



Interim Report

Second quarter, 6 months ended 30th September 2016

Hayleys Fabric PLC

Corporate Information

Name of Company

Hayleys Fabric PLC

Legal Form

A Quoted Public Company with Limited Liability
(Incorporated in Sri Lanka in 1993)

Company Registration Number

PQ 37.

Accounting year end

31st March

Principal Activity

Manufacturing of knitted fabric

Directors

A.M.Pandithage - *Chairman*
 E.R.P. Goonetilleke - *Managing Director*
 K.D.D.Perera
 S.C.Ganegoda
 H.Somashantha
 R.N.Somaratne
 Dr. N.S.J. Nawaratne
 A.S.Jayatilleka
 Ms.Yogadinusha Bhaskaran (*Alternative Director to K.D.D.Perera*)

Secretaries

Hayleys Group Services (Pvt) Ltd.
 400, Deans Road, Colombo 10.
 Telephone: (94-11) 2627650- 2627653 (4 Lines)

Registered Office

400, Deans Road ,
 Colombo 10.
 Telephone: (94-11) 2627000

Main Office & Factory

Narthupana Estate , Neboda.
 Telephone: 94 (34) 2297100, 2242055

Bankers

Standard Chartered Bank
 HSBC
 Hatton National Bank
 Bank of Ceylon
 NDB Bank
 Sampath Bank
 Commercial Bank of Ceylon
 Deutsche Bank
 Citibank
 Seylan Bank
 Pan Asia Bank

Auditors

Ernst & Young
 Chartered Accountants,
 201, De Saram Place,
 Colombo 10.

Investor Information

Market value of shares	30.09.2016	30.09.2015
	(Rs.)	(Rs.)
Closing Price	18.40	19.10
Highest price recorded for the three months ending	19.50	19.80
Lowest price recorded for the three months ending	17.50	17.30
Highest price recorded for the six months ending	21.10	19.90
Lowest price recorded for the nine months ending	17.10	17.30

Share Trading

No. of transactions	5,953	6,768
No. of shares traded	19,506,385	26,511,919
Value of shares traded (Rs.)	378,935,800	502,475,646

First twenty Shareholders as at 30.09.2016

Name of Shareholder	No. of Shares	%
Hayleys PLC No.3 Share Investment Account	122,487,023	58.96
The Ceylon Investment PLC. A/C No 02.	11,265,372	5.42
The Ceylon Guardian Investment Trust PLC. A/C No 02.	10,883,750	5.24
Employees Provident Fund	5,540,727	2.67
Hayleys Advantis Limited	5,036,850	2.42
Hayleys Agriculture Holdings Limited	3,472,257	1.67
The Ceylon Chamber of Commerce Account No.02	2,550,792	1.23
Mr. A.M.Weerasinghe	1,800,000	0.87
Mr. A.N.Esufally	1,790,000	0.86
East India Holding (Pvt) Ltd.	1,708,000	0.82
Hatton National Bank PLC A/C No. 4 (HNB Retirement Pension Fund)	1,628,934	0.78
Mr.H.Yusoof	1,510,000	0.73
The Sri Lanka Fund	986,132	0.47
Mrs.M.T.Moosajee	974,824	0.47
Elgin Investments Ltd.	899,999	0.43
Freudenberg Shipping Agencies Limited	841,786	0.41
Bank of Ceylon A/C NDB Wealth Growth Fund	774,565	0.37
Mr.G Dangampola & Mrs.N.P.Dangampola	760,077	0.37
Mr. K.A.S.R Nissanka	700,100	0.34
Bank of Ceylon No. 01 Account	697,348	0.34
Total	176,308,536	84.87

The percentage of shares held by public as at 30th September, 2016 was 36.92%.

Number of shareholders representing Public Holding was 3,101.

DIRECTORS' SHAREHOLDING AS AT 30.09.2016

Director	Direct holding
	No. of Shares
*Mr.K.D.D.Perera	4,090
Mr.R.N.Somarathne	25,000
Mr.H.Somashantha	20,000

* Mr.K.D.D.Perera holds 50.44% directly and indirectly of the total issued shares of Hayleys PLC which holds 122,487,023 shares in Hayleys Fabric PLC.

	30.09.2016	31.03.2016
Number of shares	207,740,888	207,740,888
Net assets per share - USD	0.08	0.08
LKR	12.52	12.41

Hayleys Fabric PLC

STATEMENT OF FINANCIAL POSITION

As at 31.03.16		As at 30.09.16	As at 30.09.15
USD		USD	USD
Audited		Unaudited	Unaudited
ASSETS			
Non-Current Assets			
22,609,219	Property, plant and equipment	23,448,023	22,333,760
487,545	Intangible assets	367,254	585,211
23,096,764		23,815,277	22,918,971
Current Assets			
10,029,150	Inventories	10,367,613	11,002,860
6,996,694	Trade receivables	7,089,178	7,315,523
1,095,638	Other receivables	1,271,546	1,289,473
325,148	Advances and prepayments	784,695	468,659
1,203,029	Cash and cash equivalents	1,301,750	1,741,972
19,649,659		20,814,782	21,818,487
42,746,423	Total Assets	44,630,059	44,737,458
EQUITY AND LIABILITIES			
Capital and Reserves			
17,561,761	Stated capital	17,561,761	17,561,761
1,401,337	Revaluation reserve	1,401,337	1,401,337
(1,835,599)	Retained losses	(1,408,984)	(2,450,193)
17,127,499	Total Equity	17,554,114	16,512,905
Non-Current Liabilities			
1,969,958	Interest bearing loans and borrowings	5,363,057	2,542,233
1,301,772	Deferred tax liabilities	1,301,773	1,463,510
1,923,472	Retirement benefit obligations	2,075,325	1,681,073
5,195,202		8,740,155	5,686,816
Current Liabilities			
4,726,510	Trade and other payables	5,025,939	7,398,219
3,643,690	Current portion of interest bearing loans and borrowings	1,543,235	3,478,184
45,244	Amounts due to Hayleys PLC	78,315	45,224
115,688	Income tax payable	171,993	193,854
687,578	Other current non financial liabilities	817,217	216,530
11,205,012	Short term interest bearing loans and borrowings	10,699,091	11,205,726
20,423,722		18,335,790	22,537,737
42,746,423	Total Equity and Liabilities	44,630,059	44,737,458

The Statement of Financial Position as at 30th September 2016 and Statements of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flow for six months then ended as well as the Statement of Profit or Loss and other Comprehensive Income for three months then ended are drawn up from the unaudited financial statements of the Company and they provide the information required by the Colombo Stock Exchange.

The Notes on page 7 form an integral part of these financial statements.

These financial statements are in compliance with the requirements of the Companies Act No : 07 of 2007.

Sgd.

Ruwan Rohitha Bandara
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the board by,

Sgd.

A.M.Pandithage
Chairman
Colombo
2nd November 2016

Sgd.

E.R.P.Goonetilleke
Managing Director

Hayleys Fabric PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended	6 months to	6 months to		3 months to	3 months to	
31.03.16	30.09.16	30.09.15	variance	30.09.16	30.09.15	variance
USD	USD	USD	%	USD	USD	%
Audited	Unaudited	Unaudited		Unaudited	Unaudited	
59,924,103 Revenue	28,808,525	31,896,899	-10	14,989,579	17,034,947	-12
(52,370,449) Cost of Sales	(25,164,594)	(27,555,033)	-9	(13,127,142)	(14,786,076)	-11
7,553,654 Gross Profit	3,643,931	4,341,866	-16	1,862,437	2,248,871	-17
20,329 Other Operating Income	12,399	3,928		-	3,217	-100
(4,076,487) Administrative Expenses	(2,404,174)	(2,099,366)	+15	(1,228,824)	(905,680)	+36
(618,409) Distribution Expenses	(263,873)	(488,037)	-46	(121,517)	(277,486)	-56
(231,097) Other Expenses	-	(181,000)		-	(70,000)	
(835,026) Net Financing Costs	(505,364)	(460,533)	+10	(288,093)	(197,886)	+46
1,812,964 Profit Before Tax	482,919	1,116,858	-57	224,003	801,036	-72
32,445 Income Tax (Expense)/Reversal	(56,304)	(113,682)	-50	(17,435)	(58,044)	-70
1,845,409 Profit for the period	426,615	1,003,176	-57	206,568	742,992	-72
Other Comprehensive Income						
(258,681) Actuarial gain/(loss) on defined benefit plans	-	-		-	-	
31,042 Income tax effect relating to actuarial loss	-	-		-	-	
1,617,770 Total Comprehensive Income, Net of Tax	426,615	1,003,176		206,568	742,992	
0.009 Earnings per Share	0.002	0.005		0.001	0.004	

Hayleys Fabric PLC

STATEMENT OF CHANGES IN EQUITY

	Stated capital USD	Revaluation reserve USD	Retained earnings USD	Total USD
For the period ended 30th September 2016				
Balance as at 31st March 2016	17,561,761	1,401,337	(1,835,599)	17,127,499
Profit for the period	-	-	426,615	426,615
Balance as at 30th September 2016	17,561,761	1,401,337	(1,408,984)	17,554,114
For the period ended 30th September 2015				
Balance as at 31st March 2015	17,561,761	1,401,337	(3,453,369)	15,509,729
Profit for the period	-	-	1,003,176	1,003,176
Balance as at 30th September 2015	17,561,761	1,401,337	(2,450,193)	16,512,905

Hayleys Fabric PLC

STATEMENT OF CASH FLOWS

year ended		6 months to	6 months to
31.03.16	Cash flows from / (used in) operating activities	30.09.16	30.09.15
USD		USD	USD
Audited		Unaudited	Unaudited
1,812,964	Profit before Income tax expense	482,919	1,116,858
	Adjustments for		
1,812,300	Depreciation on property, plant and equipment	946,034	891,939
237,745	Amortization of Intangible Assets	120,292	118,105
226,027	Provision for retiring gratuity	148,875	145,580
(369,220)	Net unrealised (gain)/loss on translation of foreign currency	31,043	(104,276)
750,438	Net finance costs	374,530	400,141
(1,935)	(Profit)/loss on disposal of property, plant and equipment	4,357	(1,599)
231,097	Loss on impairment of Property, Plant and Equipment	-	181,000
(18,394)	Debtors / Creditors write back	(16,758)	(2,329)
7,947	Provision / (reversal) of provision for bad and doubtful debts	(5,019)	22,088
(60,198)	Provision / (reversal) of slow moving inventories	111,578	(40,475)
4,628,771	Operating profit before working capital changes	2,197,851	2,727,032
(310,776)	Increase in trade and other receivables	(246,615)	(973,369)
113,685	(Increase)/decrease in advances and prepayments	(459,547)	(30,705)
988,934	(Increase)/decrease in inventories	(450,041)	(4,499)
(2,023,254)	Increase/ (decrease) in trade and other payables and other non financial liabilities	453,933	(49,830)
3,397,360	Cash flows from operations	1,495,581	1,668,629
(29,430)	Retiring gratuity paid	(27,623)	(20,056)
(724,037)	Interest paid	(374,530)	(406,458)
(37,773)	Economic service charge paid	-	-
2,606,120	Net cash flows from operating activities	1,093,428	1,242,115
	Cash flows from / (used in) investing activities		
(2,724,034)	Purchase and construction of property, plant and equipment	(1,791,301)	(1,243,421)
6,871	Proceeds from disposal of property, plant and equipment	10,314	1,599
(24,012)	Purchase of Intangible Assets	-	(2,039)
6,444	Interest received	-	6,317
(2,734,731)	Net cash used in investing activities	(1,780,987)	(1,237,544)
	Cash flows from / (used in) financing activities		
1,579,052	Proceeds from long term loans	5,500,000	-
(3,999,592)	Repayment of term loans	(4,207,799)	(2,015,494)
(2,420,540)	Net cash flows from / (used in) financing activities	1,292,201	(2,015,494)
(2,549,151)	Net Increase/ (decrease) in cash and cash equivalents	604,642	(2,010,922)
(7,452,832)	Cash and cash equivalents at the beginning of the year	(10,001,983)	(7,452,832)
(10,001,983)	Cash and cash equivalents at the end of the period - Note A	(9,397,341)	(9,463,754)
	Note A		
	Analysis of cash and cash equivalents		
1,203,029	Cash and bank balances	1,301,750	1,741,972
(11,205,012)	Short term borrowings	(10,699,091)	(11,205,726)
(10,001,983)		(9,397,341)	(9,463,754)

Hayleys Fabric PLC

Notes to the Financial Statements

1. These interim financial statements which have not been audited, comply with the Sri Lanka Accounting Standard LKAS 34-Interim financial reporting and they also provide the information required by the Colombo Stock Exchange.
2. The accounting policies adopted in these financial statements are consistent with the Accounting policies set out in the Annual Report for the year ended 31.03.2016.
3. Contingent liability as at 30th September, 2016 on bills discounted amounted to USD 68,549.
4. There were no material events that took place subsequent to the reporting date, which require disclosure in this Financial Statements.

Hayleys Fabric PLC

STATEMENT OF FINANCIAL POSITION TRANSLATED INTO LKR

As at 31.03.16		As at 30.09.16	As at 30.09.15
LKR '000		LKR '000	LKR '000
Audited		Unaudited	Unaudited
ASSETS			
Non-Current Assets			
3,403,592	Property, plant and equipment	3,474,528	3,195,068
73,395	Intangible assets	54,420	83,720
3,476,987		3,528,948	3,278,788
Current Assets			
1,509,788	Inventories	1,536,273	1,574,069
1,053,282	Trade receivables	1,050,474	1,046,559
164,937	Other receivables	188,418	184,472
48,948	Advances and prepayments	116,276	67,046
181,104	Cash and cash equivalents	192,893	249,207
2,958,059		3,084,334	3,121,353
6,435,046	Total Assets	6,613,282	6,400,141
EQUITY AND LIABILITIES			
Capital and Reserves			
1,968,193	Stated capital	1,968,193	1,968,193
210,957	Revaluation reserve	207,650	200,475
(67,947)	Retained losses	(4,789)	(159,571)
467,170	Exchange fluctuation reserve	430,114	353,239
2,578,373	Total Equity	2,601,169	2,362,336
Non-Current Liabilities			
296,557	Interest bearing loans and borrowings	794,698	363,692
195,969	Deferred tax liabilities	192,897	209,370
289,559	Retirement benefit obligations	307,522	240,494
782,085		1,295,116	813,556
Current Liabilities			
711,529	Trade and other payables	744,744	1,058,389
548,521	Current portion of interest bearing loans and borrowings	228,677	497,589
6,811	Amounts due to Hayleys PLC	11,605	6,470
17,416	Income tax payable	25,486	27,733
103,508	Other current non financial liabilities	121,095	30,977
1,686,803	Short term interest bearing loans and borrowings	1,585,391	1,603,091
3,074,588		2,716,997	3,224,249
6,435,046	Total Equity and Liabilities	6,613,282	6,400,141

The financial statements prepared and presented in US Dollars reflect the economic substance of underlying events and circumstances of the enterprise. The supplementary information in SL Rupees is presented for convenience purposes only. The statements presented in SL Rupees are not a full set of financial statements and are not purported to comply with Sri Lanka Accounting Standards. They represent selected information taken from the US Dollar financial statements, translated into SL Rupees generally using the principles set out in Sri Lanka Accounting Standards (LKAS) 21 for the translation of financial statements to a presentation currency from a measurement currency. Revenue and costs are converted using the average exchange rate for the period. Assets and liabilities are converted using the exchange rate at the end of the period. The revenue reserves incorporates the profit for the period reflected in the income statements.

In accordance with advice received from the Urgent Issue Task Force of the Institute of Chartered Accountants of Sri Lanka, stated capital is represented at it's original SL Rupee value.

Following exchange rates were used to convert the financial statements into LKR.	30.09.2016		30.09.2015	
	6 months	3 months	6 months	3 months
Statement of Profit or Loss and Other Comprehensive Income	148.05	148.34	137.28	138.35
Statement of Financial Position	148.18		143.06	

Hayleys Fabric PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME TRANSLATED INTO LKR

Year ended 31.03.16 LKR '000 Audited	6 months to 30.09.16 LKR '000 Unaudited	6 months to 30.09.15 LKR '000 Unaudited	variance %	3 months to 30.09.16 LKR '000 Unaudited	3 months to 30.09.15 LKR '000 Unaudited	variance %
8,494,841 Revenue	4,264,958	4,378,647	-3	2,214,760	2,356,728	-6
(7,424,035) Cost of Sales	(3,725,492)	(3,782,617)	-2	(1,939,579)	(2,045,604)	-5
1,070,806 Gross Profit	539,466	596,030	-9	275,181	311,124	-12
2,882 Other Operating Income	1,836	539		-	445	
(577,883) Administrative Expenses	(355,926)	(288,190)	+24	(181,563)	(125,298)	+45
(87,666) Distribution Expenses	(39,065)	(66,995)	-42	(17,955)	(38,389)	-53
(32,760) Other Expenses	-	(24,847)		-	(9,684)	
(118,373) Net Financing Costs	(74,817)	(63,220)	+18	(42,567)	(27,377)	+55
257,006 Profit Before Tax	71,494	153,317	-53	33,097	110,821	-70
4,599 Income Tax (Expense)/Reversal	(8,336)	(15,606)	-47	(2,576)	(8,030)	-68
261,605 Profit for the period	63,158	137,711	-54	30,521	102,790	-70
Other Comprehensive Income						
(36,671) Actuarial gain/(loss) on defined benefit plans	-	-		-	-	
4,401 Income tax effect	-	-		-	-	
229,335 Total Comprehensive Income, Net of Tax	63,158	137,711		30,521	102,790	
1.26 Earnings per Share	0.30	0.66		0.15	0.49	