

LEE HEDGES PLC

(formally known as **Shaw Wallace & Hedges PLC**)

Company Reg. No. PQ 152

QUARTERLY FINANCIAL STATEMENTS FOR 2ND QUARTER ENDED SEPTEMBER 30, 2016

Registered Office

**353, Kollupitiya Road,
P.O. Box 84, Colombo 3.**

LKE HEDGES PLC

(formally known as Shaw Wallace & Hedges PLC)

Company Reg. No. PQ 152

353, Kollupitiya Road,

P.O. Box 84, Colombo 3.

Dear Shareholder,

We have pleasure in presenting hereunder relevant details of the unaudited results of the performance of your Company and the Group for the Quarter ended 30th September 2016, together with the corresponding figures for the previous year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Consolidated						Company					
	Quarter ended		Variance	Period ended		Variance	Quarter ended		Variance	Period ended		Variance
	30-09-2016	30-09-2015		30-09-2016	30-09-2015		30-09-2016	30-09-2015		30-09-2016	30-09-2015	
Rs '000	Rs '000	%	Rs '000	Rs '000	%	Rs '000	Rs '000	%	Rs '000	Rs '000	%	
Continuing Operations												
Revenue	1,761	1,439	22	3,562	2,878	24	1,761	1,439	22	3,562	2,878	24
Cost of Sales	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit	1,761	1,439	22	3,562	2,878	24	1,761	1,439	22	3,562	2,878	24
Other Income	55,016	45,563	21	101,693	85,384	19	63,639	45,563	40	116,988	85,384	37
Administrative Expenses	(11,464)	(10,903)	5	(21,502)	(20,645)	4	(11,023)	(10,437)	6	(20,672)	(19,887)	4
Other Expenses	(5,982)	-	-	(9,304)	-	-	(5,982)	-	-	(9,304)	-	-
Results from operating activities	39,331	36,099		74,449	67,617		48,395	36,565		90,574	68,375	
Finance Cost	(738)	(493)	49.7	(3,905)	(535)	629.9	(738)	(86)	758.1	(3,905)	(128)	2,950.8
Profit / (Loss) before Taxation	38,593	35,606	(8)	70,544	67,082	5.2	47,657	36,479	(31)	86,669	68,247	(27)
Income Tax Release / (Expense)	(22,052)	(7,851)	181	(31,068)	(14,910)	108	(22,052)	(7,851)	181	(31,068)	(14,910)	108
Profit / (Loss) for the year	16,541	27,755	40	39,476	52,172	(103)	25,605	28,628	11	55,601	53,337	(4)
Other Comprehensive Income												
Actuarial Gain/(Loss) on Retirement Benefit Obligation	-	-		-	-		-	-		-	-	
Revaluation Gain/(Loss) on Property, Plant & Equipment	-	-		-	-		-	-		-	-	
Total Comprehensive income for the year	16,541	27,755		39,476	52,172		25,605	28,628		55,601	53,337	
Profit attributable to ;												
Equity holders of the company	16,725	28,176		39,852	52,742		-	-		-	-	
Non controlling Interest	(184)	(421)		(376)	(570)		-	-		-	-	
Profit / (Loss) for the year	16,541	27,755		39,476	52,172		25,605	28,628		55,601	53,337	
Total Comprehensive income attributable to ;												
Equity holders of the company	16,725	28,176		39,852	52,742		-	-		-	-	
Non controlling Interest	(184)	(421)		(376)	(570)		-	-		-	-	
Total Comprehensive income for the year	16,541	27,755		39,476	52,172		25,605	28,628		55,601	53,337	
Earnings / (loss) per Share (Rs.)	3.27	5.42		7.78	10.19		5.00	5.59		10.86	10.42	

LEE HEDGES PLC

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>As at,</i>	Consolidated			Company		
	30.09.2016 Rs '000	30.09.2015 Rs '000	31.03.2016 Rs '000	30.09.2016 Rs '000	30.09.2015 Rs '000	31.03.2016 Rs '000
ASSETS						
Non Current Assets						
Property, Plant & Equipment	205,086	378,855	181,017	205,086	171,573	181,017
Investment Property	1,660,523	1,145,548	1,590,101	641,880	621,932	641,880
Investments - Subsidiary	-	-	-	490	490	490
	<u>1,865,609</u>	<u>1,524,403</u>	<u>1,771,118</u>	<u>847,456</u>	<u>793,995</u>	<u>823,387</u>
Current Assets						
Trade and Other Receivables	63,278	104,171	65,784	1,027	1,108	753
Short Term Investments	1,495,243	2,085,397	1,613,752	1,495,243	2,085,397	1,613,752
Amounts due from Subsidiary	-	-	-	960,692	725,002	729,216
Cash & Cash Equivalents	445,328	1,063	538,191	444,765	142	537,602
	<u>2,003,849</u>	<u>2,190,631</u>	<u>2,217,727</u>	<u>2,901,727</u>	<u>2,811,649</u>	<u>2,881,323</u>
Total Assets	<u>3,869,458</u>	<u>3,715,034</u>	<u>3,988,845</u>	<u>3,749,183</u>	<u>3,605,643</u>	<u>3,704,710</u>
EQUITY AND LIABILITIES						
Equity						
Stated Capital	51,205	51,205	51,205	51,205	51,205	51,205
Capital Reserves	513,970	506,088	513,970	513,970	506,088	513,970
Revenue Reserves	3,002,982	2,912,982	2,969,275	3,105,863	2,998,001	3,056,407
Total Equity attributable to Equity holder of the Parent	<u>3,568,157</u>	<u>3,470,275</u>	<u>3,534,450</u>	<u>3,671,038</u>	<u>3,555,294</u>	<u>3,621,582</u>
Non controlling Interest	8,241	(1,325)	8,617	-	-	-
Total Equity	<u>3,576,398</u>	<u>3,468,950</u>	<u>3,543,067</u>	<u>3,671,038</u>	<u>3,555,294</u>	<u>3,621,582</u>
Non Current Liabilities						
Retiring Benefit Obligations	2,779	1,774	2,779	2,779	1,774	2,779
Deferred Tax Liabilities	6,115	-	6,115	6,115	-	6,115
	<u>8,894</u>	<u>1,774</u>	<u>8,894</u>	<u>8,894</u>	<u>1,774</u>	<u>8,894</u>
Current Liabilities						
Other Payables	148,551	127,899	189,069	16,033	17,602	15,044
Income Tax Payable	19,749	1,550	1,581	19,749	1,550	1,581
Bank Overdraft	115,866	114,862	246,234	33,469	29,424	57,609
	<u>284,166</u>	<u>244,311</u>	<u>436,884</u>	<u>69,251</u>	<u>48,575</u>	<u>74,234</u>
Total Equity and Liabilities	<u>3,869,458</u>	<u>3,715,034</u>	<u>3,988,845</u>	<u>3,749,183</u>	<u>3,605,643</u>	<u>3,704,710</u>
Net Asset Value per Share (Rs.)	<u>696.83</u>	<u>677.72</u>	<u>690.25</u>	<u>716.92</u>	<u>694.32</u>	<u>707.26</u>

CERTIFICATION:

The Board of Directors are responsible for preparation and presentation of these Financial Statements.

Signed on behalf of the board of Directors of Lee Hedges PLC.**7th November 2016****(Sgd)S . Balaratnam**
Director**(Sgd)S .M. N. L. Senanayake**
Director

LEE HEDGES PLC

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**Consolidated**

	Stated Capital Rs. '000	Capital Reserves Rs. '000	General Reserves Rs. '000	Retained Earning Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Equity Rs. '000
Balance as at 1st April 2015	51,205	506,088	81,786	2,791,254	3,430,333	(755)	3,429,578
<u>Total comprehensive income for the year</u>							
Profit / (Loss) for the period	-	-	-	52,741	52,741	(570)	52,171
Total comprehensive income for the year	-	-	-	52,741	52,741	(570)	52,171
Dividend Distribution	-	-	-	(12,801)	(12,801)	-	(12,801)
Balance as at 30th September 2015	51,205	506,088	81,786	2,831,194	3,470,273	(1,325)	3,468,948
Balance as at 1st April 2016	51,205	513,970	81,786	2,887,489	3,534,450	8,617	3,543,067
<u>Total comprehensive income for the year</u>							
Profit / (Loss) for the period	-	-	-	39,852	39,852	(376)	39,476
Total comprehensive income for the year	-	-	-	39,852	39,852	(376)	39,476
Dividend Distribution	-	-	-	(6,145)	(6,145)	-	(6,145)
Balance as at 30th September 2016	51,205	513,970	81,786	2,921,196	3,568,157	8,241	3,576,398

Company

	Stated Capital Rs. '000	Capital Reserves Rs. '000	General Reserves Rs. '000	Retained Earning Rs. '000	Total Rs. '000
Balance as at 1st April 2015	51,205	506,088	81,786	2,875,679	3,514,758
<u>Total comprehensive income for the year</u>					
Profit / (Loss) for the period	-	-	-	53,337	53,337
Total comprehensive income for the year	-	-	-	53,337	53,337
Dividend Distribution	-	-	-	(12,801)	(12,801)
Balance as at 30th September 2015	51,205	506,088	81,786	2,916,215	3,555,294
Balance as at 1st April 2016	51,205	513,970	81,786	2,974,621	3,621,582
<u>Total comprehensive income for the year</u>					
Profit / (Loss) for the period	-	-	-	55,601	55,601
Total comprehensive income for the year	-	-	-	55,601	55,601
Dividend Distribution	-	-	-	(6,145)	(6,145)
Balance as at 30th September 2016	51,205	513,970	81,786	3,024,077	3,671,038

LEE HEDGES PLC

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CONSOLIDATED STATEMENT OF CASH FLOW

For the,

Cash Flows from Operating Activities

Profit / (Loss) before Taxation

Adjustments for :

Finance Cost

Interest Income

Depreciation on Property, Plant & Equipment

Gain on Exchange/Disposal Vehicle

Operating Profit / (Loss) before Working Capital Changes

(Increase)/Decrease in Trade and Other Receivables

(Increase)/Decrease in Short Term Investments

(Increase)/Decrease in Related Company Balance

Increase/(Decrease) in Payables

Cash Generated from / (Used in) Operations

Interest Paid

Interest Income

Retirement benefit obligations paid

Income Tax Paid

Net Cash Flows from Operating Activities**Cash Flows from Investing Activities**

Acquisition of Property, Plant & Equipment

Acquisition of Investments Property

Proceed From Sale of Property, Plant & Equipment

Net Cash Flows from Investing Activities**Cash Flows from Financing Activities**

Dividend paid

Net Cash Flows from Financing Activities**Net Increase / (Decrease) in Cash and Cash Equivalents**

Cash and Cash Equivalents at beginning of the period

Cash and Cash Equivalents at end of the period (Note A)**Note****A. Analysis of Cash and Cash Equivalents**

Bank and Cash Balances

Bank Overdrafts

	Consolidated				Company			
	3 Months Ended 30.09.2016 Rs '000	3 Months Ended 30.09.2015 Rs '000	Period Ended 30.09.2016 Rs '000	Period Ended 30.09.2015 Rs '000	3 Months Ended 30.09.2016 Rs '000	3 Months Ended 30.09.2015 Rs '000	Period Ended 30.09.2016 Rs '000	Period Ended 30.09.2015 Rs '000
Profit / (Loss) before Taxation	38,593	35,606	70,544	67,082	47,657	36,479	86,669	68,247
<u>Adjustments for :</u>								
Finance Cost	738	493	3,905	535	738	86	3,905	128
Interest Income	(48,986)	(43,137)	(90,905)	(81,924)	(57,609)	(43,137)	(107,145)	(81,924)
Depreciation on Property, Plant & Equipment	5,262	2,904	9,613	5,535	5,262	2,904	9,613	5,535
Gain on Exchange/Disposal Vehicle	(6,030)	(2,426)	(6,030)	(3,459)	(6,030)	(2,426)	(6,030)	(3,459)
Operating Profit / (Loss) before Working Capital Changes	(10,423)	(6,560)	(12,873)	(12,231)	(9,982)	(6,094)	(12,988)	(11,473)
(Increase)/Decrease in Trade and Other Receivables	240	(10,389)	2,506	(75,236)	(55)	(69,281)	(274)	(2,821)
(Increase)/Decrease in Short Term Investments	210,680	(330,182)	205,910	(442,012)	210,679	(330,182)	205,910	(442,012)
(Increase)/Decrease in Related Company Balance	-	-	-	-	(73)	(48,571)	(215,236)	(180,076)
Increase/(Decrease) in Payables	(767)	22,471	(40,518)	21,467	(835)	6,937	989	5,737
Cash Generated from / (Used in) Operations	199,730	(324,660)	155,025	(508,012)	199,734	(447,191)	(21,599)	(630,645)
Interest Paid	(738)	(493)	(3,905)	(535)	(738)	(86)	(3,905)	(128)
Interest Income	2,860	814	3,504	2,260	2,860	814	3,504	2,260
Retirement benefit obligations paid	-	-	-	(30)	-	-	-	(30)
Income Tax Paid	(9,092)	(13,042)	(12,900)	(16,155)	(9,092)	(13,034)	(12,900)	(16,147)
Net Cash Flows from Operating Activities	192,760	(337,381)	141,724	(522,472)	192,764	(459,497)	(34,900)	(644,692)
Cash Flows from Investing Activities								
Acquisition of Property, Plant & Equipment	(18,200)	(216,368)	(39,802)	(221,777)	(14,450)	(9,085)	(39,802)	(14,495)
Acquisition of Investments Property	(48,794)	-	(70,422)	-	-	-	-	-
Proceed From Sale of Property, Plant & Equipment	12,150	-	12,150	-	12,150	-	12,150	-
Net Cash Flows from Investing Activities	(54,844)	(216,368)	(98,074)	(221,777)	(2,300)	(9,085)	(27,652)	(14,495)
Cash Flows from Financing Activities								
Dividend paid	(6,145)	(12,801)	(6,145)	(12,801)	(6,145)	(12,801)	(6,145)	(12,801)
Net Cash Flows from Financing Activities	(6,145)	(12,801)	(6,145)	(12,801)	(6,145)	(12,801)	(6,145)	(12,801)
Net Increase / (Decrease) in Cash and Cash Equivalents	131,771	(566,550)	37,505	(757,050)	184,319	(481,382)	(68,697)	(671,988)
Cash and Cash Equivalents at beginning of the period	197,691	452,751	291,957	643,251	226,977	452,100	479,993	642,706
Cash and Cash Equivalents at end of the period (Note A)	329,462	(113,799)	329,462	(113,799)	411,296	(29,282)	411,296	(29,282)
Note								
A. Analysis of Cash and Cash Equivalents								
Bank and Cash Balances	445,328	1,063	445,328	1,063	444,765	142	444,765	142
Bank Overdrafts	(115,866)	(114,862)	(115,866)	(114,862)	(33,469)	(29,424)	(33,469)	(29,424)
	329,462	(113,799)	329,462	(113,799)	411,296	(29,282)	411,296	(29,282)

LEE HEDGES PLC

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INFORMATION BY SEGMENT & NOTES TO THE FINANCIAL STATEMENTS**1 Corporate information**

Lee Hedges PLC (the Company) is a public limited liability Company listed on the Colombo Stock Exchange, incorporated and domiciled in Sri Lanka. The Company and its subsidiary have the registered office at No. 353, Kollupitiya Road, Colombo 03. The ordinary shares of the Company are being traded in the Colombo Stock Exchange.

Lee Hedges Investments Ltd has been consolidated as subsidiaries based on the power to govern the financial and operating policies of those entities.

2 Market Price of Share

Information pertaining to the shares traded during the Quarter ended 30th September, 2016, extracted from the website of the Colombo Stock Exchange, is set out below:

	30-Sep-2016	30-Sep-2015
Period	2016-3	2015-3
Date High	28-Jul-16	30-Jul-15
High Rs.	439.00	490.00
Date Low	9-Sep-16	30-Sep-15
Low Rs.	352.00	392.00
Close Rs.	398.90	400.00
Trade Vol.	93.00	287.00
Share Vol.	12,464	68,572
Turn Over Rs.	4,832,592.60	29,634,741.00
Last traded Date	29-Sep-16	30-Sep-15
Days Traded	29	47

3 Shareholders' Information

	30-Sep-2016	30-Sep-2015
	Rs.	Rs.
Earnings per Ordinary Share (Rs.)	7.78	10.19
Net Assets per Share (Rs.)	696.83	677.46
Debt/Equity Ratio (%)	-	-
Current Ratio (Times)	7.05	8.97

4 Basis of Preparation

The interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard-LKAS 34 Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2016. The financial statements provide information as required in terms of Rule 7.4 of the Colombo Stock Exchange.

The financial statements are provisional and subject to audit.

The interim financial statements have been prepared on a historical cost basis except for financial instruments & Land & building.

The interim financial statements are presented in Sri Lankan rupees and all values are rounded to the nearest thousand except when otherwise indicated.

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INFORMATION BY SEGMENT & NOTES TO THE FINANCIAL STATEMENTS

5 Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30th September 2016.

6 Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in LKR, which is the company's functional currency. All financial information presented in LKR has been rounded to the nearest thousand.

7 Changes in accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and the year ended 31st March 2016.

8 Significant accounting policies

8.1 Investment in Subsidiary

The Group has measured an investment in a subsidiary, at deemed cost (previous SLAS carrying amount) in its separate SLFRS financial statements.

8.2 Financial instruments

As required by Sri Lanka Accounting Standards LKAS 39 *Financial Instruments ; Recognition and Measurements*, trade receivables, cash and cash equivalents, investments in quoted public companies, trade payables, bank borrowings and intercompany loans are recognized as financial instruments.

8.2.1.1. Other financial liabilities

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise bank borrowings, trade and other payables.

8.2.1.2 Loans and receivables

Loans and receivables comprise financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of cash and cash equivalents, inter company receivables and trade and other receivables.

9 Other information

9.1 Comparative Information

Where necessary comparative figures have been reclassified to conform with the current year's presentation.

9.2 Events Occurring after the Reporting date

There were no other material events that occurred after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

10 The number of shares included in the stated capital is **5,120,546**

11 Contingent Liabilities

There has been no any significant change in the nature of the contingent liabilities and contingent assets as disclosed in the quarterly financial statements as at 30th September 2016.

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Twenty Major Shareholders as at 30 th September 2016			
	Name of Shareholder	No. of share	%
1	Lee Hedges & Company Limited	2,611,520	51.00%
2	Pioneer Homes (Private) Limited	364,287	7.11%
3	Freudenberg Shipping Agencies Ltd.	225,000	4.39%
4	Elgrin Investments Limited	216,959	4.24%
5	Dr. S.H.A. Gulamhussein	214,571	4.19%
6	Mr. Reza Magdon Ismail	145,394	2.84%
7	Commercial Bank of Ceylon PLC/Mr. Shabbir Abbas Gulamhusein	75,125	1.46%
8	The Ceylon Desiccated Coconuts & Oil Co. (Private) Limited	71,145	1.39%
9	Mr. H.W.M. Woodward	71,012	1.39%
10	Bansei Securities Capital (Pvt) Ltd./Dawi Investments Trust (Pvt) Ltd.	61,268	1.20%
11	Alliance Finance Company PLC	54,540	1.07%
12	Rosewood (Pvt) Ltd.-Account No.1	50,000	0.98%
13	Mr. L.G. Byatt (decd)	45,562	0.89%
14	Mr. J.R. de Silva	36,871	0.72%
15	HSBC International Nominees Ltd./SSBT Deutsche Bank (Singapore) A/c	27,100	0.53%
16	Waldock Mackenzie Ltd./The Ceylon Investors (Pvt) Ltd.	23,679	0.46%
17	Sen-Saal (Pvt) Ltd.	22,000	0.43%
18	Waldock Mackenzie Ltd./Mr. P.S.R. Casie Chitty	17,419	0.34%
19	Mr. H.A. Peiris	16,200	0.32%
20	Mr. R.J.G. Grewar (decd)	15,997	0.31%

Public Holding as at 30th September 2016 was 49% consisting of 956 public shareholders.

No Directors held any shares of the Company as at 30th September 2016.

Directors as at 30th September 2016

Mr. S. Vamadhevan

Mr. L. L. Samarasinghe

Mr. S. Balaratnam

Mr. S.M.N.L. Senanayake