



Interim Report

Third quarter, 9 months ended 31st December 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	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Closing Price	9.10	13.50
Highest price recorded for the three months ending	10.90	16.70
Lowest price recorded for the three months ending	8.50	13.50
Highest price recorded for the nine months ending	13.70	17.70
Lowest price recorded for the nine months ending	8.40	13.50

Share Trading

No. of transactions	6,066	8,560
No. of shares traded	18,633,201	26,795,162
Value of shares traded (Rs.)	183,876,641	437,301,200

First twenty Shareholders as at 31.12.2018

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
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	2,467,400	1.19
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)	1,508,934	0.73
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
South Asian Investments (Pvt) Limited	649,300	0.31
Merchant Bank of Sri Lanka & Finance PLC 01	630,408	0.30
Mr. D.F.G. Dalpethado & Mrs. H.F.A.K.D.Fonseka	593,058	0.29
Total	168,501,541	81.11

The percentage of shares held by public as at 31st December, 2018 was 36.92%.

Number of shareholders representing Public Holding was 3,571.

Directors' Shareholding As At 31.12.2018

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.

	31.12.2018	31.03.2018
Number of shares	207,740,888	207,740,888
Net assets per share	-USD 0.09	0.08
	-LKR 16.12	12.92

Hayleys Fabric PLC

STATEMENT OF FINANCIAL POSITION

As at 31.03.18		As at 31.12.18	As at 31.12.17
USD		USD	USD
Audited		Unaudited	Unaudited
ASSETS			
Non-Current Assets			
25,015,918	Property, plant and equipment	24,522,738	25,221,598
152,030	Intangible assets	84,541	176,127
25,167,948		24,607,279	25,397,725
Current Assets			
11,524,663	Inventories	13,649,800	10,789,332
7,896,734	Trade receivables	7,910,767	6,538,158
664,891	Other receivables	414,625	1,360,845
489,158	Advances and prepayments	516,155	518,839
345,731	Cash and cash equivalents	1,276,639	227,885
20,921,177		23,767,986	19,435,059
46,089,125	Total Assets	48,375,265	44,832,784
EQUITY AND LIABILITIES			
Capital and Reserves			
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	(612,716)	(1,554,956)
17,036,970	Total Equity	18,189,414	17,449,094
Non-Current Liabilities			
3,286,112	Interest bearing loans and borrowings	1,686,111	3,869,445
1,360,184	Deferred tax liabilities	1,360,185	1,193,714
2,033,015	Retirement benefit obligations	1,954,194	2,351,279
6,679,311		5,000,490	7,414,438
Current Liabilities			
8,212,686	Trade and other payables	9,323,826	6,256,505
2,694,508	Current portion of interest bearing loans and borrowings	2,493,333	2,829,949
52,934	Amounts due to Hayleys PLC	45,644	52,888
-	Income tax payable	-	7,607
686,665	Other current non financial liabilities	953,848	798,849
10,726,051	Short term interest bearing loans and borrowings	12,368,710	10,023,454
22,372,844		25,185,361	19,969,252
46,089,125	Total Equity and Liabilities	48,375,265	44,832,784

The Statement of Financial Position as at 31st December 2018 and Statements of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flow for nine 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

21st January 2019

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	9 months to 31.12.18 USD Unaudited	9 months to 31.12.17 USD Unaudited	Variance %	3 months to 31.12.18 USD Unaudited	3 months to 31.12.17 USD Unaudited	Variance %
57,686,803 Revenue	51,428,468	42,399,954	+21	19,503,725	13,812,565	+41
(51,609,217) Cost of Sales	(45,379,784)	(38,032,348)	+19	(17,429,718)	(12,333,950)	+41
6,077,586 Gross Profit	6,048,684	4,367,606	+38	2,074,007	1,478,615	+40
60,914 Other Operating Income	45,610	18,425	+148	2,219	20	+10,995
(4,724,567) Administrative Expenses	(3,589,908)	(3,412,200)	+5	(1,066,072)	(1,209,697)	-12
(488,944) Distribution Expenses	(523,332)	(371,348)	+41	(172,302)	(90,637)	+90
- Other Expenses	(48,730)	-		(15,000)	-	
(974,034) Net Financing Costs	(529,927)	(738,856)	-28	(132,072)	(247,880)	-47
(49,045) Profit /(Loss) Before Tax	1,402,397	(136,373)	+1,128	690,780	(69,579)	+1,093
(630,471) Income Tax	(249,953)	-		(94,332)	-	
(679,516) Profit / (loss) for the period	1,152,444	(136,373)	+945	596,448	(69,579)	+957
Other Comprehensive Income not to be reclassified to profit or loss						
(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	1,152,444	(136,373)		596,448	(69,579)	
(0.003) Earnings/(Loss) per Share	0.006	(0.001)		0.003	(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 31st December 2018				
Balance as at 31st March 2018	17,561,761	1,240,369	(1,765,160)	17,036,970
Profit for the period	-	-	1,152,444	1,152,444
Balance as at 31st Decmeber 2018	17,561,761	1,240,369	(612,716)	18,189,414
For the period ended 31st December 2017				
Balance as at 31st March 2017	17,561,761	1,442,289	(1,418,583)	17,585,467
Loss for the period	-	-	(136,373)	(136,373)
Balance as at 31st December 2017	17,561,761	1,442,289	(1,554,956)	17,449,094

Hayleys Fabric PLC

STATEMENT OF CASH FLOWS

year ended		9 months to	9 months to
31.03.18	Cash flows from / (used in) operating activities	31.12.18	31.12.17
USD		USD	USD
Audited		Unaudited	Unaudited
(49,045)	Profit/(loss) before Income tax expense	1,402,397	(136,373)
	Adjustments for		
1,955,485	Depreciation on property, plant and equipment	1,497,234	1,468,116
143,410	Amortization of Intangible Assets	71,703	119,314
394,668	Provision for retiring gratuity	303,129	291,602
(47,507)	Net unrealised gain on translation of foreign currency	(283,824)	(18,492)
827,555	Net finance costs	741,905	620,320
(182)	(Profit)/Loss on disposal of property, plant and equipment	13,730	-
-	Provision for impairment of Property, Plant and Equipment	35,000	-
(60,732)	Debtors / Creditors write back	(45,610)	(18,425)
65,566	Provision for bad and doubtful debts	16,718	29,727
73,041	Provision / (reversal) of slow moving inventories	107,363	(55,089)
3,302,259	Operating profit before working capital changes	3,859,745	2,300,700
(1,272,576)	(Increase)/decrease in trade and other receivables	265,125	135,355
733,612	(Increase)/Decrease in advances and prepayments	(26,997)	703,931
(389,861)	(Increase)/Decrease in inventories	(2,232,500)	473,600
2,992,095	Increase in trade and other payables and other non financial liabilities	1,144,882	1,050,679
5,365,529	Cash flows from operations	3,010,255	4,664,265
(123,598)	Retiring gratuity paid	(98,121)	(118,419)
(794,970)	Interest paid	(707,252)	(591,066)
(211,448)	Economic service charge paid	(231,198)	(142,538)
4,235,513	Net cash flows from operating activities	1,973,684	3,812,242
	Cash flows used in investing activities		
(2,329,077)	Purchase and construction of property, plant and equipment	(888,419)	(2,039,320)
509	Proceeds from disposal of property, plant and equipment	8,374	-
(48,233)	Purchase of Intangible Assets	(4,214)	(48,234)
1,027	Interest received	-	1,027
(2,375,774)	Net cash used in investing activities	(884,259)	(2,086,527)
	Cash flows from / (used in) financing activities		
-	Proceeds from long term loans	310,000	-
(2,572,428)	Repayment of term loans	(2,111,176)	(1,853,654)
(2,572,428)	Net cash flows used in financing activities	(1,801,176)	(1,853,654)
(712,690)	Net decrease in cash and cash equivalents	(711,751)	(127,939)
(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	(11,092,071)	(9,795,569)
	Note A		
	Analysis of cash and cash equivalents		
345,731	Cash and bank balances	1,276,639	227,885
(10,726,051)	Short term borrowings	(12,368,710)	(10,023,454)
(10,380,320)		(11,092,071)	(9,795,569)

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 31.03.2018.
3. Contingent liability as at 31st December 2018, on bills discounted amounted to USD 41,361.
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 31.12.18	As at 31.12.17
LKR '000		LKR '000	LKR '000
Audited		Unaudited	Unaudited
ASSETS			
Non-Current Assets			
3,939,757	Property, plant and equipment	4,514,146	3,913,131
23,943	Intangible assets	15,562	27,326
3,963,700		4,529,708	3,940,457
Current Assets			
1,815,019	Inventories	2,512,655	1,673,965
1,243,657	Trade receivables	1,456,214	1,014,395
104,714	Other receivables	76,324	211,135
77,037	Advances and prepayments	95,014	80,498
54,449	Cash and cash equivalents	235,004	35,356
3,294,876		4,375,211	3,015,349
7,258,576	Total Assets	8,904,919	6,955,805
EQUITY AND LIABILITIES			
Capital and Reserves			
1,968,193	Stated capital	1,968,193	1,968,193
195,346	Revaluation reserve	228,327	223,771
(59,237)	Retained Profit/(losses)	134,589	(26,515)
578,850	Exchange fluctuation reserve	1,017,198	541,778
2,683,152	Total Equity	3,348,307	2,707,227
Non-Current Liabilities			
517,530	Interest bearing loans and borrowings	310,379	600,344
214,215	Deferred tax liabilities	250,383	185,205
320,180	Retirement benefit obligations	359,728	364,801
1,051,925		920,490	1,150,349
Current Liabilities			
1,293,416	Trade and other payables	1,716,330	970,697
424,357	Current portion of interest bearing loans and borrowings	458,973	439,067
8,337	Amounts due to Hayleys PLC	8,402	8,206
-	Income tax payable	-	1,180
108,143	Other current non financial liabilities	175,584	123,941
1,689,246	Interest bearing loans and borrowings	2,276,832	1,555,139
3,523,499		4,636,121	3,098,229
7,258,576	Total Equity and Liabilities	8,904,919	6,955,805

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.	31.12.2018		31.12.2017	
	9 months	3 months	9 months	3 months
Statement of Profit or Loss and Other Comprehensive Income	168.19	180.34	155.00	155.33
Statement of Financial Position	184.08		155.15	

Hayleys Fabric PLC

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

Year ended 31.03.18 LKR '000 Audited	9 months to 31.12.18 LKR '000 Unaudited	9 months to 31.12.17 LKR '000 Unaudited	variance %	3 months to 31.12.18 LKR '000 Unaudited	3 months to 31.12.17 LKR '000 Unaudited	variance %
8,964,529 Revenue	8,649,583	6,571,852	+32	3,517,367	2,145,460	+64
(8,020,072) Cost of Sales	(7,632,275)	(5,894,887)	+29	(3,143,333)	(1,915,791)	+64
944,457 Gross Profit	1,017,308	676,964	+50	374,033	229,668	+63
9,466 Other Operating Income	7,671	2,856	+169	400	3	+12,782
(734,198) Administrative Expenses	(603,775)	(528,880)	+14	(192,259)	(187,898)	+2
(75,982) Distribution Expenses	(88,017)	(57,558)	+53	(31,074)	(14,078)	+121
- Other Expenses	(8,196)	-		(2,705)	-	
(151,365) Net Financing Costs	(89,127)	(114,520)	-22	(23,818)	(38,502)	-38
(7,622) Profit /(Loss) Before Tax	235,864	(21,137)	+1,216	124,578	(10,807)	+1,253
(97,975) Income Tax	(42,039)	-		(17,012)	-	
(105,597) Profit/(Loss) for the period	193,826	(21,137)	+1,017	107,565	(10,807)	+1,095
Other Comprehensive Income not to be reclassified to profit or loss						
(31,378) Income tax effect on revaluation of land	-	-				
60,161 Actuarial gain on defined benefit plans	-	-				
(8,423) Income tax effect on actuarial gain on defined benefit plans	-	-				
(85,237) Total Comprehensive Income /(Loss), Net of Tax	193,826	(21,137)		107,565	(10,807)	
(0.51) Earnings/(Loss) per Share	0.93	(0.10)		0.52	(0.05)	