

LEE HEDGES PLC

(formally known as Shaw Wallace & Hedges PLC)

Company Reg. No. PQ 152

QUARTERLY FINANCIAL STATEMENTS FOR 4TH QUARTER ENDED MARCH 31, 2019

Registered Office

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

L&K 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 March 2019, together with the corresponding figures for the previous year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Consolidated						Company					
	Quarter ended		Variance %	Year ended Audited		Variance %	Quarter ended		Variance %	Year ended Audited		Variance %
31-03-2019 Rs '000	31-03-2018 Rs '000	31-03-2019 Rs '000		31-03-2018 Rs '000	31-03-2019 Rs '000		31-03-2018 Rs '000	31-03-2019 Rs '000		31-03-2018 Rs '000	31-03-2019 Rs '000	
Continuing Operations												
Revenue	33,324	6,283	430	84,542	9,669	774	794	1,170	(32)	4,938	4,556	8
Cost of Sales	(2,883)	(2,924)	-	(6,786)	(3,899)	-	-	-	-	-	-	-
Gross Profit	30,441	3,359	806	77,756	5,770	1,248	794	1,170	(32)	4,938	4,556	8
Other Income	234,539	568,226	(59)	238,168	524,352	(55)	141,815	340,846	(58)	145,444	483,764	(70)
Administrative Expenses	(20,693)	(16,299)	27	(71,709)	(59,090)	21	(22,034)	(17,409)	27	(79,403)	(57,784)	37
Other Expenses	(4,600)	(2,888)	-	(12,830)	(23,926)	-	(4,600)	(2,888)	-	(12,830)	(23,926)	-
Results from operating activities	239,687	552,398		231,385	447,106		115,975	321,719		58,149	406,610	
Net Finance Income	37,464	42,307	(11.4)	146,894	182,016	(19.3)	36,040	44,063	(18.2)	158,305	183,772	(13.9)
Profit / (Loss) before Taxation	277,151	594,705	53	378,279	629,122	(39.9)	152,015	365,782	58	216,454	590,382	63
Income Tax Release / (Expense)	5,519	(559,443)	(101)	(28,238)	(67,890)	(58)	(11,509)	(299,499)	(96)	(45,266)	(82,911)	(45)
Profit / (Loss) for the year	282,670	35,262	(702)	350,041	561,232	19	140,506	66,283	(112)	171,188	507,471	66
Other Comprehensive Income												
Actuarial Gain/(Loss) on Retirement Benefit Obligation	126	57		126	(89)		126	57		126	(89)	
Revaluation Gain/(Loss) on Property, Plant & Equipment	5,838	39,717		5,838	57,484		5,838	39,717		5,838	57,484	
Deferred Tax on other Comprehensive Income	3,931	(29,819)		3,931	(3,433)		3,931	(29,819)		3,931	(3,433)	
Total Comprehensive income for the year	292,565	45,217		359,936	615,194		150,401	76,238		181,083	561,433	
Profit attributable to ;												
Equity holders of the company	282,670	35,262		350,041	561,232		-	-		-	507,471	
Non controlling Interest	-	-		-	-		-	-		-	-	
Profit / (Loss) for the year	282,670	35,262		350,041	561,232		150,401	76,238		181,083	507,471	
Total Comprehensive income attributable to ;												
Equity holders of the company	292,565	45,217		359,936	615,194		-	-		-	561,433	
Non controlling Interest	-	-		-	-		-	-		-	-	
Total Comprehensive income for the year	292,565	45,217		359,936	615,194		150,401	76,238		181,083	561,433	
Earnings / (loss) per Share (Rs.)	11.04	1.38		13.67	21.92		5.49	2.59		6.69	19.82	

LEE HEDGES PLC

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>As at,</i>	Consolidated		Company	
	31.03.2019	Audited 31.03.2018	31.03.2019	Audited 31.03.2018
	Rs '000	Rs '000	Rs '000	Rs '000
ASSETS				
Non Current Assets				
Property, Plant & Equipment	163,085	150,264	154,694	150,264
Investment Property	3,391,270	3,136,805	1,401,070	1,259,255
Investments - Subsidiary	-	-	1,775,420	1,500,100
	3,554,355	3,287,069	3,331,184	2,909,619
Current Assets				
Trade and Other Receivables	40,187	23,089	18,696	19,765
Short Term Investments	1,355,761	1,509,492	1,297,827	1,509,492
Amounts due from Subsidiary	-	-	-	-
Income over payment	6,002	4,073	6,543	4,073
Cash & Cash Equivalents	135	239	82	186
	1,402,085	1,536,893	1,323,148	1,533,516
Total Assets	4,956,440	4,823,962	4,654,332	4,443,135
EQUITY AND LIABILITIES				
Equity				
Stated Capital	51,205	51,205	51,205	51,205
Capital Reserves	586,598	576,829	586,598	576,829
Revenue Reserves	3,991,826	3,667,262	3,849,983	3,704,272
Total Equity attributable to Equity holder of the Parent	4,629,629	4,295,296	4,487,786	4,332,306
Non controlling Interest	-	-	-	-
Total Equity	4,629,629	4,295,296	4,487,786	4,332,306
Non Current Liabilities				
Retiring Benefit Obligations	5,720	4,645	5,720	4,645
Security Deposit	32,119	9,466	-	1,400
Deferred Tax Liabilities	47,708	43,774	80,298	58,795
	85,547	57,885	86,018	64,840
Current Liabilities				
Other Payables	153,694	165,970	16,196	16,679
Income Tax Payable	-	-	-	-
Amounts due to Subsidiary	-	-	-	717
Bank Overdraft	87,570	304,811	64,332	28,593
	241,264	470,781	80,528	45,989
Total Equity and Liabilities	4,956,440	4,823,962	4,654,332	4,443,135
Net Asset Value per Share (Rs.)	180.83	167.77	175.29	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.

27th May 2019

(Sgd)S . Balaratnam
Director**(Sgd)S. Vamadevan**
Director

LEE HEDGES PLC

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated	Stated Capital	Capital Reserves	General Reserves	Retained Earning	Total	Non-Controlling Interest	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	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	-	-	-	561,232	561,232	-	561,232
Gain on revaluation of Land & Building	-	57,484	-	-	57,484	-	57,484
Actuarial loss on retirement benefit obligation	-	-	-	(89)	(89)	-	(89)
Deferred Tax on other Comprehensive Income	-	(3,458)	-	25	(3,433)	-	(3,433)
Total comprehensive income for the year	-	54,026	-	561,168	615,194	-	615,194
Dividend Distribution	-	-	-	(25,603)	(25,603)	-	(25,603)
Amount transferred due to change in holding	-	-	-	19,942	19,942	(20,452)	(510)
Balance as at 31st March 2018	<u>51,205</u>	<u>576,829</u>	<u>81,786</u>	<u>3,585,476</u>	<u>4,295,296</u>	<u>-</u>	<u>4,295,296</u>
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	-	-	-	350,041	350,041	-	350,041
Actuarial gain on retirement benefit obligation	-	-	-	126	126	-	126
Gain on revaluation of Land & Building	-	5,838	-	-	5,838	-	5,838
Deferred Tax on other Comprehensive Income	-	3,931	-	-	3,931	-	3,931
Total comprehensive income for the year	-	9,769	-	350,167	359,936	-	359,936
Dividend Distribution	-	-	-	(25,603)	(25,603)	-	(25,603)
Amount transferred due to changes in holdings	-	-	-	-	-	-	-
Balance as at 31st March 2019	<u>51,205</u>	<u>586,598</u>	<u>81,786</u>	<u>3,910,040</u>	<u>4,629,629</u>	<u>-</u>	<u>4,629,629</u>

Company

	Stated Capital	Capital Reserves	General Reserves	Retained Earning	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
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	-	-	-	507,471	507,471
Gain on revaluation of Land & Building	-	57,484	-	-	57,484
Actuarial loss on retirement benefit obligation	-	-	-	(89)	(89)
Deferred Tax on other Comprehensive Income	-	(3,458)	-	25	(3,433)
Total comprehensive income for the year	-	54,026	-	507,407	561,433
Dividend Distribution	-	-	-	(25,603)	(25,603)
Balance as at 31st March 2018	<u>51,205</u>	<u>576,829</u>	<u>81,786</u>	<u>3,622,486</u>	<u>4,332,306</u>
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	-	-	-	171,188	171,188
Actuarial gain on retirement benefit obligation	-	-	-	126	126
Gain on revaluation of Land & Building	-	5,838	-	-	5,838
Deferred Tax on other Comprehensive Income	-	3,931	-	-	3,931
Total comprehensive income for the year	-	9,769	-	171,314	181,083
Dividend Distribution	-	-	-	(25,603)	(25,603)
Balance as at 31st March 2019	<u><u>51,205</u></u>	<u><u>586,598</u></u>	<u><u>81,786</u></u>	<u><u>3,768,197</u></u>	<u><u>4,487,786</u></u>

LEE HEDGES PLC

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CONSOLIDATED STATEMENT OF CASH FLOW

For the

	Consolidated				Company			
	3 Months Ended	3 Months Ended	Year Ended	Year Ended	3 Months Ended	3 Months Ended	Year Ended	Year Ended
	31.03.2019	31.03.2018.	31.03.2019	31.03.2018	31.03.2019	31.03.2018.	31.03.2019	31.03.2018
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Cash Flows from Operating Activities								
Profit / (Loss) before Taxation	277,151	594,705	378,279	629,122	152,015	365,782	216,454	590,382
<u>Adjustments for :</u>								
Finance Cost	1,301	2,387	16,897	6,745	1,133	631	3,552	4,989
Interest Income	(38,765)	(44,694)	(163,791)	(188,761)	(37,173)	(44,694)	(161,857)	(188,761)
Depreciation on Property, Plant & Equipment	6,953	5,836	26,112	23,612	6,483	5,836	24,942	23,612
Provision for Retirement Benefit Obligation	1,201	678	1,201	1,331	1,201	678	1,201	1,331
Gain on Disposal / Exchange of Property, plant & Equipment	-	-	(3,629)	(3,973)	-	-	(3,629)	(3,973)
Gain on Revaluation of Investment Property	(234,539)	(568,226)	(234,539)	(520,379)	(141,815)	(340,846)	(141,815)	(479,791)
Write off owner occupied building	-	-	-	5,594	-	-	-	5,594
Write off Investment property building	-	-	-	5,670	-	-	-	5,670
Provision for Loan & Debts	2,154	-	2,154	-	2,154	-	2,154	-
Provision for/(reversal of) impairment on amounts due from subsidiaries	-	-	-	-	6	1,324	356	1,324
Operating Profit / (Loss) before Working Capital Changes	15,456	(9,314)	22,684	(41,039)	(15,996)	(11,289)	(58,642)	(39,623)
(Increase)/Decrease in Trade and Other Receivables	(24,598)	(5,834)	(19,252)	(3,580)	(6,124)	(13,210)	(1,085)	(19,000)
(Increase)/Decrease in Related Company Balance	-	-	-	-	6	717	(276,394)	(249,606)
Increase/(Decrease) in Payables	(23,033)	(91,449)	10,379	(88,889)	1,578	(638)	(1,881)	2,299
Cash Generated from / (Used in) Operations	(32,175)	(106,597)	13,811	(133,508)	(20,536)	(24,420)	(338,002)	(305,930)
Interest Paid	(1,301)	(2,387)	(16,897)	(6,745)	(1,133)	(631)	(3,552)	(4,989)
Interest Income	-	2,225	53,082	76,709	-	2,225	53,082	76,709
Retirement benefit obligations paid	-	-	-	-	-	-	-	-
Income Tax Paid	(5,316)	(8,860)	(22,301)	(67,703)	(5,316)	(8,860)	(22,301)	(67,703)
Net Cash Flows from Operating Activities	(38,792)	(115,619)	27,695	(131,247)	(26,985)	(31,686)	(310,773)	(301,913)
Cash Flows from Investing Activities								
Acquisition of Property, Plant & Equipment	(9,753)	(192)	(37,169)	(15,331)	(9,696)	(192)	(27,607)	(15,331)
Acquisition of Investments Property	(388)	(120,497)	(19,926)	(442,398)	-	-	-	-
Proceed From Sale of Property, Plant & Equipment	-	-	7,700	5,925	-	-	7,700	5,925
Share purchase	-	-	-	(510)	-	-	-	-
Net (Increase)/Decrease in Short Term Investments	(60,287)	(48,643)	264,440	(53,489)	(49,286)	(48,643)	320,440	(53,489)
Net Cash Flows from Investing Activities	(70,428)	(169,332)	215,045	(505,803)	(58,982)	(48,835)	300,533	(62,895)
Cash Flows from Financing Activities								
Dividend paid	-	-	(25,603)	(25,603)	-	-	(25,603)	(25,603)
Net Cash Flows from Financing Activities	-	-	(25,603)	(25,603)	-	-	(25,603)	(25,603)
Net Increase / (Decrease) in Cash and Cash Equivalents	(109,220)	(284,951)	217,137	(662,652)	(85,967)	(80,521)	(35,843)	(390,410)
Cash and Cash Equivalents at beginning of the period	21,785	(19,621)	(304,572)	358,080	21,717	52,114	(28,407)	362,003
Cash and Cash Equivalents at end of the period (Note A)	(87,435)	(304,572)	(87,435)	(304,572)	(64,250)	(28,407)	(64,250)	(28,407)
Note								
A. Analysis of Cash and Cash Equivalents								
Bank and Cash Balances	135	239	135	239	82	186	82	186
Bank Overdrafts	(87,570)	(304,811)	(87,570)	(304,811)	(64,332)	(28,593)	(64,332)	(28,593)
	(87,435)	(304,572)	(87,435)	(304,572)	(64,250)	(28,407)	(64,250)	(28,407)

LEE HEDGES PLC

(formally known as Shaw Wallace & Hedges PLC)

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 March 2019, extracted from the website of the Colombo Stock Exchange, is set out below:

	31-Mar-2019	31-Mar-2018
Period	2019-1	2018-1
Date High	1-Feb-19	16-Feb-18
High Rs.	84.00	98.00
Date Low	15-Feb-19	14-Mar-18
Low Rs.	54.30	70.00
Close Rs.	70.00	84.00
Trade Vol.	60	304
Share Vol.	231,699	798,026
Turn Over Rs.	16,426,368.70	64,215,085.30
Last traded Date	29-Mar-19	29-Mar-18
Days Traded	18	33

3 Shareholders' Information

	31-Mar-2019	31-Mar-2018
	Rs.	Rs.
Earnings per Ordinary Share (Rs.)	13.67	21.92
Net Assets per Share (Rs.)	180.83	167.77
Debt/Equity Ratio (%)	-	-
Current Ratio (Times)	5.81	3.26

4 Directors' Shareholding

	31-Mar-2019	31-Mar-2018
Mr. S. Vamadhevan	-	-
Mr. S. Balaratnam	-	-
Mr. S.L.P Wijesinghe	-	-
Mr. S. S Vamathevan	-	-
Mr.Rupert Rajeeve Spencer	-	-
Total Number of Shareholders	946	975
Total Number of shares of the company	25,602,730	25,602,730
Number of Public Shareholders	944	973
% of Public Shareholders	36.81%	38.51%

The float adjusted market capitalisation as at 31st March 2019. - Rs. 659,637,090/-.

Public shareholding percentage as at 31st March 2019 is 36.81% and the Company is in compliance with option 5 of section 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange.

L&K HEDGES PLC

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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 March 2019.

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 March 31, 2019 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 March 2019 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 March 2019

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

Twenty Major Shareholders as at 31st March 2019			
	Name of Shareholder	No. of share	%
1	Lee Hedges & Company Limited	13,057,600	51.0008%
2	Pioneer Homes (Private) Limited	3,121,743	12.1930%
3	Freudenberg Shipping Agencies Ltd.	1,293,061	5.0505%
4	Est of Lat S.H.A. Gulamhussein	1,072,855	4.1904%
5	Elgrin Investments Limited	870,000	3.3981%
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	Bansei Securities Capital (Pvt) Ltd/R.C.J.Goonewardene	140,277	0.5479%
12	SSBT-Deutsche Bank AG Singapore A/C 01	135,500	0.5292%
13	The Ceylon Investors (Pvt) Limited	125,000	0.4882%
14	Mr.C.Chanmugam	101,200	0.3953%
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 March 2019.**Mr. S. Vamadhevan****Mr. S. Balaratnam****Mr. S.L.P Wijesinghe****Mr. S. S Vamathevan****Mr.Rupert Rajeeve Spencer**