

LEE HEDGES PLC

(formally known as Shaw Wallace & Hedges PLC)

Company Reg. No. PQ 152

QUARTERLY FINANCIAL STATEMENTS FOR 3 R D QUARTER ENDED DECEMBER 31, 2018

Registered Office

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

LEE 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 31st December 2018, together with the corresponding figures for the previous year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Consolidated						Company					
	Quarter ended			Period ended			Quarter ended			Period ended		
	31-12-2018	31-12-2017	Variance	31-12-2018	31-12-2017	Variance	31-12-2018	31-12-2017	Variance	31-12-2018	31-12-2017	Variance
	Rs '000	Rs '000	%	Rs '000	Rs '000	%	Rs '000	Rs '000	%	Rs '000	Rs '000	%
Continuing Operations												
Revenue	22,377	1,050	2,031	51,219	3,386	1,413	1,312	1,050	25	4,144	3,386	22
Cost of Sales	(3,378)	-	-	(3,904)	-	-	-	-	-	-	-	-
Gross Profit	18,999	1,050	1,709	47,315	3,386	1,297	1,312	1,050	25	4,144	3,386	22
Other Income	3,629	(4)	(90,825)	3,629	3,973	(9)	3,629	(4)	(90,825)	3,629	3,973	(9)
Administrative Expenses	(19,768)	(17,274)	14	(52,084)	(42,178)	23	(21,913)	(16,202)	35	(57,495)	(39,783)	45
Other Expenses	(2,542)	(3,314)	-	(8,113)	(9,654)	-	(2,542)	(3,314)	-	(8,113)	(9,654)	-
Results from operating activities	318	(19,542)		(9,253)	(44,473)		(19,514)	(18,470)		(57,835)	(42,078)	
Net Finance Income	36,670	42,826	(14.4)	109,429	139,708	(21.7)	36,346	42,826	(15.1)	122,265	139,708	(12.5)
Profit / (Loss) before Taxation	36,988	23,284	(59)	100,176	95,235	5.2	16,832	24,356	31	64,430	97,630	34
Income Tax Release / (Expense)	(9,180)	(12,060)	(24)	(33,757)	(40,339)	(16)	(9,180)	(12,060)	(24)	(33,757)	(40,339)	(16)
Profit / (Loss) for the year	27,808	11,224	(148)	66,419	54,896	22	7,652	12,296	38	30,673	57,291	46
Other Comprehensive Income												
Actuarial Gain/(Loss) on Retirement Benefit Obligation	-	-		-	-		-	-		-	-	
Revaluation Gain/(Loss) on Property, Plant & Equipment	-	-		-	-		-	-		-	-	
Deferred Tax on other Comprehensive Income	-	-		-	-		-	-		-	-	
Total Comprehensive income for the year	27,808	11,224		66,419	54,896		7,652	12,296		30,673	57,291	
Profit attributable to ;												
Equity holders of the company	27,808	11,224		66,419	54,896		-	-		-	-	
Non controlling Interest	-	-		-	-		-	-		-	-	
Profit / (Loss) for the year	27,808	11,224		66,419	54,896		7,652	12,296		30,673	57,291	
Total Comprehensive income attributable to ;												
Equity holders of the company	27,808	11,224		66,419	54,896		-	-		-	-	
Non controlling Interest	-	-		-	-		-	-		-	-	
Total Comprehensive income for the year	27,808	11,224		66,419	54,896		7,652	12,296		30,673	57,291	
Earnings / (loss) per Share (Rs.)	1.09	0.44		2.59	2.14		0.30	0.48		1.20	2.24	

LEE HEDGES PLC

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Consolidated			Company		
<i>As at,</i>	31.12.2018	31.12.2017	Audited 31.03.2018	31.12.2018	31.12.2017	Audited 31.03.2018
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
ASSETS						
Non Current Assets						
Property, Plant & Equipment	154,451	204,431	150,264	145,647	204,431	150,264
Investment Property	3,155,402	2,401,188	3,136,805	1,259,255	684,721	1,259,255
Investments - Subsidiary	-	-	-	1,775,420	1,500,100	1,500,100
	3,309,853	2,605,619	3,287,069	3,180,322	2,389,252	2,909,619
Current Assets						
Trade and Other Receivables	17,743	16,915	23,089	14,726	6,552	19,765
Short Term Investments	1,256,709	1,418,381	1,509,492	1,211,368	1,418,381	1,509,492
Amounts due from Subsidiary	-	-	-	-	1,325	-
Income over payment	-	-	4,073	-	-	4,073
Cash & Cash Equivalents	49,816	70,395	239	49,748	70,335	186
	1,324,268	1,505,691	1,536,893	1,275,842	1,496,593	1,533,516
Total Assets	4,634,121	4,111,310	4,823,962	4,456,164	3,885,845	4,443,135
EQUITY AND LIABILITIES						
Equity						
Stated Capital	51,205	51,205	51,205	51,205	51,205	51,205
Capital Reserves	576,829	522,803	576,829	576,829	522,803	576,829
Revenue Reserves	3,708,078	3,160,986	3,667,262	3,709,342	3,254,152	3,704,272
Total Equity attributable to Equity holder of the Parent	4,336,112	3,734,994	4,295,296	4,337,376	3,828,160	4,332,306
Non controlling Interest	-	-	-	-	-	-
Total Equity	4,336,112	3,734,994	4,295,296	4,337,376	3,828,160	4,332,306
Non Current Liabilities						
Retiring Benefit Obligations	4,645	3,225	4,645	4,645	3,225	4,645
Security Deposit	36,458	-	9,466	700	-	1,400
Deferred Tax Liabilities	43,774	8,352	43,774	58,795	8,352	58,795
	84,877	11,577	57,885	64,140	11,577	64,840
Current Liabilities						
Other Payables	172,403	265,498	165,970	13,919	18,662	16,679
Income Tax Payable	12,698	9,225	-	12,698	9,225	-
Amounts due to Subsidiary	-	-	-	-	-	717
Bank Overdraft	28,031	90,016	304,811	28,031	18,221	28,593
	213,132	364,739	470,781	54,648	46,108	45,989
Total Equity and Liabilities	4,634,121	4,111,310	4,823,962	4,456,164	3,885,845	4,443,135
Net Asset Value per Share (Rs.)	169.36	145.88	167.77	169.41	149.52	169.21

CERTIFICATION:

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

Signed on behalf of the board of Directors of Lee Hedges PLC.**11th February 2019****(Sgd)S . Balaratnam**
Director**(Sgd)S.R. Vamadevan**
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 2017	51,205	522,803	81,786	3,029,969	3,685,763	20,452	3,706,215
<u>Total comprehensive income for the year</u>							
Profit / (Loss) for the period	-	-	-	54,896	54,896	-	54,896
Gain on revaluation of Land & Building	-	-	-	-	-	-	-
Actuarial gain on retirement benefit obligation	-	-	-	-	-	-	-
Deferred Tax on other Comprehensive Income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	54,896	54,896	-	54,896
Dividend Distribution	-	-	-	(25,607)	(25,607)	-	(25,607)
Amount transferred due to change in holding	-	-	-	19,942	19,942	(20,452)	(510)
Balance as at 31st December 2017	51,205	522,803	81,786	3,079,200	3,734,994	-	3,734,994
Balance as at 1st April 2018	51,205	576,829	81,786	3,585,476	4,295,296	-	4,295,296
<u>Total comprehensive income for the year</u>							
Profit / (Loss) for the period	-	-	-	66,419	66,419	-	66,419
Actuarial loss on retirement benefit obligation	-	-	-	-	-	-	-
Gain on revaluation of Land & Building	-	-	-	-	-	-	-
Deferred Tax on other Comprehensive Income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	66,419	66,419	-	66,419
Dividend Distribution	-	-	-	(25,603)	(25,603)	-	(25,603)
Amount transferred due to changes in holdings	-	-	-	-	-	-	-
Balance as at 31st December 2018	51,205	576,829	81,786	3,626,292	4,336,112	-	4,336,112

Company

	<div>Stated Capital</div> <div>Rs. '000</div>	<div>Capital Reserves</div> <div>Rs. '000</div>	<div>General Reserves</div> <div>Rs. '000</div>	<div>Retained Earning</div> <div>Rs. '000</div>	<div>Total</div> <div>Rs. '000</div>
Balance as at 1st April 2017	51,205	522,803	81,786	3,140,682	3,796,476
<u>Total comprehensive income for the year</u>					
Profit / (Loss) for the period	-	-	-	57,291	57,291
Gain on revaluation of Land & Building	-	-	-	-	-
Actuarial gain on retirement benefit obligation	-	-	-	-	-
Deferred Tax on other Comprehensive Income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	57,291	57,291
Dividend Distribution	-	-	-	(25,607)	(25,607)
Balance as at 31st December 2017	51,205	522,803	81,786	3,172,366	3,828,160
Balance as at 1st April 2018	51,205	576,829	81,786	3,622,486	4,332,306
<u>Total comprehensive income for the year</u>					
Profit / (Loss) for the period	-	-	-	30,673	30,673
Actuarial gain on retirement benefit obligation	-	-	-	-	-
Gain on revaluation of Land & Building	-	-	-	-	-
Deferred Tax on other Comprehensive Income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	30,673	30,673
Dividend Distribution	-	-	-	(25,603)	(25,603)
Balance as at 31st December 2018	51,205	576,829	81,786	3,627,556	4,337,376

LEH 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 Disposal / Exchange of Property, plant & Equipment

Provision for/(reversal of) impairment on amounts due from subsidiaries

Operating Profit / (Loss) before Working Capital Changes

(Increase)/Decrease in Trade and Other Receivables

(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 (Increase)/Decrease in Short Term Investments

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			
3 Months Ended 31.12.2018	3 Months Ended 31.12.2017	Period Ended 31.12.2018	Period Ended 31.12.2017
Rs '000	Rs '000	Rs '000	Rs '000
36,988	23,284	100,176	95,235
578	(42,826)	(109,429)	(139,708)
(37,248)	(43,070)	(125,026)	(144,067)
6,964	6,023	19,157	17,774
(3,629)	3	(3,629)	(3,973)
-	-	-	-
3,653	(56,586)	(118,750)	(174,739)
2,994	(3,599)	5,346	2,084
-	-	-	-
25,068	(49,777)	33,425	1,173
31,715	(109,962)	(79,979)	(171,482)
(578)	42,826	109,429	139,708
50	933	53,082	70,556
-	-	-	-
(2,820)	(2,943)	(16,985)	(58,843)
28,367	(69,146)	65,546	(20,061)
(18,814)	(23)	(27,417)	(15,137)
(2,910)	(7,073)	(18,596)	(321,903)
7,700	-	7,700	5,925
(504,878)	(406,300)	324,726	(919)
(518,902)	(413,396)	286,413	(332,034)
-	-	(25,603)	(25,607)
-	-	(25,603)	(25,607)
(490,535)	(482,542)	326,357	(377,701)
512,320	462,921	(304,572)	358,080
21,785	(19,621)	21,785	(19,621)
49,816	70,395	49,816	70,395
(28,031)	(90,016)	(28,031)	(90,016)
21,785	(19,621)	21,785	(19,621)

Company			
3 Months Ended 31.12.2018	3 Months Ended 31.12.2017	Period Ended 31.12.2018	Period Ended 31.12.2017
Rs '000	Rs '000	Rs '000	Rs '000
16,832	24,356	64,430	97,630
560	(42,826)	(122,265)	4,359
(36,906)	(43,070)	(124,684)	(144,067)
6,506	6,023	18,457	17,774
(3,629)	3	(3,629)	(3,973)
215	-	350	-
(16,422)	(55,514)	(167,341)	(28,277)
5,866	(2,865)	5,039	(5,787)
(215)	(785)	(276,387)	(250,324)
(5,306)	(3,487)	(3,460)	2,882
(16,077)	(62,651)	(442,149)	(281,506)
(560)	42,826	122,265	(4,359)
50	933	53,082	70,556
-	-	-	-
(2,820)	(2,943)	(16,985)	(58,843)
(19,407)	(21,835)	(283,787)	(274,152)
(17,764)	(23)	(17,912)	(15,137)
-	-	-	-
7,700	-	7,700	5,925
(459,879)	(406,300)	369,726	(919)
(469,943)	(406,323)	359,514	(10,131)
-	-	(25,603)	(25,607)
-	-	(25,603)	(25,607)
(489,350)	(428,158)	50,124	(309,889)
511,067	480,272	(28,407)	362,003
21,717	52,114	21,717	52,114
49,748	70,335	49,748	70,335
(28,031)	(18,221)	(28,031)	(18,221)
21,717	52,114	21,717	52,114

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 is fully owned subsidiary of Lee Hedges PLC.

2 Market Price of Share

Information pertaining to the shares traded during the Quarter ended 31st December 2018., extracted from the website of the Colombo Stock Exchange, is set out below:

	31-Dec-2018	31-Dec-2017
Period	2018-4	2017-4
Date High	1-Nov-18	26-Oct-17
High Rs.	74.00	94.90
Date Low	19-Oct-18	30-Nov-17
Low Rs.	56.70	75.00
Close Rs.	68.70	87.90
Trade Vol.	62	253
Share Vol.	17,613	352,639
Turn Over Rs.	1,176,837.00	31,407,708.30
Last traded Date	14-Dec-18	26-Dec-17
Days Traded	22	35

3 Shareholders' Information

	31-Dec-2018	31-Dec-2017
	Rs.	Rs.
Earnings per Ordinary Share (Rs.)	2.59	2.14
Net Assets per Share (Rs.)	169.36	145.88
Debt/Equity Ratio (%)	-	-
Current Ratio (Times)	6.21	4.13

4 Directors' Shareholding

	31-Dec-2018	31-Dec-2017
Mr. S. Vamadhevan	-	58,752
Mr. S. Balaratnam	-	-
Mr. S.L.P Wijesinghe	-	-
Mr. S. S Vamathevan	-	-
Total Number of Shareholders	975	976
Total Number of shares of the company	25,602,730	25,602,730
Number of Public Shareholders	973	973
% of Public Shareholders	37.38%	40.08%

The float adjusted market capitalisation as at 31st December 2018 - Rs. 657,552,294.60

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INFORMATION BY SEGMENT & NOTES TO THE FINANCIAL STATEMENTS

5 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 2018. 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.

6 Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st December 2018.

7 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.

8 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 2018.

9 Significant accounting policies

9.1 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.

9.2 Financial instruments

The Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”, which replaces the existing guidance on LKAS 39 on “Financial Instruments: Recognition and Measurement” has become effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaces the “Incurred Loss Model” in LKAS 39 with forward looking “Expected Loss Model (“ECL”)” which requires considerable judgement over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics

Based on the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Income Statement and Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied.

Accordingly, as permitted by the above SoAT, the Company has prepared the Interim Financial Statements for the quarter ended December 31, 2018 based on LKAS 39.

9.2.1.1 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.

9.2.1.2 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.

10 Other information

10.1 Comparative Information

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

10.2 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.

11 The number of shares included in the stated capital as at 31st December 2018 is **25,602,730**.

12 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 31st December 2018

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

Twenty Major Shareholders as at 31st December 2018			
Name of Shareholder		No. of share	%
1	Lee Hedges & Company Limited	13,057,600	51.0008%
2	Pioncer Homes (Private) Limited	2,973,772	11.6151%
3	Freudenberg Shipping Agencies Ltd.	1,293,061	5.0505%
4	Dr. S.H.A. Gulamhussein	1,072,855	4.1904%
5	Elgrin Investments Limited	913,500	3.5680%
6	Mr. Reza Magdon Ismail	726,974	2.8394%
7	Bansei Securities Capital (Pvt) Ltd./Dawi Investments Trust (Pvt) Ltd.	458,400	1.7904%
8	Mrs. C.A.D.S. Woodward	355,060	1.3868%
9	Alliance Finance Company PLC	284,800	1.1124%
10	Mr. L.G. Byatt (Deceased)	227,810	0.8898%
11	HSBC International Nominees Ltd./SSBT Deutsche Bank (Singapore) A/c 01	135,500	0.5292%
12	Bansei Securities Capital (Pvt) Ltd/R.C.J.Goonewardene	135,277	0.5284%
13	The Ceylon Investors (Pvt) Limited	125,000	0.4882%
14	Mr.C.Chanmugam	101,250	0.3955%
15	Dawi Investment Trust (Pvt) Ltd	94,019	0.3672%
16	Mr.P.S.R. Casie Chitty	85,070	0.3323%
17	Mr. H.A. Peiris	81,000	0.3164%
18	Mr. R.J. Grewar (Deceased)	79,985	0.3124%
19	Mrs. P Mansell	75,935	0.2966%
20	Mr. R.L. Vincent	75,935	0.2966%

Directors as at 31st December 2018.**Mr. S. Vamadhevan****Mr. S. Balaratnam****Mr. S.L.P Wijesinghe****Mr. S. S Vamathevan****Mr.Rupert Rajeeve Spencer**