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Interim Report

Second quarter, 6 months ended 30th September 2018

**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.Jayatileka

Ms.Yogadinusha Bhaskaran (*Alternative Director to K.D.D.Perera*)

I.B.R.R. Bandara (*Appointed w.e.f. 15th May 2018*)

### 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

People's Bank

### Auditors

Ernst & Young

Chartered Accountants,

201, De Saram Place,

Colombo 10.

## Investor Information

Market value of shares	30.09.2018	30.09.2017
	(Rs.)	(Rs.)
Closing Price	8.60	15.10
Highest price recorded for the three months ending	10.20	17.20
Lowest price recorded for the three months ending	8.40	15.00
Highest price recorded for the six months ending	13.70	17.70
Lowest price recorded for the six months ending	8.40	13.60

### Share Trading

No. of transactions	3,116	7,157
No. of shares traded	7,257,788	22,229,603
Value of shares traded (Rs.)	75,813,334	365,654,371

### First twenty Shareholders as at 30.09.2018

Name of Shareholder	No. of Shares	%
Hayleys PLC No.3 Share Investment Account	122,487,023	58.96
The Ceylon Guardian Investment Trust PLC. A/C No 02.	8,645,207	4.16
The Ceylon Investment PLC. A/C No 02.	8,474,184	4.08
Union Assurance PLC/ A/C No.05 (Unit-Linked Life Insurance Fund - Equity Fund)	6,007,625	2.89
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	2,506,275	1.21
Mr. A.M.Weerasinghe	1,850,000	0.89
Mr.A.N.Esufally	1,815,000	0.87
Hatton National Bank PLC A/C No. 4 (HNB Retirement Pension Fund)	1,528,934	0.74
Freudenberg Shipping Agencies Limited	841,786	0.41
The Sri Lanka Fund	817,132	0.39
Bank of Ceylon A/C NDB Wealth Growth Fund	774,565	0.37
Bank of Ceylon No.01 Account	774,098	0.37
Mr.G Dangampola & Mrs.N.P.Dangampola	773,077	0.37
Mr. K.A.S.R Nissanka	700,000	0.34
Mrs.V.Saraswathy	650,535	0.31
Mrs. M.T.Moosajee	569,496	0.27
Allnatt Investments (Pvt) Ltd	565,844	0.27
<b>Total</b>	<b>173,830,615</b>	<b>83.68</b>

The percentage of shares held by public as at 30th September, 2018 was 36.92%.

Number of shareholders representing Public Holding was 3,365.

### Directors' Shareholding As At 30.09.2018

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.I.B.R.R.Bandara	5,000	

\* 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.

	30.09.2018	31.03.2018
Number of shares	207,740,888	207,740,888
Net assets per share	-USD 0.08	0.08
	-LKR 14.47	12.92

## Hayleys Fabric PLC

### STATEMENT OF FINANCIAL POSITION

As at 31.03.18		As at 30.09.18	As at 30.09.17
USD		USD	USD
Audited		Unaudited	Unaudited
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
25,015,918	Property, plant and equipment	24,885,324	25,250,994
152,030	Intangible assets	108,118	153,450
25,167,948		24,993,442	25,404,444
<b>Current Assets</b>			
11,524,663	Inventories	14,242,910	11,502,500
7,896,734	Trade receivables	7,546,125	6,977,399
664,891	Other receivables	539,870	1,280,162
489,158	Advances and prepayments	376,646	634,439
345,731	Cash and cash equivalents	1,142,542	1,078,472
20,921,177		23,848,093	21,472,972
46,089,125	<b>Total Assets</b>	<b>48,841,535</b>	<b>46,877,416</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
17,561,761	Stated capital	17,561,761	17,561,761
1,240,369	Revaluation reserve	1,240,369	1,442,289
(1,765,160)	Retained losses	(1,209,164)	(1,485,377)
17,036,970	<b>Total Equity</b>	<b>17,592,966</b>	<b>17,518,673</b>
<b>Non-Current Liabilities</b>			
3,286,112	Interest bearing loans and borrowings	2,119,444	4,543,072
1,360,184	Deferred tax liabilities	1,360,185	1,193,714
2,033,015	Retirement benefit obligations	2,024,884	2,294,339
6,679,311		5,504,513	8,031,125
<b>Current Liabilities</b>			
8,212,686	Trade and other payables	10,475,811	6,692,834
2,694,508	Current portion of interest bearing loans and borrowings	2,423,627	2,875,097
52,934	Amounts due to Hayleys PLC	48,330	53,349
-	Income tax payable	-	31,657
686,665	Other current non financial liabilities	764,650	894,349
10,726,051	Short term interest bearing loans and borrowings	12,031,638	10,780,332
22,372,844		25,744,056	21,327,618
46,089,125	<b>Total Equity and Liabilities</b>	<b>48,841,535</b>	<b>46,877,416</b>

The Statement of Financial Position as at 30th September 2018 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

Director- Finance

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

31<sup>st</sup> October 2018

Sgd.

E.R.P.Goonetilleke

Managing Director

## Hayleys Fabric PLC

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31.03.18 USD Audited	6 months to 30.09.18 USD Unaudited	6 months to 30.09.17 USD Unaudited	Variance %	3 months to 30.09.18 USD Unaudited	3 months to 30.09.17 USD Unaudited	Variance %
57,686,803 Revenue	31,924,743	28,587,389	+12	17,035,974	15,515,579	+10
(51,609,217) Cost of Sales	(27,950,066)	(25,698,398)	+9	(14,942,693)	(14,013,104)	+7
6,077,586 Gross Profit	3,974,677	2,888,991	+38	2,093,281	1,502,475	+39
60,914 Other Operating Income	43,391	18,405	+136	43,391	18,171	+139
(4,724,567) Administrative Expenses	(2,523,836)	(2,202,503)	+15	(1,265,854)	(1,006,053)	+26
(488,944) Distribution Expenses	(351,030)	(280,711)	+25	(154,909)	(156,542)	-1
- Other Expenses	(33,730)	-		(21,257)	-	
(974,034) Net Financing Costs	(397,855)	(490,976)	-19	(158,346)	(262,197)	-40
(49,045) Profit /(Loss) Before Tax	711,617	(66,794)	+1165	536,306	95,854	+460
(630,471) Income Tax	(155,621)	-		(81,328)	-	
(679,516) Profit / (loss) for the period	555,996	(66,794)	+932	454,978	95,854	+375
<b>Other Comprehensive Income not to be reclassified to profit or loss</b>						
(201,920) Income tax effect on revaluation of land	-	-		-	-	
387,138 Actuarial gain on defined benefit plans	-	-		-	-	
(54,199) Income tax effect effect on actuarial gain on defined benefit plans	-	-		-	-	
(548,497) Total Comprehensive Income/(Loss), Net of Tax	555,996	(66,794)		454,978	95,854	
(0.003) Earnings/(Loss) per Share	0.003	(0.000)		0.002	0.000	

## 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 2018				
Balance as at 31st March 2018	17,561,761	1,240,369	(1,765,160)	17,036,970
Profit for the period	-	-	555,996	555,996
<b>Balance as at 30th September 2018</b>	<b>17,561,761</b>	<b>1,240,369</b>	<b>(1,209,164)</b>	<b>17,592,966</b>
For the period ended 30th September 2017				
Balance as at 31st March 2017	17,561,761	1,442,289	(1,418,583)	17,585,467
Loss for the period	-	-	(66,794)	(66,794)
<b>Balance as at 30th September 2017</b>	<b>17,561,761</b>	<b>1,442,289</b>	<b>(1,485,377)</b>	<b>17,518,673</b>

## Hayleys Fabric PLC

### STATEMENT OF CASH FLOWS

year ended		6 months to	6 months to
31.03.18	Cash flows from / (used in) operating activities	30.09.18	30.09.17
USD		USD	USD
Audited		Unaudited	Unaudited
(49,045)	Profit/(loss) before Income tax expense	711,617	(66,794)
	Adjustments for		
1,955,485	Depreciation on property, plant and equipment	977,795	978,767
143,410	Amortization of Intangible Assets	48,126	96,684
394,668	Provision for retiring gratuity	217,952	193,661
(47,507)	Net unrealised gain on translation of foreign currency	(155,192)	(13,671)
827,555	Net finance costs	491,791	421,583
(182)	(Profit)/Loss on disposal of property, plant and equipment	13,730	-
-	Provision for impairment of Property, Plant and Equipment	20,000	-
(60,732)	Debtors / Creditors write back	(43,391)	(18,405)
65,566	Provision for bad and doubtful debts	89,807	20,924
73,041	Provision / (reversal) of slow moving inventories	113,353	(127,916)
3,302,259	Operating profit before working capital changes	2,485,588	1,484,833
(1,272,576)	(Increase)/decrease in trade and other receivables	429,214	(214,420)
733,612	Decrease in advances and prepayments	112,512	588,331
(389,861)	Increase in inventories	(2,831,600)	(166,741)
2,992,095	Increase in trade and other payables and other non financial liabilities	1,836,107	1,559,707
5,365,529	Cash flows from operations	2,031,821	3,251,710
(123,598)	Retiring gratuity paid	(70,886)	(82,242)
(794,970)	Interest paid	(457,068)	(385,660)
(211,448)	Economic service charge paid	(150,258)	(64,991)
4,235,513	Net cash flows from operating activities	1,353,609	2,718,817
	Cash flows used in investing activities		
(2,329,077)	Purchase and construction of property, plant and equipment	(428,996)	(1,616,267)
509	Proceeds from disposal of property, plant and equipment	8,374	-
(48,233)	Purchase of Intangible Assets	(4,214)	(2,927)
1,027	Interest received	-	1,027
(2,375,774)	Net cash used in investing activities	(424,836)	(1,618,167)
	Cash flows from / (used in) financing activities		
(2,572,428)	Repayment of term loans	(1,437,549)	(1,134,880)
(2,572,428)	Net cash flows used in financing activities	(1,437,549)	(1,134,880)
(712,690)	Net decrease in cash and cash equivalents	(508,776)	(34,230)
(9,667,630)	Cash and cash equivalents at the beginning of the year	(10,380,320)	(9,667,630)
(10,380,320)	Cash and cash equivalents at the end of the period - Note A	(10,889,096)	(9,701,860)
	Note A		
	Analysis of cash and cash equivalents		
345,731	Cash and bank balances	1,142,542	1,078,472
(10,726,051)	Short term borrowings	(12,031,638)	(10,780,332)
(10,380,320)		(10,889,096)	(9,701,860)

## Hayleys Fabric PLC

### Notes to the Financial Statements

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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 31.03.2018.
3. Contingent liability as at 30th September 2018, on bills discounted amounted to USD 2,780.
4. There were no material events that took place subsequent to the reporting date, which require disclosure in these Financial Statements.



## Hayleys Fabric PLC

## STATEMENT OF FINANCIAL POSITION TRANSLATED INTO LKR

As at 31.03.18		As at 30.09.18	As at 30.09.17
LKR '000		LKR '000	LKR '000
Audited		Unaudited	Unaudited
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
3,939,757	Property, plant and equipment	4,251,906	3,911,631
23,943	Intangible assets	18,473	23,771
3,963,700		4,270,380	3,935,402
<b>Current Assets</b>			
1,815,019	Inventories	2,433,544	1,781,852
1,243,657	Trade receivables	1,289,331	1,080,869
104,714	Other receivables	92,242	198,310
77,037	Advances and prepayments	64,354	98,281
54,449	Cash and cash equivalents	195,215	167,066
3,294,876		4,074,685	3,326,378
7,258,576	<b>Total Assets</b>	<b>8,345,065</b>	<b>7,261,780</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
1,968,193	Stated capital	1,968,193	1,968,193
195,346	Revaluation reserve	211,929	223,425
(59,237)	Retained Profit/(losses)	30,895	(15,720)
578,850	Exchange fluctuation reserve	794,917	537,920
2,683,152	<b>Total Equity</b>	<b>3,005,934</b>	<b>2,713,818</b>
<b>Non-Current Liabilities</b>			
517,530	Interest bearing loans and borrowings	362,128	703,767
214,215	Deferred tax liabilities	232,401	184,918
320,180	Retirement benefit obligations	345,972	355,416
1,051,925		940,501	1,244,101
<b>Current Liabilities</b>			
1,293,416	Trade and other payables	1,789,897	1,036,787
424,357	Current portion of interest bearing loans and borrowings	414,101	445,381
8,337	Amounts due to Hayleys PLC	8,258	8,264
-	Income tax payable	-	4,904
108,143	Other current non financial liabilities	130,648	138,544
1,689,246	Interest bearing loans and borrowings	2,055,726	1,669,981
3,523,499		4,398,629	3,303,861
7,258,576	<b>Total Equity and Liabilities</b>	<b>8,345,065</b>	<b>7,261,780</b>

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.	30.09.2018		30.09.2017	
	6 months	3 months	6 months	3 months
Statement of Profit or Loss and Other Comprehensive Income	162.11	164.84	154.83	155.01
Statement of Financial Position	170.86		154.91	

## Hayleys Fabric PLC

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

Year ended 31.03.18 LKR '000 Audited	6 months to 30.09.18 LKR '000 Unaudited	6 months to 30.09.17 LKR '000 Unaudited	variance %	3 months to 30.09.18 LKR '000 Unaudited	3 months to 30.09.17 LKR '000 Unaudited	variance %
8,964,529 Revenue	5,175,267	4,426,233	+17	2,808,267	2,405,070	+17
(8,020,072) Cost of Sales	(4,530,939)	(3,978,926)	+14	(2,463,203)	(2,172,171)	+13
944,457 Gross Profit	644,328	447,307	+44	345,063	232,899	+48
9,466 Other Operating Income	7,034	2,850	+147	7,153	2,817	+154
(734,198) Administrative Expenses	(409,135)	(341,017)	+20	(208,668)	(155,948)	+34
(75,982) Distribution Expenses	(56,905)	(43,463)	+31	(25,536)	(24,266)	+5
- Other Expenses	(5,468)	-		(3,504)	-	
(151,365) Net Financing Costs	(64,496)	(76,019)	-15	(26,102)	(40,643)	-36
(7,622) Profit /(Loss) Before Tax	115,359	(10,342)	+1215	88,406	14,858	+495
(97,975) Income Tax	(25,227)	-		(13,406)	-	
(105,597) Profit/(Loss) for the period	90,132	(10,342)	+972	75,000	14,858	+405
<b>Other Comprehensive Income not to be reclassified to profit or loss</b>						
(31,378) Income tax effect on revaluation of land	-	-				
60,161 Actuarial gain on defined benefit plans	-	-				
(8,423) Income tax effect effect on actuarial gain on defined benefit plans	-	-				
(85,237) Total Comprehensive Income /(Loss), Net of Tax	90,132	(10,342)		75,000	14,858	
(0.51) Earnings/(Loss) per Share	0.43	(0.05)		0.36	0.07	