



HAYLEYS FIBRE PLC

**INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30TH SEPTEMBER 2018**

CORPORATE INFORMATION

LEGAL FORM

A Public Limited Company
Incorporated in Sri Lanka in 1987
Company Number PQ 21

THE STOCK EXCHANGE LISTING

The ordinary shares of the company are listed with the Colombo Stock Exchange of Sri Lanka

DIRECTORS

A. M. Pandithage - Chairman
H. S. R. Kariyawasan - Managing Director
Dr. S. A. B. Ekanayake
S. C. Ganegoda
T. G. Thoradeniya
K. S. Padiwita
M. I. L. Perera
Dr. T. K. D. A. P. Samarasinghe
L. A. K. I. Kodytuakku
D. K. De Silva Wijeyeratne
M. C. Sampath
W. A. K. Kumara (Appointed w.e.f. 06/08/2018)

REGISTERED OFFICE

Hayleys Building
400, Deans Road, Colombo 10, Sri Lanka.
Telephone : (94-11) 2627000
Fax: (94-11) 2699299

FACTORY OFFICE

131, Minuwangoda Road, Ekala, Sri Lanka
Telephone : (94-11) 2232939
Fax: (94-11) 2232941
E-mail : info@hayleysfibre.com
Web Site : www.hayleysfibre.com

BANKERS

Hatton National Bank PLC
Hongkong and Shanghai Banking Corporation Ltd
Standard Chartered Bank
Seylan Bank PLC
People's Bank
Deutsche Bank
Cargills Bank
National Development Bank PLC

AUDITORS

Ernst & Young
Chartered Accountants,
201, De Saram Place
P.O. Box. 101, Colombo.
Sri Lanka.

LEGAL ADVISORS

Corporate Legal Department
Julius & Creasy - Attorneys At Law

SECRETARIES

Hayleys Group Services (Pvt) Limited
No. 400, Deans Road, Colombo 10, Sri Lanka.
Telephone : (94-11) 2627650
Fascimile : (94-11) 2627645
E-mail : info.sec@hayleys.com

Please direct any queries about the administration of shareholding to the Company Secretaries.

Interim Financial Statements For the Six Months Ended 30th September 2018

STATEMENT OF FINANCIAL POSITION

Audited 31st Mar 2018 Rs.'000	As at	Note	Unaudited 30th Sept 2018 Rs.'000	Unaudited 30th Sept 2017 Rs.'000
ASSETS				
Non-Current Assets				
72,290	Property, Plant & Equipment		94,697	65,143
67,128	Investment in Equity Accounted Investee		95,368	66,622
94,576	Other Non Current Financial Assets		95,375	93,213
<u>233,994</u>	Total Non Current Assets		<u>285,440</u>	<u>224,978</u>
Current Assets				
45,717	Inventories		92,689	24,616
65,486	Trade and Other Receivables		182,374	60,209
7,506	Other Current Assets		13,095	4,676
3,121	Amounts Due from Other Related Companies		9,698	6,432
2,443	Amounts Due from Joint Venture		-	4,632
529,790	Short Term Deposits		492,610	440,354
8,004	Cash in Hand and at Bank		8,365	63,420
662,067	Total Current Assets		<u>798,831</u>	<u>604,339</u>
<u>896,061</u>	Total Assets		<u>1,084,271</u>	<u>829,317</u>
EQUITY AND LIABILITIES				
Equity				
80,000	Stated Capital	2	80,000	80,000
73,151	Other Component of Equity		73,950	74,943
50,625	Amalgamation Reserves		50,625	50,625
595,914	Revenue Reserves		671,642	562,866
799,690	Total Equity		<u>876,217</u>	<u>768,434</u>
Non-Current Liabilities				
5,031	Deferred Tax Liabilities		5,031	207
18,582	Retirement Benefit Obligations		18,983	17,178
23,613	Total Non-Current Liabilities		<u>24,014</u>	<u>17,385</u>
Current Liabilities				
47,580	Trade and Other Payables		47,266	31,783
3,723	Other Current Liabilities		2,062	4,934
5,764	Amount Due to Other Related Companies		10,580	4,028
-	Amounts Due from Joint Venture		1,667	-
2,809	Income Tax Payable		9,513	998
12,882	Interest Bearing Borrowings		112,952	1,755
72,758	Total Current Liabilities		<u>184,040</u>	<u>43,498</u>
96,371	Total Liabilities		<u>208,054</u>	<u>60,883</u>
896,061	Total Equity and Liabilities		<u>1,084,271</u>	<u>829,317</u>
99.96	Net Assets per Share (Rs.)		<u>109.53</u>	<u>96.05</u>

I certify that the financial statements of the company comply with the requirements of the Companies Act No 7 of 2007.

Sgd.
M. C. Sampath
Chief Financial Officer

Figures in brackets indicate deductions.
The above figures are provisional and subject to audit.
The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by,

Sgd.
A. M. Pandithage
Chairman

Sgd.
H. S. R. Kariyawasan
Managing Director

1st November 2018
Colombo

Interim Financial Statements For the Six Months Ended 30th September 2018

STATEMENT OF PROFIT OR LOSS

Audited 31st Mar 2018 Rs.'000		Unaudited 30th Sept 2018 Rs.'000	Unaudited 30th Sept 2017 Rs.'000	Variance Rs.'000
562,659	Revenue	517,951	229,746	288,205
(489,778)	Cost of Sales	(455,355)	(201,246)	(254,109)
<u>72,881</u>	Gross Profit	<u>62,596</u>	<u>28,500</u>	<u>34,096</u>
4,961	Other Income	4,115	2,703	1,412
(44,424)	Administrative Expenses	(32,439)	(22,570)	(9,869)
(2,121)	Distribution Expenses	(3,451)	(1,489)	(1,962)
<u>31,297</u>	Profit from Operations	<u>30,821</u>	<u>7,144</u>	<u>23,677</u>
<u>57,679</u>	Finance Income	<u>38,067</u>	<u>28,036</u>	<u>10,031</u>
(1,502)	Finance Expenses	(6,692)	(1,247)	(5,445)
56,177	Net Finance Income / (Expenses)	31,375	26,789	4,586
<u>32,868</u>	Share of Profit of Equity Accounted Investee (Net of Tax)	<u>28,240</u>	<u>17,060</u>	<u>11,180</u>
<u>120,342</u>	Profit Before Taxation	<u>90,436</u>	<u>50,993</u>	<u>39,443</u>
(19,377)	Tax Expenses	(8,708)	(4,072)	(4,636)
<u>100,965</u>	Profit for the period	<u>81,728</u>	<u>46,921</u>	<u>34,807</u>
12.62	Earnings per Share (Rs.)	10.22	5.87	
Share Prices				
		Period Ended 30/09/2018	Period Ended 30/09/2017	
	Highest	Rs.75.00	Rs.92.00	
	Lowest	Rs.60.00	Rs.61.50	
	Last Traded Price	Rs.63.00	Rs.70.90	

The Notes on pages 9 & 10 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Interim Financial Statements For the Six Months Ended 30th September 2018

STATEMENT OF COMPREHENSIVE INCOME

Audited 31st Mar 2018 Rs.'000	For the Six Months Ended	Unaudited 30th Sept 2018 Rs.'000	Unaudited 30th Sept 2017 Rs.'000
<u>100,965</u>	Profit for the Period	<u>81,728</u>	<u>46,921</u>
	Other Comprehensive Income		
1,528	Net Gain on Available-For-Sale Financial Assets	799	165
(5,764)	Re-measurement Gains/(Losses) on Defined Benefit Plans	-	-
(39)	Share of Other Comprehensive Income of Equity Accounted Investee	-	-
<u>(2,348)</u>	Deferred Tax on Other Comprehensive Income	<u>-</u>	<u>-</u>
(6,623)	Other Comprehensive Income for the Period, Net of Tax	799	165
<u>94,342</u>	Total Comprehensive Income for the Period, Net of Tax	<u>82,527</u>	<u>47,086</u>

Figures in brackets indicate deductions.

Interim Financial Statements For the Six Months Ended 30th September 2018

STATEMENT OF PROFIT OR LOSS

	Unaudited Quarter Ended 30th Sept 2018 Rs.'000	Unaudited Quarter Ended 30th Sept 2017 Rs.'000	Variance Rs.'000
Revenue	285,167	120,003	165,164
Cost of Sales	<u>(255,538)</u>	<u>(107,023)</u>	<u>(148,515)</u>
Gross Profit	29,629	12,980	16,649
Other Income	2,723	1,483	1,240
Administrative Expenses	(17,105)	(11,183)	(5,922)
Distribution Expenses	(2,463)	(41)	(2,422)
Profit from Operations	12,784	3,239	9,544
Finance Income	22,606	13,910	8,696
Finance Expenses	(5,146)	(722)	(4,424)
Net Finance Income / (Expenses)	17,460	13,188	4,272
Share of Profit of Equity Accounted Investee (Net of Income Tax)	14,055	7,718	6,337
Profit Before Taxation	44,299	24,145	20,154
Income Tax Expenses	(4,236)	(1,971)	(2,265)
Profit for the Quarter	40,063	22,174	17,889
Earnings per Share (Rs.)	5.01	2.77	

Figures in brackets indicate deductions.

Share Prices	2nd Quarter of 2018	2nd Quarter of 2017
Highest	Rs.75.00	Rs.85.00
Lowest	Rs.61.30	Rs.66.10
Last Traded Price	Rs.63.00	Rs.70.90

Interim Financial Statements For the Six Months Ended 30th September 2018

STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended	Unaudited 30th Sept 2018 Rs.'000	Unaudited 30th Sept 2017 Rs.'000
Profit for the Quarter Ended	40,063	22,174
Other Comprehensive Income		
Net Gain on Available-For-Sale Financial Assets	-	-
Re-measurement Gains/(Losses) on Defined Benefit Plans	-	-
Deferred Tax on Other Comprehensive Income	-	-
Other Comprehensive Income for the Quarter ,Net of Tax	-	-
Total Comprehensive Income for the Quarter ,Net of Tax	40,063	22,174

Figures in brackets indicate deductions.

Interim Financial Statements For the Six Months Ended 30th September 2018

STATEMENT OF CASH FLOW

Audited 31st Mar 2018 Rs. '000	For the Six Months Ended	Unaudited 30th Sept 2018 Rs. '000	Unaudited 30th Sept 2017 Rs. '000
Cash Flows from Operating Activities			
120,342	Profit Before Tax	90,436	50,993
Adjustments for			
(32,868)	Share of Profit of Equity Accounted Investee	(28,240)	(17,060)
2,346	Depreciation on Property, Plant & Equipment	4,338	2,130
-	Net Gain on Disposal of Property, Plant & Equipment and Investment Property	(1,698)	-
1,061	Interest Expense	2,434	1,247
(54,933)	Interest Income	(28,334)	(28,036)
(508)	Dividend Income	-	(508)
(1,613)	Provision/(Reversal) for Slow Moving Inventories	503	(1,136)
2,524	Provision for Defined Benefit Plan Cost	3,500	2,050
36,351	Operating Profit before Working Capital Changes	42,939	9,680
(16,894)	(Increase)/Decrease in Inventories	(47,475)	3,730
17,038	(Increase)/ Decrease in Trade and Other Receivables	(122,477)	25,143
(2,623)	(Increase)/Decrease in Due from Other Related Parties	(4,134)	(8,123)
2,019	Increase/(Decrease) in Due to Other Related Parties	6,483	283
13,472	Increase /(Decrease) in Trade and Other Payables	(1,975)	82
49,363	Cash Generated from Operations	(126,639)	30,795
(1,061)	Interest Expense	(2,434)	(1,247)
(19,509)	Income Tax Paid	(2,003)	(8,489)
(4,834)	Employee Benefit Paid	(3,098)	-
23,959	Net Cash Flows from Operating Activities	(134,174)	21,059
Cash Flows from / (Used in) Investing Activities			
(9,807)	Acquisition of Property, Plant & Equipment	(28,370)	(2,444)
9	Proceeds from Sale of Property, Plant & Equipment and Investment Property	3,321	10
508	Dividend Received	-	508
15,264	Dividend Received from Equity Accounted Investee	-	-
54,933	Interest Received	28,334	28,036
60,907	Net Cash flows from Investing Activities	3,285	26,110
(30,804)	Dividend Paid	(6,000)	(16,000)
(30,804)	Net Cash Flows from Financing Activities	(6,000)	(16,000)
54,062	Net Increase/(Decrease) in Cash and Cash Equivalents	(136,889)	31,169
470,850	Cash and Cash Equivalents at the Beginning of the Year	524,912	470,850
524,912	Cash and Cash Equivalents (Note A)	388,023	502,019
A. Analysis of Cash and Cash Equivalents			
8,004	Cash & Bank Balance	8,365	63,420
529,790	Short Term Deposits	492,610	440,354
537,794		500,975	503,774
(12,882)	Short Term Loan and Overdrafts	(112,952)	(1,755)
524,912	Cash in Hand and at Bank	388,023	502,019

Figures in brackets indicate deductions.

Interim Financial Statements For the Six Months Ended 30th September 2018

STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company						Total Rs.'000
	Stated Capital Rs.'000	Other Component of Equity ¹ Revaluation Reserve Rs.'000	Available for Sale Reserve Rs.'000	Amalgamation Capital Reserve Rs.'000	Amalgamation Revenue Reserve Rs.'000	Retained Earnings Rs.'000	
Balance as at 1st April 2017	80,000	22,540	52,238	14,000	36,625	531,945	737,348
Profit for the Period	-	-	-	-	-	46,921	46,921
Net Gain on Available for Sale Financial Assets	-	-	165	-	-	-	165
Dividend Paid	-	-	-	-	-	(16,000)	(16,000)
Balance as at 30th September 2017	80,000	22,540	52,403	14,000	36,625	562,866	768,434
Balance as at 1st April 2018	80,000	19,385	53,766	14,000	36,625	595,914	799,690
Profit for the Period	-	-	-	-	-	81,728	81,728
Net Gain on Available for Sale Financial Assets	-	-	799	-	-	-	799
Dividend Paid *	-	-	-	-	-	(6,000)	(6,000)
Balance as at 30th September 2018	80,000	19,385	54,565	14,000	36,625	671,642	876,217

* Company paid a Final dividend of Rs. 0.75 per share on 6th July 2018 for the financial year 2017/2018.

Interim Financial Statements For the Six Months Ended 30th September 2018

Notes to the Financial Statements

- 1 The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2018 and comply with the Sri Lanka Accounting Standards (SLFRS/LKAS). They also provide the information required by the Colombo Stock Exchange and LKAS 34 - Interim Financial Reporting for the year ended 31 March 2018, except for the adoption of new standards effective as of 1 April 2018 as detailed below,

(a) SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under SLFRS.

(b) SLFRS 9 Financial Instruments

SLFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, paragraph 7.2.16 of SLFRS 9 permits an entity not to apply the requirements of this Standard to interim periods prior to the date of initial application, if it is impracticable.

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 30th June 2018 based on LKAS 39.

2 Stated Capital		30th Sept 2018	30th Sept 2017
Value - ordinary shares (Rs.)		80,000,000	80,000,000
No of shares - ordinary shares		8,000,000	8,000,000
Voting rights		One vote per ordinary share	One vote per ordinary share

3 Contingencies

There has not been a significant change in the nature of contingent liabilities, which were disclosed in the Annual Report for the year ended 31.03.2018.

4 Events Occurring after the Reporting Date

There have been no material events occurred after the reporting date, that require adjustments to or disclosure in the Financial Statements.

5 Share Trading from 1st April 2018 to 30th Sept 2018

No of transactions	1,444
No of shares traded	344,488
Value of shares traded (Rs.)	23,245,283

Interim Financial Statements For the Six Months Ended 30th September 2018

NOTES TO THE FINANCIAL STATEMENTS

6 Twenty Largest Shareholders as at		30th Sept 2018	
Name		No of Shares	%
1	HAYLEYS PLC NO. 3 SHARE INVESTMENT A/C	5,200,000	65.00
2	SEYLAN BANK PLC / MR. K. L. G. UDAYANANDA	132,826	1.66
3	PEOPLE'S MERCHANT FINANCE PLC / J. P. N. P. JAYASEKERA	89,235	1.12
4	MR. S. SRIKANTHAN & MRS. S. SRIKANTHAN	75,000	0.94
5	MRS. M. J. NIHARA	57,528	0.72
6	DR. D. JAYANNTHA	56,900	0.71
7	MR. J. P. N. P. JAYASEKARA	53,657	0.67
8	MR. A. R. IBRAHIM	49,275	0.62
9	J. P. R. KARUNARATHNE	38,826	0.49
10	MRS. G. J. E. S. DE FONSEKA	38,570	0.48
11	MBSL / MR. N. K. C. J. DE SILVA	31,564	0.39
12	BANSEI SECURITIES CAPITAL (PVT) LTD / C. J. GUNARATHNA	30,000	0.38
13	PEOPLE'S LEASING & FINANCE PLC / MR. DEEPTHI NILUPUL PERERA	26,680	0.33
14	MR. N. K. A. D. DE SILVA	26,205	0.33
15	MR. R. RASARETNAM (DECEASED)	26,052	0.33
16	MRS. L.P. THENABADU & MR. S.K. THENABADU	23,832	0.30
17	MR. T. C. U. JAYANETTI & DR. A. L. T. P. AMARAWICKRAMA	22,498	0.28
18	DR. A.K.A. JAYAWARDENE	22,042	0.28
19	MR. R. E. RAMBUKWELLA	21,079	0.26
20	MR. T.D. DE JONK	20,653	0.26
	Total	6,042,422	75.53

7 Director's Shareholdings as at		30th Sept 2018	30th Sept 2017
Name of the Director		No of Shares	No of Shares
MR. A. M. PANDITHAGE		320	320
MR. H. S. R. KARIYAWASAN		NIL	NIL
DR. S. A. B. EKANAYAKE		NIL	NIL
MR. S. C. GANEGODA		608	608
MR. T. G. THORADENIYA		NIL	NIL
MR. K. S. PADIWITA		1,280	1,280
MR. M. I. L. PERERA		NIL	NIL
DR. T. K. D. A. P. SAMARASINGHE		NIL	NIL
MR. L. A. K. I. KODYTUAKKU		NIL	NIL
MR. D. K. DE SILVA WIJEYERATNE		NIL	NIL
MR. M. C. SAMPATH		NIL	NIL
MR. W. A. K. KUMARA (Appointed w.e.f. 06/08/2018)		NIL	NIL

8 Public Holding	
Percentage of Public Holding	34.97%
Total No. of Shareholders Representing Public Holding	4,383
Float-Adjusted Market Capitalization	176,248,800

The Company complies with option 5 of the Listing Rules 7.13.1 (a) – Less than Rs.2.5 Bn Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

9 There were no non voting shares as at 30th September 2018

