2015	30.09.2016	30.09.2015	
Revenue	432,422,605	339,877,477	203,339,993	169,625,552	780,144,527	432,422,605	339,877,477	203,339,993	169,625,552	780,144,527
Cost of sales	(379,211,490)	(275,451,146)	(176,122,618)	(131,677,263)	(658,906,886)	(379,211,490)	(275,451,146)	(176,122,618)	(131,677,263)	(658,906,886)
Gross profit	53,211,115	64,426,331	27,217,375	37,948,289	121,237,641	53,211,115	64,426,331	27,217,375	37,948,289	121,237,641
Other operating income	21,210,397	30,152,880	12,053,567	15,884,250	52,307,942	21,210,397	30,152,880	12,053,567	15,884,250	52,307,942
Distribution expenses	(14,788,985)	(9,196,838)	(9,226,338)	(6,229,471)	(22,664,542)	(14,788,985)	(9,196,838)	(9,226,338)	(6,229,471)	(22,664,542)
Administration expenses	(62,049,843)	(69,541,161)	(31,239,172)	(35,506,776)	(138,594,084)	(62,045,843)	(69,537,161)	(31,237,172)	(35,504,776)	(138,528,083)
Results from operating activities	(2,417,316)	15,841,212	(1,194,568)	12,096,292	12,286,957	(2,413,316)	15,845,212	(1,192,568)	12,098,292	12,352,958
Net finance costs	(1,643,402)	(16,616,778)	1,090,172	(12,395,083)	(26,715,713)	(1,643,402)	(16,616,778)	1,090,172	(12,395,083)	(26,715,713)
Profit before income tax	(4,060,718)	(775,566)	(104,396)	(298,791)	(14,428,756)	(4,056,718)	(771,566)	(102,396)	(296,791)	(14,362,755)
Income tax expense	(2,862,946)	(2,357,344)	(1,431,473)	(1,178,672)	(5,495,390)	(2,862,946)	(2,357,344)	(1,431,473)	(1,178,672)	(5,495,390)
Profit for the Period	(6,923,664)	(3,132,910)	(1,535,869)	(1,477,463)	(19,924,146)	(6,919,664)	(3,128,910)	(1,533,869)	(1,475,463)	(19,858,145)
Other Comprehensive Income										
Actuarial gain/(Loss) on retirement benefit obligation	-	-	-	-	960,424	-	-	-	-	960,424
Revaluation gain of Property, plant and equipment	-	-	-	-	5,387,152	-	-	-	-	5,387,152
Tax on other comprehensive income	-	-	-	-	(761,709)	-	-	-	-	(761,709)
Total Comprehensive Income for the Year	(6,923,664)	(3,132,910)	(1,535,869)	(1,477,463)	(14,338,279)	(6,919,664)	(3,128,910)	(1,533,869)	(1,475,463)	(14,272,278)
Basic / Diluted earnings per share	(0.10)	(0.05)	(0.02)	(0.02)	(0.30)	(0.10)	(0.05)	(0.02)	(0.02)	(0.30)

Figures in brackets indicate deductions.

HVA FOODS PLC
Statement of Financial Position


 Provisional Financial Statements for the six months ended 30th September 2016

All amounts in Sri Lanka Rupees

	Group			Company		
	As at 30th September 2016	As at 30th September 2015	As at 31st March 2016	As at 30th September 2016	As at 30th September 2015	As at 31st March 2016
ASSETS						
Non-current assets						
Property, plant & equipment	348,025,644	359,072,818	354,351,607	348,025,644	359,072,818	354,351,607
Investment in subsidiary	-	-	-	45,000,000	45,000,000	45,000,001
Intangible assets	44,938,997	45,109,775	44,938,997	-	170,778	-
Total non-current assets	392,964,641	404,182,593	399,290,604	393,025,644	404,243,596	399,351,608
Current assets						
Inventories	91,174,117	114,132,064	95,315,712	91,174,117	114,132,064	95,315,712
Financial investments	3,376,162	3,543,566	3,376,161	3,376,162	3,543,566	3,376,161
Trade receivables	267,540,468	285,739,535	344,089,198	267,540,468	285,739,535	344,089,198
Amounts due from related parties	238,299,056	231,281,609	234,730,337	238,359,056	231,281,609	234,790,337
Pre-payments & other recoverable	40,207,240	30,337,480	34,201,741	40,207,240	30,337,480	34,201,741
Deposits & advances	16,840,071	19,144,151	20,991,342	16,840,071	19,144,151	20,991,342
Cash & cash equivalents	137,557,627	115,267,521	130,139,994	137,536,841	115,246,735	130,119,208
Total current assets	794,994,740	799,445,926	862,844,485	795,033,955	799,425,140	862,883,699
Total assets	1,187,959,381	1,203,628,519	1,262,135,089	1,188,059,599	1,203,668,736	1,262,235,307
Equity and liabilities						
Stated capital	333,857,588	333,857,588	333,857,588	333,857,588	333,857,588	333,857,588
Revaluation reserve	188,660,188	183,919,494	188,660,188	188,660,188	183,919,494	188,660,188
Retained earnings	(34,567,812)	(11,698,085)	(27,644,148)	(34,445,591)	(11,641,865)	(27,525,927)
Total equity attributable to the equity holders of the company / Total equity	487,949,964	506,078,997	494,873,628	488,072,185	506,135,217	494,991,849
Non-current liabilities						
Employee benefits	22,582,009	22,090,050	21,787,546	22,582,009	22,090,050	21,787,546
Interest-bearing loans and borrowings	5,683,390	13,375,472	8,058,994	5,683,390	13,375,472	8,058,994
Government grant	16,086,223	17,065,125	16,640,921	16,086,223	17,065,125	16,640,921
Total non-current liabilities	44,351,622	52,530,647	46,487,461	44,351,622	52,530,647	46,487,461
Current liabilities						
Trade payables	33,147,020	60,554,586	52,737,022	33,147,020	60,554,586	52,737,022
Amount due to related parties	575	21,101	72,517	575	21,101	72,517
Interest-bearing loans and borrowings	525,574,140	467,595,788	557,316,291	525,574,140	467,595,788	557,316,291
Income tax payables	2,951,832	1,849,882	4,549,638	2,951,832	1,849,882	4,549,638
Deposits & advances payables	19,423,631	21,564,694	19,660,799	19,423,631	21,564,694	19,660,799
Accrued expenses & other creditors	19,805,411	37,726,916	21,963,118	19,783,408	37,710,913	21,945,115
Bank overdrafts	54,755,186	55,705,908	64,474,615	54,755,186	55,705,908	64,474,615
Total current liabilities	655,657,795	645,018,875	720,774,000	655,635,792	645,002,872	720,755,997
Total liabilities	700,009,417	697,549,522	767,261,461	699,987,414	697,533,519	767,243,458
Total equity & liabilities	1,187,959,381	1,203,628,519	1,262,135,089	1,188,059,599	1,203,668,736	1,262,235,307

The figures as at 30th September are provisional & subject to audit.

Figures in brackets indicate deductions.



Chief Financial Officer

Approved and signed for and on behalf of the Board.



Director

 Colombo
09th November 2016



Director

HVA FOODS PLC**Statement of Changes in Equity**Provisional Financial Statements for the six months ended 30th September 2016

All amounts in Sri Lanka Rupees

Group

	<i>Attributable to equity holders of the company</i>				Non-controlling interest	Total
	Stated capital	Revaluation reserves	Retained earnings	Total		
Balance as at 01st April 2015	333,857,588	183,919,494	(8,565,175)	509,211,907	-	509,211,907
Profit for the period	-	-	(3,132,910)	(3,132,910)	-	(3,132,910)
Other comprehensive income	-	-	-	-	-	-
Balance as at 30th September 2015	333,857,588	183,919,494	(11,698,085)	506,078,997	-	506,078,997
Balance as at 01st April 2016	333,857,588	188,660,188	(27,644,148)	494,873,628	-	494,873,628
Profit for the period	-	-	(6,923,664)	(6,923,664)	-	(6,923,664)
Other comprehensive income	-	-	-	-	-	-
Balance as at 30th September 2016	333,857,588	188,660,188	(34,567,812)	487,949,964	-	487,949,964

Company

	Stated capital	Revaluation reserves	Retained earnings	Total
Balance as at 01st April 2015	333,857,588	183,919,494	(8,512,955)	509,264,127
Profit for the period	-	-	(3,128,910)	(3,128,910)
Other comprehensive income	-	-	-	-
Balance as at 30th September 2015	333,857,588	183,919,494	(11,641,865)	506,135,217
Balance as at 01st April 2016	333,857,588	188,660,188	(27,525,927)	494,991,849
Profit/(Loss) for the period	-	-	(6,919,664)	(6,919,664)
Other comprehensive income	-	-	-	-
Balance as at 30th September 2016	333,857,588	188,660,188	(34,445,591)	488,072,185

Figures in brackets indicate deductions.

HVA FOODS PLC
Cash Flow Statement

 Provisional Financial Statements for the six months ended 30th September 2016

All amounts in Sri Lanka Rupees

	Group			Company		
	6 months to		Year ended	6 months to		Year ended
	30.09.2016	30.09.2015	31.03.2016	30.09.2016	30.09.2015	31.03.2016
Cash flow from operating activities						
Profit before taxation	(4,060,718)	(775,566)	(14,428,756)	(4,056,718)	(771,566)	(14,362,755)
Adjustments for:						
Depreciation	9,851,753	9,909,397	16,284,862	9,851,753	9,909,397	16,284,862
Provision for gratuity	1,297,605	1,428,050	3,193,454	1,297,605	1,428,050	3,193,454
Interest income	(23,029,640)	(16,214,240)	(34,868,791)	(23,029,640)	(16,214,240)	(34,868,791)
Provision for impairment of trade receivables	-	-	209,147	-	-	209,147
Provisio for inventory	-	-	3,879,398	-	-	3,879,398
Dividend income	(63,703)	(74,661)	(74,661)	(63,703)	(74,661)	(74,661)
Amortization of Ice Tea Grant	(554,698)	(901,638)	(1,325,842)	(554,698)	(901,638)	(1,325,842)
Interest expenses	17,191,172	16,603,187	34,587,845	17,191,172	16,603,187	34,587,845
Amortization of intangible assets	-	22,753	33,750	-	22,753	33,750
Deficit on Revaluation	-	-	907,762	-	-	907,762
Loss on fair value of financial instruments	-	-	167,404	-	-	167,404
Foreign exchange gain/loss	4,353,462	14,130,352	22,180,218	4,353,462	14,130,352	22,180,218
Gain on disposal of financial instruments	(5,000)	(248,649)	(248,650)	(5,000)	(248,649)	(248,650)
	4,980,233	23,878,985	30,497,140	4,984,233	23,882,985	30,563,140
Change in:						
- Inventories	4,141,595	11,099,948	26,036,901	4,141,595	11,099,948	26,036,901
- Trade receivables	72,307,768	(30,519,627)	(94,953,798)	72,307,768	(30,519,627)	(94,953,798)
- Prepayments & other receivables	5,996,291	8,772,111	9,109,290	5,996,291	8,772,111	9,109,290
- Amount due from related party	6,785,712	4,543,495	12,698,072	6,785,712	4,543,495	12,638,072
- Deposits & advances receivables	4,151,271	(12,407,445)	(14,254,637)	4,151,271	(12,407,445)	(14,254,637)
- Trade payables	(19,590,000)	17,875,995	10,058,431	(19,590,000)	17,875,995	10,058,431
- Amount due to related party	(71,942)	10,485	61,902	(71,942)	10,485	61,902
- Deposits & advances payables	(237,168)	699,421	(1,204,473)	(237,168)	699,421	(1,204,473)
- Accrued expenses & other creditors	(2,270,207)	9,666,773	(6,093,608)	(2,274,207)	9,662,773	(6,099,608)
Cash generated/(used in) from operating activities	76,193,553	33,620,141	(28,044,779)	76,193,553	33,620,141	(28,044,779)
Interest paid	(17,018,700)	(16,256,926)	(34,587,845)	(17,018,700)	(16,256,926)	(34,587,845)
Gratuity paid	(503,143)	-	(1,444,084)	(503,143)	-	(1,444,084)
Tax paid	(4,460,751)	(2,270,225)	(1,200,000)	(4,460,751)	(2,270,225)	(1,200,000)
Net cash from/ (used in) operating activities	54,210,959	15,092,990	(65,276,708)	54,210,959	15,092,990	(65,276,708)
Cash flows from investing activities						
Acquisition of property, plant and equipment	(4,001,752)	(1,426,998)	(2,079,873)	(4,001,752)	(1,426,998)	(2,079,873)
Disposal of property, plant and equipment	5,000	-	-	5,000	-	-
Acquisition of financial instruments	-	(2,335,872)	(2,335,872)	-	(2,335,872)	(2,335,872)
Disposal of financial instruments	-	2,092,340	2,092,340	-	2,092,340	2,092,340
Interest received	1,149,379	127,537	4,681,515	1,149,379	127,537	4,681,515
Dividend received	63,703	74,661	74,661	63,703	74,661	74,661
Net cash used in investing activities	(2,783,670)	(1,468,332)	2,432,771	(2,783,670)	(1,468,332)	2,432,771
Cash flows from financing activities						
Change in from bank borrowings	(32,406,434)	(12,898,847)	71,192,792	(32,406,434)	(12,898,847)	71,192,792
Change in of finance lease liabilities	(1,883,792)	(2,118,953)	(3,634,816)	(1,883,792)	(2,118,953)	(3,634,816)
Dividend Paid	-	-	(3,415)	-	-	(3,415)
Net cash flows from financing activities	(34,290,226)	(15,017,800)	67,554,561	(34,290,226)	(15,017,800)	67,554,561
Net increase in cash and cash equivalents	17,137,062	(1,393,142)	4,710,624	17,137,062	(1,393,142)	4,710,624
Cash and cash equivalents at the beginning of the period	65,665,379	60,954,755	60,954,755	65,644,593	60,933,969	60,933,969
Cash and cash equivalents as at the end of the period (Note A)	82,802,441	59,561,613	65,665,379	82,781,655	59,540,827	65,644,593
Note A -Cash and cash equivalents						
Cash in hand and cash at banks	137,557,627	115,267,521	130,139,994	137,536,841	115,246,735	130,119,208
Bank overdrafts	(54,755,186)	(55,705,908)	(64,474,615)	(54,755,186)	(55,705,908)	(64,474,615)
Cash and cash equivalents at end of the period	82,802,441	59,561,613	65,665,379	82,781,655	59,540,827	65,644,593

Figures in brackets indicate deductions.

HVA FOODS PLCProvisional Financial Statements for the six months ended 30th September 2016**Notes to the Financial Statements**

1. Market Price per share for the period ended 30 th September,		2016/17 2nd Quarter	2015/16 2nd Quarter
		Rs.	Rs.
Highest	:	8.20	10.20
Lowest	:	6.50	7.90
Closing	:	7.00	8.80

2 The interim financial statements of the company and of the group have been prepared on the basis of the same accounting policies and method applied for the year ended 31st March 2016 and are in compliance with Sri Lanka Accounting Standard 34 - Interim Financial Reporting.

3 Stated capital is represented by number of shares in issue as given below:

	Number of Shares	Value Rs.
As of 30 th September 2016	66,428,660	333,857,588
As of 31 st March 2016	66,428,660	333,857,588

4 There has been no significant change in the nature of the contingencies and other commitments, which were disclosed in the annual report for the year ended 31 March 2016.

5 There have been no other events subsequent to the balance sheet date, which require disclosure in these financial statements.

6 Ratios and Percentages

	<u>Group</u>	<u>Company</u>
Debt/Equity Ratio	109%	109%
Quick Assets Ratio	1.07	1.07
Interest Cover	0.99	0.99
Net Asset per share	7.35	7.35

7 Major Shareholders and percentages of holdings

<u>Name</u>	<u>No. of shares</u>	<u>% of holding</u>
1 Seylan Bank PLC/HVA Lanka Exports (Private) Limited	18,250,000	27.473%
2 Assetline Leasing Company Ltd \HVA Lanka Exports (Private) Limited	12,904,571	19.426%
3 HVA Lanka Exports (Private) Limited	9,433,900	14.202%
4 British American Technologies (Pvt) Ltd	1,140,000	1.716%
5 Mr M I Samsudeen	624,746	0.940%
6 Mr M I Abeysekera	600,124	0.903%
7 Mr R E Rambukwelle	513,300	0.773%
8 Mr A A H Indrajith	446,990	0.673%
9 Mr T G Thoradeniya	444,636	0.669%
10 Waldock Mackenie Limited/ Mr M I Samsudeen	332,251	0.500%
11 Associated Electrical Corporation Ltd	312,338	0.470%
12 Mr K M S M Razeek	310,033	0.467%
13 Mr J S A Perera and Mrs R N Perera	300,000	0.452%
14 Waldock Mackenie Limited/ Mr S S Thangarajah	282,251	0.425%
15 Mr N J P Tavarayen	275,110	0.414%
16 Seylan Bank Limited / J H P Ratnayake	240,000	0.361%
17 Flyasia Son.BHD	225,611	0.340%
18 Mr E A Deen	213,000	0.321%
19 TKS Finance Ltd / S T Selvi	201,847	0.304%
20 Mr D A Edussuriya	200,000	0.301%
Sub Total	47,250,708	71.130%
Others	19,177,952	28.870%
Total	<u>66,428,660</u>	<u>100.000%</u>

8 Director's Shareholding

<u>Name</u>	<u>No. of shares</u>	<u>% of holding</u>
1 Mr. A.R.H.Fernando	37,257	0.056%
2 Mrs. V.S.A.Fernando	-	-
3 Mr. J.H.P Ratnayeke (With Seylan Bank PLC) (Resigned w.e.f. 26.10.2016)	240,000	0.361%
4 Mr. N.C.Vitharana	-	-
5 Mr. W.I.H.J. Fernando	35,200	0.053%

9 The public holding percentage was 38.43% (as at 30th September 2015 - 38.49%) comprising of 3,992 shareholders as at end of the period (as at 30th September 2015 - 4,136)

HVA FOODS PLC

CORPORATE INFORMATION

Name of company

HVA Foods PLC

Legal form

Public Limited Liability Company
Incorporated in Sri Lanka in 1997

Registered office of the company

39 A, Linton Road,
Kandana

Company registration No.

PB/PV 1765 PQ

Stock Exchange Listing

The Ordinary Shares are Listed on Colombo Stock Exchange

Directors

Mr. A. R. H. Fernando - Chairman
Mr. W.I.H. J. Fernando
Mrs. V. S. A. Fernando
Mr. N. C. Vitarana
Mr. J. H. P. Ratnayeke

Audit committee

Mr. N. C. Vitarana - Chairman
Mr. J. H. P. Ratnayeke

Remuneration committee

Mr. J. H. P. Ratnayeke - Chairman
Mr. N. C. Vitarana

Secretaries

P.R. Secretarial Services (Pvt) Ltd.
59, Gregory's Road,
Colombo 07

Registrars

PW Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road,
Colombo 08.

Lawyers

Nithi Murugesu & Associates
28, (Level 2), W A D Ramanayake Mawatha,
Colombo 02.

External Auditors

KPMG
32 A, Sir Mohomed Macan Marker Mawatha,
P.O. Box -186, Colombo 03.

Internal Auditors

Ernst & Young Advisory Services (Pvt) Ltd.
201, De Saram Place,
P. O. Box 101,
Colombo 10.

Bankers

Bank of Ceylon
DFCC Bank PLC
Hatton National Bank PLC
People's Bank
Seylan Bank PLC

Investor relations

HVA Foods PLC
39 A, Linton Road,
Kandana
Tel : 011 223 8714
Fax : 011 483 2802
Web : www.Heladiv.com