

HARISCHANDRA MILLS PLC.

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

HARISCHANDRA MILLS PLC
INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2016

CORPORATE INFORMATION

Legal form

A Public Company with Limited Liability incorporated in Sri Lanka, whose shares are Listed in the Colombo Stock Exchange.

Registration No.

PQ 225

Date of incorporation

9th January 1953

Registered office

No. 11, C.A.Harischandra Mawatha, Matara.

Secretaries

Corporate Services (Pvt) Limited.
216, De Saram Place,
Colombo 10

Auditors

KPMG

(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3.

Internal auditors

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

Legal advisors

F J & G De Saram
Attorneys - at - Law
216, De Saram Place,
Colombo 10

Subsidiary company

Harischandra Mills (Distributors) Limited
(wholly owned) incorporated in Sri Lanka

Board of Directors

Bastiansz M.A. (Chairman)
Samarasinghe S.N. (Managing Director)
De Silva G.S.V.
De Silva M.P. (Mrs.)
Bandaranayake T.K.
Jayasundara S. A S.
Samarasinghe R.K (Mrs.)

Remuneration Committee

Bastiansz M.A. (Chairman)
Jayasundara S. A S.

Audit Committee

Bandaranayake T.K.
Jayasundara S. A S.

Related Party Transactions Review Committee

Bastiansz M.A. (Chairman)
Jayasundara S. A S.
Samarasinghe S.N.

HARISCHANDRA MILLS PLC
INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2016

INCOME STATEMENT
GROUP

	Quarter Ended 30 September			Six months ended 30 September			Year Ended 31 March (Audited)
	2016 Rs. '000	2015 Rs. '000	VARIANCE %	2016 Rs. '000	2015 Rs. '000	VARIANCE %	2016 Rs. '000
Revenue	779,594	712,344	9	1,444,415	1,360,619	6	2,826,223
Cost of sales	(628,484)	(539,057)	17	(1,173,211)	(1,030,724)	14	(2,193,852)
Gross profit	151,110	173,287	(13)	271,204	329,895	(18)	632,371
Other income	18,327	11,523	59	27,388	18,323	49	30,889
	169,437	184,810	(8)	298,592	348,218	(14)	663,260
Administrative expenses	(55,108)	(52,298)	5	(107,791)	(103,865)	4	(207,257)
Selling & distribution expenses	(62,225)	(62,126)	0	(121,957)	(119,511)	2	(257,236)
Result from operating activities	52,104	70,386	(26)	68,844	124,842	(45)	198,767
Finance income	4,587	6,214	(26)	9,370	10,799	(13)	19,440
Finance expenses	(1,675)	(5)	33,398	(1,912)	(9)	21,144	(174)
Net finance income/(expenses)	2,912	6,209	(53)	7,458	10,790	(31)	19,266
Profit from ordinary activities before tax	55,016	76,595	(28)	76,302	135,632	(44)	218,033
Income tax expenses	(9,940)	(20,565)	(52)	(13,665)	(37,095)	(63)	(76,646)
Profit after taxation attributable to shareholders of Harischandra Mills PLC	45,076	56,030		62,637	98,537		141,387
	Rs.	Rs.		Rs.	Rs.		Rs.
Basic/Diluted Earnings per Share	46.96	58.38		65.26	102.66		147.31

Notes :

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

All values are in Rs.'000, unless otherwise stated.

HARISCHANDRA MILLS PLC**INTERIM FINANCIAL STATEMENTS**

For the six months ended 30 September 2016

**STATEMENT OF COMPREHENSIVE INCOME
GROUP**

	Quarter Ended 30 September			Six months ended 30 September			Year Ended 31 March (Audited)
	2016	2015	VARIANCE	2016	2015	VARIANCE	2016
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%	Rs. '000
Profit for the period	45,076	56,030	(20)	62,637	98,537	(36)	141,387
Other comprehensive income							
Gain/(Loss) on fair valuation of Financial Assets	4,366	1,568	178	6,134	1,808	239	(3,598)
Actuarial loss from Re- measurement of employee benefit obligation	-	-		-	-		1,029
Related Tax							(288)
Other comprehensive income for the period	4,366	1,568	178	6,134	1,808	239	(2,857)
Total comprehensive income for the period	49,442	57,598	(14)	68,771	100,345	(31)	138,530

Notes :

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

All values are in Rs.'000, unless otherwise stated.

HARISCHANDRA MILLS PLC
INTERIM FINANCIAL STATEMENTS
As at 30 September 2016

STATEMENT OF FINANCIAL POSITION
GROUP

	As at 30.09.2016	As at 30.09.2015	As at 31.03.2016 (Audited)
	Rs. '000	Rs. '000	Rs. '000
ASSETS			
Non-current assets			
Property, plant & equipment	761,560	673,238	746,850
Intangible assets	3,639	4,286	4,019
Available for Sale Financial Assets	41,491	39,759	35,357
Total non-current assets	<u>806,690</u>	<u>717,283</u>	<u>786,226</u>
Current assets			
Inventories	178,035	142,307	161,560
Trade and other receivables	330,189	270,385	305,935
Tax receivable	16,127	-	-
Short term deposits	150,747	282,581	217,284
Cash & bank balances	64,064	55,465	38,827
Total current assets	<u>739,162</u>	<u>750,738</u>	<u>723,606</u>
Total assets	<u>1,545,852</u>	<u>1,468,021</u>	<u>1,509,832</u>
EQUITY & LIABILITIES			
Equity			
Stated capital	9,598	9,598	9,598
Available for sale Reserve	23,009	22,281	16,875
Other components of equity	1,131,218	1,105,457	1,150,164
Total equity attributable to equity holders of the company	<u>1,163,825</u>	<u>1,137,336</u>	<u>1,176,637</u>
Non Current Liabilities			
Deferred liabilities	109,887	101,218	105,516
Total non current liabilities	<u>109,887</u>	<u>101,218</u>	<u>105,516</u>
Current Liabilities			
Trade and other payables	175,950	154,429	149,281
Provision for taxation	-	22,996	10,877
Bank overdraft	96,190	52,042	67,521
Total current liabilities	<u>272,140</u>	<u>229,467</u>	<u>227,679</u>
Total liabilities	<u>382,027</u>	<u>330,685</u>	<u>333,195</u>
Total equity & liabilities	<u>1,545,852</u>	<u>1,468,021</u>	<u>1,509,832</u>
	Rs.	Rs.	Rs.
Net Assets Value Per Share	1,212.57	1,184.97	1,225.92

Notes:

The above figures are provisional and subject to audit.
All values are in Rs.'000, unless otherwise stated.

I certify that these financial statements comply with the requirements of Companies Act No.07 of 2007.

Sgd.
.....
C.T.Gajanayake - Chief Financial Officer

Signed for and on behalf of the Board,

Sgd.
.....
S.N.Samarasinghe
Managing Director
08 November 2016

Sgd.
.....
G.S.V.De Silva
Director

HARISCHANDRA MILLS PLC**INTERIM FINANCIAL STATEMENTS**

For the six months ended 30 September 2016

INCOME STATEMENT**COMPANY**

	Quarter Ended 30 September			Six months ended 30 September			Year Ended 31 March (Audited)
	2016 Rs. '000	2015 Rs. '000	VARIANCE %	2016 Rs. '000	2015 Rs. '000	VARIANCE %	2016 Rs. '000
Revenue	779,594	712,344	9	1,444,415	1,360,619	6	2,826,223
Cost of sales	(628,484)	(539,057)	17	(1,173,211)	(1,030,724)	14	(2,193,852)
Gross profit	151,110	173,287	(13)	271,204	329,895	(18)	632,371
Other operating income	87,627	11,702	649	96,688	18,502	423	30,889
	238,737	184,989	29	367,892	348,397	6	663,260
Administrative expenses	(55,035)	(52,477)	5	(107,718)	(104,044)	4	(207,063)
Selling & distribution expenses	(62,225)	(62,126)	0	(121,957)	(119,511)	2	(257,236)
Profit from operating activities	121,477	70,386	73	138,217	124,842	11	198,961
Finance income	4,588	6,214	(26)	9,371	10,799	(13)	19,438
Finance expenses	(7,669)	(5)	153,280	(13,775)	(9)	152,956	(18,547)
Net finance income	(3,081)	6,209	(150)	(4,404)	10,790	(141)	891
Profit from ordinary activities before tax	118,396	76,595	55	133,813	135,632	(1)	199,852
Income tax expenses	(34,770)	(21,465)	62	(37,468)	(37,995)	(1)	(76,520)
Profit after taxation attributable to shareholders of Harischandra Mills PLC	83,626	55,130		96,345	97,637		123,332
	Rs.	Rs.		Rs.	Rs.		Rs.
Basic/ Diluted earnings per share for the period	87.13	57.44		100.38	101.73		128.50

Notes :

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All values are in Rs.'000, unless otherwise stated.

HARISCHANDRA MILLS PLC**INTERIM FINANCIAL STATEMENTS**

For the six months ended 30 September 2016

**STATEMENT OF COMPREHENSIVE INCOME
COMPANY**

	Quarter Ended 30 September			Six months ended 30 September			Year Ended 31 March (Audited)
	2016	2015	VARIANCE	2016	2015	VARIANCE	2016
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%	Rs. '000
Profit for the period	83,626	55,130	52	96,345	97,637	(1)	123,332
Other comprehensive income							
Gain/(Loss) on fair valuation of Financial Assets	4,366	1,568	178	6,134	1,808	239	(3,598)
Actuarial loss from Re- measurement of employee benefit obligation	-	-		-	-		1,029
Related Tax	-	-		-	-		(288)
Other comprehensive income for the period	4,366	1,568	178	6,134	1,808	239	(2,857)
Total comprehensive income for the period	87,992	56,698	55	102,479	99,445	3	120,475

Notes :

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Figures in brackets indicate deductions.

All values are in Rs.'000, unless otherwise stated.

HARISCHANDRA MILLS PLC
INTERIM FINANCIAL STATEMENTS

As at 30 September 2016

STATEMENT OF FINANCIAL POSITION
COMPANY

	As at 30.09.2016	As at 30.09.2015	As at 31.03.2016 (Audited)
	Rs. '000	Rs. '000	Rs. '000
ASSETS			
Non-current assets			
Property, plant & equipment	761,560	673,238	746,850
Intangible assets	3,639	4,286	4,019
Available for sale Financial Assets	41,491	39,759	35,357
Total non-current assets	<u>806,690</u>	<u>717,283</u>	<u>786,226</u>
Current assets			
Inventories	178,035	142,307	161,560
Trade and other receivables	330,189	270,385	305,935
Short term deposits	150,747	282,581	217,284
Cash & bank balances	63,882	55,465	38,827
Total current assets	<u>722,853</u>	<u>750,738</u>	<u>723,606</u>
Total assets	<u>1,529,543</u>	<u>1,468,021</u>	<u>1,509,832</u>
EQUITY & LIABILITIES			
Equity			
Stated Capital	9,598	9,598	9,598
Available for sale reserve	23,009	22,281	16,875
Other components of equity	951,458	909,144	936,696
Total equity attributable to equity holders of the company	<u>984,065</u>	<u>941,023</u>	<u>963,169</u>
Non current liabilities			
Deferred liabilities	109,887	101,218	105,516
Amounts due to subsidiary	68,782		137,518
Total non current liabilities	<u>178,669</u>	<u>101,218</u>	<u>243,034</u>
Current liabilities			
Trade and other payables	175,756	154,428	149,087
Amounts due to subsidiary	77,000	196,145	77,000
Provision for taxation	17,863	23,165	10,021
Bank overdraft	96,190	52,042	67,521
Total current liabilities	<u>366,809</u>	<u>425,780</u>	<u>303,629</u>
Total liabilities	<u>545,478</u>	<u>526,998</u>	<u>546,663</u>
Total equity & liabilities	<u>1,529,543</u>	<u>1,468,021</u>	<u>1,509,832</u>
	Rs.	Rs.	Rs.
Net assets value per share	1,025.28	980.44	1,003.51

Notes:

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I certify that these financial statements comply with the requirements of Companies Act No.07 of 2007.

.....Sgd.....
C.T.Gajanayake - Chief Financial Officer

Signed for and on behalf of the Board,

.....Sgd.....
S.N.Samarasinghe
Managing Director
08 November 2016

.....Sgd.....
G.S.V.De Silva
Director

HARISCHANDRA MILLS PLC
INTERIM FINANCIAL STATEMENTS

For the year ended 30 September 2016

STATEMENTS OF CHANGES IN EQUITY

2016

2015

	2016				2015			
	Stated Capital Rs.'000	Reserve on available for sale Financial Assets Rs.'000	Other Reserves Rs.'000	Total Equity Rs.'000	Stated Capital Rs.'000	Reserve on available for sale Financial Assets Rs.'000	Other Reserves Rs.'000	Total Equity Rs.'000
Group								
Balance as at 01 April	9,598	16,875	1,150,164	1,176,637	9,598	20,473	1,083,704	1,113,775
Retained profit for the Three months	-	-	17,561	17,561	-	-	42,507	42,507
Interim Dividend	-	-	(38,392)	(38,392)	-	-	(38,392)	(38,392)
Other Comprehensive Income	-	1,768	-	1,768	-	240	-	240
Balance as at 30 June	9,598	18,643	1,129,333	1,157,574	9,598	20,713	1,087,819	1,118,130
Retained profit for the Three months	-	-	45,076	45,076	-	-	56,030	56,030
Final Dividend	-	-	(43,191)	(43,191)	-	-	(38,392)	(38,392)
Other Comprehensive Income	-	4,366	-	4,366	-	1,568	-	1,568
Balance as at 30 September	9,598	23,009	1,131,218	1,163,825	9,598	22,281	1,105,457	1,137,336
Company								
Balance as at 01 April	9,598	16,875	936,696	963,169	9,598	20,473	888,291	918,362
Retained profit for the Nine months	-	-	12,719	12,719	-	-	42,507	42,506
Interim Dividend	-	-	(38,392)	(38,392)	-	-	(38,392)	(38,392)
Other Comprehensive Income	-	1,768	-	1,768	-	240	-	240
Balance as at 30 June	9,598	18,643	911,023	939,264	9,598	20,713	892,406	922,716
Retained profit for the Three months	-	-	83,626	83,626	-	-	55,130	55,130
Final Dividend	-	-	(43,191)	(43,191)	-	-	(38,392)	(38,392)
Other Comprehensive Income	-	4,366	-	4,366	-	1,568	-	1,568
Balance as at 30 September	9,598	23,009	951,458	984,065	9,598	22,281	909,144	941,023

Notes :

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Figures in brackets indicate deductions.

All values are in Rs.'000, unless otherwise stated.

HARISCHANDRA MILLS PLC**INTERIM FINANCIAL STATEMENTS**

For the six months ended 30 September 2016

CASH FLOW STATEMENTS

	Six months ended 30 September 2016		Six months ended 30 September 2015	
	Company	Group	Company	Group
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities				
Net profit before taxation	133,813	76,302	135,632	135,632
Adjustment for				
Provision for gratuity (Net of Payment)	4,371	4,371	5,071	5,071
Depreciation & amortization	39,700	39,700	37,536	37,536
Net interest income	4,404	(7,458)	(10,790)	(10,790)
(Profit)/Loss on sale of property, plant & equipment	(22,597)	(22,597)	(13,627)	(13,627)
Operating profit before working capital changes	159,691	90,318	153,822	153,822
Change in working capital				
Change in inventories	(16,475)	(16,475)	(7,008)	(7,008)
Change in receivables	(24,254)	(24,254)	35,030	35,030
Change in payables	(42,068)	26,669	(2,220)	(2,678)
Cash generated from operations	76,894	76,258	179,624	179,166
Income tax paid	(29,625)	(40,669)	(41,170)	(41,170)
Net cash flows from operating activities	47,269	35,589	138,454	137,996
Cash flows used in investing activities				
Interest received (net)	(4,404)	7,458	10,790	10,790
Proceeds from sale of property, plant & equipment	23,143	23,143	13,711	13,711
Acquisition of property, plant & equipment	(54,576)	(54,576)	(72,240)	(72,240)
Net cash used in investing activities	(35,837)	(23,975)	(47,739)	(47,739)
Cash flows used in financing activities				
Dividends paid	(81,583)	(81,583)	(76,784)	(76,784)
Net cash used in financing activities	(81,583)	(81,583)	(76,784)	(76,784)
Net increase/(decrease) in cash & cash equivalents	(70,151)	(69,969)	13,931	13,473
Cash & Cash equivalents at the beginning	188,590	188,590	272,073	272,531
Cash & Cash equivalent at the end	118,439	118,621	286,004	286,004
Analysis of Cash & Cash Equivalents				
Cash in Hand	63,882	64,064	55,465	55,465
Short Term Deposits	150,747	150,747	282,581	282,581
Bank Overdrafts	(96,190)	(96,190)	(52,042)	(52,042)
	118,439	118,621	286,004	286,004

Notes :

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

All values are in Rs.'000, unless otherwise stated.

HARISCHANDRA MILLS PLC
INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2016

EXPLANATORY NOTES:

1. The Interim financial statements have been prepared in compliance with Sri Lanka Accounting Standard - LKAS 34- Interim Financial Reporting. These Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016.
2. The presentation and classification of figures for the corresponding period of the previous year have been rearranged, where relevant, to be comparable with those for the current period.
3. There have been no events subsequent to the Balance Sheet date, which require disclosures in the Interim Financial Statements.
4. The Company did not have any Contingent Liabilities outstanding as at the Balance Sheet date.

5. Industry segments analysis of turnover	GROUP/COMPANY			
	Quarter ended		Six months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Food products	505,835	457,101	929,820	861,855
Soap products	68,823	71,772	127,765	141,347
Fuel and Lubricant	204,936	183,471	386,830	357,417
	<u>779,594</u>	<u>712,344</u>	<u>1,444,415</u>	<u>1,360,619</u>

6. Segment information For the six months ended 30 September	Food products		Soap		Fuel & Lubricants		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Consolidated turnover	929,820	861,855	127,765	141,347	386,830	357,417	1,444,415	1,360,619
Segmental operating profit/(loss)	35,650	96,649	2,908	7,701	2,898	2,170	41,456	106,520
Other operating income							27,388	18,323
Net finance income							7,458	10,790
Profit before taxation							76,302	135,633
Income tax expenses							(13,665)	(37,095)
Profit after taxation							<u>62,637</u>	<u>98,537</u>

Segments information For the quarter ended 30 September	Food products		Soap		Fuel & Lubricants		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Consolidated turnover	505,835	457,101	68,823	71,772	204,936	183,471	779,594	712,344
Segmental operating profit/(loss)	31,137	52,291	856	5,309	1,784	1,263	33,777	58,863
Other operating income							18,327	11,523
Net finance income							2,912	6,209
Profit before taxation							55,016	76,595
Income tax expenses							(9,940)	(20,565)
Profit after taxation							<u>45,076</u>	<u>56,030</u>

HARISCHANDRA MILLS PLC
INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2016

EXPLANATORY NOTES Contd.....

7 Stated capital and number of shares

	COMPANY		
	as at 30.09.2016	as at 30.09.2015	as at 31.03.2016
Stated capital (Rs.)	9,598,000	9,598,000	9,598,000
No of shares (Nos.)	959,800	959,800	959,800

8 Market price recorded during the period

	as at 30.09.2016	as at 30.09.2015	as at 31.03.2016
	Rs.	Rs.	Rs.
Highest price (Rs.)	2,750.00	2,380.00	3,174.90
Lowest price (Rs.)	2,421.00	2,050.00	2,250.00
Closing price (Rs.)	2,700.70	2,300.00	2,700.70

9 Dividend Paid

Final Dividend of Rs. 45/- per Ordinary Share amounting to Rs. 43,191,000/- for the financial year ended 31.03.2016 was paid on 27.09.2016

Notes :

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Figures in brackets indicate deductions

All values are in Rs.'000, unless otherwise stated.

ADDITIONAL NOTES:

1 Twenty largest shareholders of the company

As at Shareholder's name	30.09.2016		30.06.2016	
	No. of Shares	%	No. of Shares	%
1 Seylan Bank PLC / Thirugnanasambandar Senthilverl	238,764	24.88%	238,764	24.88%
2 Upeka de Silva	143,468	14.95%	143,468	14.95%
3 Chitra Padmini Rodrigo	139,460	14.53%	139,460	14.53%
4 Ramani Kamala Samarasinghe	135,060	14.07%	135,060	14.07%
5 Sampath Bank PLC/Thirugnanasambandar Senthilverl	133,377	13.90%	133,377	13.90%
6 Senaka Nilkantha Samarasinghe	38,335	3.99%	38,335	3.99%
7 Nanditha Rodrigo	15,368	1.60%	15,368	1.60%
8 Satyajit Arjuna Rodrigo	15,368	1.60%	15,368	1.60%
9 D.H.C.Ekanayake	14,146	1.47%	14,146	1.47%
10 A G I Selvaraj	13,507	1.41%	13,507	1.41%
11 H.D. Wijayanandana	12,380	1.29%	12,380	1.29%
12 H W M Woodward	7,610	0.79%	7,610	0.79%
13 M P de Silva	2,500	0.26%	2,500	0.26%
14 Chandra Sigamoney	2,247	0.23%	2,247	0.23%
15 Jayantha D	1,900	0.20%	1,900	0.20%
16 C.J. Wijewardane	1,785	0.19%	1,785	0.19%
17 Thirugnanasambandar Senthilverl	1,434	0.15%	1,434	0.15%
18 S.Abeysekera	1,400	0.15%	1,400	0.15%
19 D.A.Jayasinghe	1,360	0.14%	1,360	0.14%
20 B.S.Somawathie	1,260	0.13%	1,260	0.13%

2 Public Holding

As at	30.09.2016	30.06.2016
No. of Shares	410,764	410,764
Percentage	42.79%	42.79%
Total No. of share holders who hold public holding	485	476

3 Directors Share Holding

As at Name of Director	30.09.2016		30.06.2016	
Mrs. R.K. Samarasinghe	135,060	14.07%	135,060	14.07%
Mr. S.N. Samarasinghe (CEO/MD)	38,335	3.99%	38,335	3.99%
Mrs. M.P.De Silva	2,500	0.26%	2,500	0.26%
Mr. G.S.V. De Silva	1,000	0.10%	1,000	0.10%
Mr.M.A.Bastiansz	-	-	-	-
Mr. S.A.S. Jayasundara	-	-	-	-
Mr.T.K.Bandaranayake	-	-	-	-
Total	176,895	18.42%	176,895	18.42%