

HAYLEYS PLC

Interim Report



THE STORY CONTINUES...

140 Years of Corporate Inspiration



FIRST QUARTER

Three months ended 30th June, 2018

STATEMENT OF PROFIT OR LOSS

Consolidated	Company		Notes	Consolidated			Company		
				Unaudited	Unaudited	Change	Unaudited	Unaudited	Change
Audited year ended 31.03.18 Rs.'000	Audited year ended 31.03.18 Rs.'000			3 months to 30.06.18 Rs.'000	3 months to 30.06.17 Rs.'000	%	3 months to 30.06.18 Rs.'000	3 months to 30.06.17 Rs.'000	%
163,249,467	379,173	Revenue	5	50,600,986	29,158,697	74	98,839	96,174	3
(126,831,893)	(218,789)	Cost of sales		(38,780,321)	(23,267,945)	67	(53,987)	(56,583)	(5)
(569,558)	-	Direct Interest Cost		(301,083)	-	-	-	-	-
<u>35,848,016</u>	<u>160,384</u>	Gross profit		11,519,582	5,890,752	96	44,852	39,591	13
-	1,872,100	Group dividend		-	-	-	263,866	203,168	30
909,359	1,130,083	Other income		218,308	106,713	>100	-	-	-
(7,268,250)	-	Distribution expenses		(2,910,204)	(1,082,124)	>100	-	-	-
(17,928,472)	(59,270)	Administrative expenses		(5,577,216)	(3,690,708)	51	(57,534)	11,816	>100
(157,476)	-	Other expenses		(88,072)	(34,206)	>100	-	-	-
<u>11,403,177</u>	<u>3,103,297</u>	Results from operating activities		3,162,398	1,190,427	>100	251,184	254,575	(1)
1,107,936	31,939	Finance income		373,338	220,180	70	7,329	840	>100
(7,039,958)	(1,684,705)	Finance cost		(2,752,267)	(1,095,807)	>100	(600,590)	(205,575)	>100
(5,932,022)	(1,652,766)	Net finance cost		(2,378,929)	(875,627)	>100	(593,261)	(204,735)	>100
184,186	10,250	Change in fair value of investment properties		-	-	-	-	-	-
227,226	-	Share of profit of equity accounted investees (net of tax)		71,950	92,937	(23)	-	-	-
(119,069)	-	Value added tax on financial services		(57,319)	-	-	-	-	-
<u>5,763,498</u>	<u>1,460,781</u>	Profit/(loss) before tax	6	798,100	407,737	96	(342,077)	49,840	(<100)
(2,491,060)	(1,329)	Tax expense		(538,052)	(346,281)	55	-	(13)	<100
<u>3,272,438</u>	<u>1,459,452</u>	Profit/(loss) for the period		260,048	61,456	>100	(342,077)	49,827	(<100)
		Profit for the period attributable to:							
1,023,892		Owners of the parent		(261,205)	(149,674)	(75)			
2,248,546		Non-controlling interest		521,253	211,130	>100			
<u>3,272,438</u>				<u>260,048</u>	<u>61,456</u>	<u>>100</u>			
		Earnings per share							
13.65		Basic (Rs.)		(3.48)	(2.00)				
13.65		Diluted (Rs.)		(3.48)	(2.00)				

The Notes on pages 8 to 10 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

Consolidated		Company		Consolidated			Company		
Audited year ended 31.03.18 Rs.'000	Audited year ended 31.03.18 Rs.'000			Unaudited 3 months to 30.06.18 Rs.'000	Unaudited 3 months to 30.06.17 Rs.'000	Change %	Unaudited 3 months to 30.06.18 Rs.'000	Unaudited 3 months to 30.06.17 Rs.'000	Change %
3,272,438	1,459,452	Profit/(loss) for the period		260,048	61,456	>100	(342,077)	49,827	(<100)
		Other Comprehensive income							
		Items that will not be reclassified subsequently to Statement of Profit or Loss							
2,998,599	627,010	Revaluation of land		-	-	-	-	-	-
(383,844)	(73,347)	Actuarial (loss)/gain on employee benefit obligations		-	-	-	-	-	-
(1,607,182)	-	Income tax on other comprehensive income		-	-	-	-	-	-
		Items that will be reclassified subsequently to Statement of Profit or Loss							
741,847	-	Net exchange differences on translation of foreign operations		(187,167)	202,887	(<100)	-	-	-
(223)	-	Share of other comprehensive income of equity accounted investees		-	-	-	-	-	-
(6,564)	-	Net change in fair value of available-for-sale financial assets		(6,448)	7,565	(<100)	-	-	-
1,742,633	553,663	Total other comprehensive income for the period, net of tax		(193,615)	210,452	(<100)	-	-	-
5,015,071	2,013,115	Total comprehensive income for the period, net of tax		66,433	271,908	(76)	(342,077)	49,827	(<100)
		Total comprehensive income for the period attributable to							
2,702,806		Owners of the parent		(358,439)	(25,458)	(<100)			
2,312,265		Non-controlling interest		424,872	297,366	43			
5,015,071				66,433	271,908	(76)			

The Notes on pages 8 to 10 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

Consolidated	Company	Notes	Consolidated	Consolidated	Company	Company
Audited as at 31.03.18 Rs.'000	Audited as at 31.03.18 Rs.'000		Unaudited as at 30.06.18 Rs.'000	Unaudited as at 30.06.17 Rs.'000	Unaudited as at 30.06.18 Rs.'000	Unaudited as at 30.06.17 Rs.'000
ASSETS						
Non - current assets						
84,010,488	311,889		84,018,458	66,651,829	300,941	2,362,217
1,948,609	60,750		1,948,609	1,764,423	60,750	-
404,659	-		405,128	374,800	-	-
14,114,642	-		14,085,116	6,416,122	-	-
-	36,673,417		-	-	37,153,293	22,024,874
845,898	-		917,847	814,570	-	-
290,657	95,397		283,932	203,100	93,172	102,072
9,333,864	-		10,016,838	-	-	-
2,431,175	-		2,432,654	1,640,222	-	-
822,545	-		834,528	616,775	-	-
114,202,537	37,141,453		114,943,110	78,481,841	37,608,156	24,489,163
Total non-current assets						
Current assets						
32,745,630	1,058		34,092,182	18,989,249	1,034	1,235
-	1,800,558		-	-	1,697,747	877,375
121,106	8,850		122,492	75,350	10,438	11,215
48,227,112	16,912		52,423,822	24,480,341	16,752	24,012
2,640,004	95,091		2,854,028	2,129,675	150,788	92,020
539,919	12,670		561,068	171,305	14,854	7,309
160,702	8,800		88,865	495,615	7,978	9,397
3,631,527	-		3,993,304	3,137,052	-	-
7,495,343	328,619		8,180,693	4,331,122	479,319	133,950
3,021	-	8	3,021	3,021	-	-
95,564,364	2,272,558		102,319,475	53,812,730	2,378,910	1,156,513
209,766,901	39,414,011		217,262,585	132,294,571	39,987,066	25,645,676
Total current assets						
Total assets						
EQUITY AND LIABILITIES						
1,575,000	1,575,000	7	1,575,000	1,575,000	1,575,000	1,575,000
887,340	13,226		890,936	879,466	13,226	13,226
20,978,486	-		20,882,733	19,144,461	-	1,991,460
16,208,311	16,890,382		15,499,426	18,613,543	16,173,305	12,977,849
39,649,137	18,478,608		38,848,095	40,212,471	17,761,531	16,557,535
Total equity attributable to equity holders of the company						
20,158,629	-		20,436,452	17,291,893	-	-
59,807,766	18,478,608		59,284,547	57,504,364	17,761,531	16,557,535
Total Equity						
Non - current liabilities						
34,621,339	12,182,428		34,986,855	20,507,217	11,959,298	5,433,392
772,147	-		770,521	757,212	-	-
4,729,365	-		4,755,161	1,896,101	-	-
1,199,128	-		1,243,835	-	-	-
2,717,541	-		2,717,541	-	-	-
403,056	-		826,225	-	-	-
7,337,659	713,730		7,587,346	5,771,126	756,359	569,069
51,780,235	12,896,158		52,887,484	28,931,656	12,715,657	6,002,461
Total non-current liabilities						
Current liabilities						
28,764,332	319,282		27,771,354	15,859,572	691,955	235,424
4,023,979	45,691		3,819,383	1,362,413	24,498	14,634
6,517,031	10,654		5,515,401	8,508	7,513	8,508
-	40,350		-	-	46,154	36,402
-	-		-	438	-	-
246,289	-		294,411	-	-	-
607,274	-		689,973	650,787	-	-
23,801,452	3,747,898		23,933,770	4,524,864	3,379,223	1,220,005
34,218,211	3,875,370		43,065,930	23,451,637	5,360,535	1,570,707
332	-	8	332	332	-	-
98,178,900	8,039,245		105,090,554	45,858,551	9,509,878	3,085,680
Total current liabilities						
149,959,135	20,935,403		157,978,038	74,790,207	22,225,535	9,088,141
Total liabilities						
209,766,901	39,414,011		217,262,585	132,294,571	39,987,066	25,645,676
Total equity and liabilities						

The Financial Position as at 30th June, 2018 and Statement of Profit or Loss, Statement of Comprehensive Income, Changes in Equity and Cash Flow for the three months then ended are drawn up from the unaudited Financial Statements of the Company, its Subsidiaries and Equity Accounted Investees and they provide the information required by the Colombo Stock Exchange.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act no 7 of 2007.

sgd.
Dilhan De Silva
Group Chief Financial Officer

The Directors are responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board

sgd.
Mohan Pandithage
Chairman & Chief Executive
8th August 2018

sgd.
Sarath Ganegoda
Director

The Notes on pages 8 to 10 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

For the period ended 30th June

Consolidated	Attributable to owners of the Company												Total Equity
	Capital Reserves			Other Components of Equity			Revenue Reserves			Shareholders' Funds	Non-controlling interest		
	Stated capital	Reserve on scrip issue	Other capital reserve	Revaluation reserve	Available-for-sale reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve			Retained earnings	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1st April 2018	1,575,000	446,229	441,111	19,380,070	19,843	1,578,573	2,241,335	90,309	7,134	13,869,533	39,649,137	20,158,629	59,807,766
Profit for the period	-	-	-	-	-	-	-	-	-	(261,205)	(261,205)	521,253	260,048
Other Comprehensive income													
Net exchange differences on translation of foreign operations	-	-	-	-	-	(93,104)	-	-	-	-	(93,104)	(94,063)	(187,167)
Share of other comprehensive income of equity accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-	-	(4,130)	-	-	-	-	-	(4,130)	(2,318)	(6,448)
Revaluation of land	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain on defined benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	(4,130)	(93,104)	-	-	-	-	(97,234)	(96,381)	(193,615)
Total Comprehensive income for the period	-	-	-	-	(4,130)	(93,104)	-	-	-	(261,205)	(358,439)	424,872	66,433
Transactions with owners, recorded directly in equity													
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(375,000)	(375,000)	(220,350)	(595,350)
Unclaimed Dividend-write back	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	6,816	-	-	-	-	-	-	(6,816)	-	-	-
Total contributions by and distributions to owners	-	-	6,816	-	-	-	-	-	-	(381,816)	(375,000)	(220,350)	(595,350)
Changes in ownership interests in subsidiaries													
Acquisition of non-controlling interest with a change in control	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest without a change in control	-	(3,223)	3	1,362	22	96	679	-	-	(66,543)	(67,603)	73,300	5,698
Partial recognition of non controlling interest to be acquired	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	(3,223)	3	1,362	22	96	679	-	-	(66,543)	(67,603)	73,300	5,698
Total transactions with owners	-	(3,223)	6,819	1,362	22	96	679	-	-	(448,360)	(442,603)	(147,049)	(589,652)
Balance as at 30th June 2018	1,575,000	443,006	447,930	19,381,432	15,736	1,485,565	2,242,014	90,309	7,134	13,159,968	38,848,095	20,436,452	59,284,547
Balance as at 1st April, 2017	1,575,000	527,790	415,818	17,823,047	23,876	1,166,208	2,233,557	81,415	8,942	17,010,084	40,865,737	17,173,230	58,038,967
Profit for the period	-	-	-	-	-	-	-	-	-	(149,674)	(149,674)	211,130	61,456
Other Comprehensive income													
Net exchange differences on translation of foreign operations	-	-	-	-	-	119,370	-	-	-	-	119,370	83,517	202,887
Share of other comprehensive income of equity accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-	-	4,846	-	-	-	-	-	4,846	2,719	7,565
Revaluation of land	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain on defined benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	4,846	119,370	-	-	-	-	124,216	86,236	210,452
Total Comprehensive income for the period	-	-	-	-	4,846	119,370	-	-	-	(149,674)	(25,458)	297,366	271,908
Transactions with owners, recorded directly in equity													
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(562,500)	(562,500)	(183,454)	(745,954)
Transfers	-	-	7,512	-	-	-	-	-	-	(7,512)	-	-	-
Total contributions by and distributions to owners	-	-	7,512	-	-	-	-	-	-	(570,012)	(562,500)	(183,454)	(745,954)
Changes in ownership interests in subsidiaries													
Acquisition of non-controlling interest with a change in control	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest without a change in control	-	(71,654)	-	7,087	9	18	277	-	-	(1,046)	(65,308)	4,751	(60,557)
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	(71,654)	-	7,087	9	18	277	-	-	(1,046)	(65,308)	4,751	(60,557)
Total transactions with owners	-	(71,654)	7,512	7,087	9	18	277	-	-	(571,058)	(627,808)	(178,703)	(806,511)
Balance as at 30th June 2017	1,575,000	456,136	423,330	17,830,134	28,731	1,285,596	2,233,834	81,415	8,942	16,289,352	40,212,471	17,291,893	57,504,364

The Notes on pages 8 to 10 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

For the period ended 30th June

Company	Capital Reserve		Other Component of Equity	Revenue Reserves		Total Equity
	Stated capital	Other capital reserve	Revaluation reserve	General reserve	Retained earnings	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1st April 2018	1,575,000	13,226	-	382,087	16,508,295	18,478,608
Profit for the period	-	-	-	-	(342,077)	(342,077)
Other Comprehensive income						
Actuarial losses on defined benefit obligations	-	-	-	-	-	-
Revaluation of land	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	-	(342,077)	(342,077)
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(375,000)	(375,000)
Total contributions by and distributions to owners	-	-	-	-	(375,000)	(375,000)
Total transactions with owners	-	-	-	-	(375,000)	(375,000)
Balance as at 30th June 2018	1,575,000	13,226	-	382,087	15,791,218	17,761,531
Balance as at 1st April, 2017	1,575,000	13,226	1,991,460	382,087	13,108,435	17,070,208
Profit for the period	-	-	-	-	49,827	49,827
Other Comprehensive income						
Revaluation of land	-	-	-	-	-	-
Actuarial losses on defined benefit obligations	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	-	49,827	49,827
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(562,500)	(562,500)
Total contributions by and distributions to owners	-	-	-	-	(562,500)	(562,500)
Total transactions with owners	-	-	-	-	(562,500)	(562,500)
Balance as at 30th June 2017	1,575,000	13,226	1,991,460	382,087	12,595,762	16,557,535

The Notes on pages 8 to 10 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

Consolidated		Company		Consolidated		Company	
Audited as at 31.03.18 Rs.'000	Audited as at 31.03.18 Rs.'000	Unaudited 3 months to 30.06.18 Rs.'000	Unaudited 3 months to 30.06.17 Rs.'000	Unaudited 3 months to 30.06.18 Rs.'000	Unaudited 3 months to 30.06.17 Rs.'000		
Cash flows from operating activities							
10,639,603	1,490,249	(3,540,420)	(1,685,462)	(45,108)	519,436		
(579,028)	(15,825)	(85,221)	(64,672)	22,099	(4,970)		
(2,609,574)	(8,589)	(462,689)	(313,461)	(2,182)	(1,911)		
7,451,001	1,465,835	(4,088,330)	(2,063,596)	(25,191)	512,555		
Cash flows from Investing activities							
(5,980,893)	(55,519)	(1,242,243)	(1,013,979)	(11,889)	(7,602)		
(6,078)	-	(469)	(447)	-	-		
60,045	-	6,896	21,508	-	-		
256,048	-	17,212	28,251	-	-		
-	-	1,785	-	-	-		
4,213,117	-	1,071,219	8,778	-	-		
(353,391)	-	(21,606)	(14,689)	-	-		
-	(10,931,570)	-	-	(114,876)	(77,773)		
(239,785)	-	(1,971)	-	-	-		
(3,868,671)	-	(986,499)	(419)	-	-		
(12,976,909)	-	-	-	-	-		
537,095	7,317	60,653	77,201	7,217	192		
(43,820)	-	48,122	-	-	-		
102,739	-	-	-	-	-		
9,185	739	1,022	431	10	74		
(18,291,318)	(10,979,033)	(1,045,879)	(893,365)	(119,538)	(85,109)		
(10,840,317)	(9,513,198)	(5,134,209)	(2,956,961)	(144,729)	427,446		
Cash flows from financing activities							
(23,038)	-	(3,299)	(4,843)	-	-		
(6,427,583)	(1,553,036)	(2,302,636)	(967,811)	(569,203)	(160,388)		
(1,529,400)	-	(220,350)	(183,454)	-	-		
29,065,187	10,500,000	4,288,659	1,303,410	-	-		
(18,094,054)	(1,749,375)	(3,895,002)	(2,049,460)	(620,533)	(487,250)		
76,847	-	44,707	-	-	-		
(14,577)	(14,577)	-	-	-	-		
(3,688,646)	-	-	-	-	-		
71,083	-	(578,462)	-	-	-		
(562,500)	(562,500)	-	-	-	(562,500)		
(1,126,681)	6,620,512	(2,666,383)	(1,902,159)	(1,189,736)	(1,210,138)		
(11,966,998)	(2,892,686)	(7,800,592)	(4,859,120)	(1,334,465)	(782,692)		
(11,123,228)	(654,065)	(23,090,226)	(11,123,228)	(3,546,751)	(654,065)		
(23,090,226)	(3,546,751)	(30,890,818)	(15,982,348)	(4,881,216)	(1,436,757)		

Net cash flows related to discontinued operation, shown in note 8, discontinued operation

The Notes on pages 8 to 10 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

Consolidated		Company		Consolidated		Company	
Audited as at 31.03.18 Rs.'000	Audited as at 31.03.18 Rs.'000			Unaudited 3 months to 30.06.18 Rs.'000	Unaudited 3 months to 30.06.17 Rs.'000	Unaudited 3 months to 30.06.18 Rs.'000	Unaudited 3 months to 30.06.17 Rs.'000
		A. Cash generated from operations					
5,763,498	1,460,781	Profit before tax		798,100	407,737	(342,077)	49,840
		Adjustments for:					
5,932,022	1,652,766	Net finance expense		2,378,929	875,627	593,261	204,735
(227,226)	-	- Share of profits from equity accounted investees		(71,950)	(92,937)	-	-
3,927,258	89,201	Depreciation on property, plant & equipment		1,148,465	861,817	8,373	8,360
-	-	- Impairment of property, plant & equipment		-	-	14,463	14,463
(24,228)	-	- Change in fair value of biological assets		-	-	-	-
3,805	-	- Change in fair value of bearer biological assets		-	-	-	-
(184,186)	(10,250)	Change in fair value of investment properties		-	-	-	-
(56,981)	(1,130,083)	(Gain)/loss on the disposal of property, plant & equipment		(3,670)	(11,664)	-	-
151,520	-	- Amortisation of intangible assets		43,541	32,531	-	-
595,423	-	- Net gains/(loss) on translation of foreign currency		-	-	-	-
-	-	- Differences of exchange on translation of foreign entities		(152,154)	129,548	-	-
323,892	-	- Impairment of trade & other receivables		-	-	-	-
971,063	-	- Provision for unrealised profit and write-down of inventories		-	-	-	-
102,880	-	- Impairment of other non current assets		-	16,923	-	-
(1,264)	-	- Gain on the disposal of subsidiaries		-	-	-	-
1,129,386	99,145	Provision for post employee benefits obligations		342,462	218,446	20,530	16,977
(31,285)	-	Government grants amortised		(8,522)	(7,683)	-	-
18,375,577	2,161,560			4,475,202	2,430,345	294,550	294,375
(9,249,824)	(750,361)	(Increase)/decrease in trade and other receivables		(5,096,572)	(1,277,819)	(319,000)	259,887
(5,792,000)	148	(Increase)/decrease in inventories		(1,346,552)	(1,311,147)	24	(29)
7,305,850	78,902	Increase/(decrease) in trade and other payables		(1,572,498)	(1,526,842)	(20,682)	(34,797)
10,639,603	1,490,249			(3,540,420)	(1,685,462)	(45,108)	519,436
		B. Analysis of cash and cash equivalents					
7,496,458	328,619	Cash & cash equivalents *		8,181,808	4,332,237	479,319	133,950
3,631,527	-	Short - term deposits		3,993,304	3,137,052	-	-
11,127,985	328,619			12,175,112	7,469,289	479,319	133,950
(34,218,211)	(3,875,370)	Short-term interest bearing borrowings		(43,065,930)	(23,451,637)	(5,360,535)	(1,570,707)
(23,090,226)	(3,546,751)	Cash and cash equivalents at the end of the period		(30,890,818)	(15,982,348)	(4,881,216)	(1,436,757)

* Includes discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

- 1 The Interim Condensed Financial Statements have been prepared in compliance 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 Interim Condensed Financial Statements have been prepared on a historical cost basis, except for, land ,Biological assets and financial instruments.

The Financial Statements also provide information required by the Colombo Stock Exchange.

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements for the year ended 31st March 2018, except for the adoption of new standards effective as of 1 April 2018.

The Group applies SLFRS 15 Revenue from Contracts with Customers and SLFRS 9 Financial Instruments for the first time that require restatement of previous Financial Statements. As required by LKAS 34, the nature and effect of these changes are disclosed below.

And for the other amendments and interpretations apply for the first time in 2018 do not have an impact on the Interim Condensed Consolidated Financial Statements of the Group.

(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.

The Group adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed, the Group concluded that SLFRS 15 does not have a material impact on the Group's Consolidated Financial Statements.

(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 Group has prepared the Interim Financial Statements for the quarter ended 30th June 2018 based on LKAS 39.

- 2 There has not been a significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31st March 2018.

- 3 No circumstances have arisen since the reporting date, which would require adjustments to or disclosure in the financial statements except for following.

Hayleys PLC has successfully completed an invitation to the public to subscribe for Thirty Million (30,000,000) Listed Rated Unsecured Senior Redeemable Debentures at a par value of Rupees One Hundred (LKR 100/-) each with an option to increase such amount by a further Ten Million (10,000,000) of said Debentures.

The Company, having received subscriptions for 35,268,200 (Thirty Five Million Two Hundred Sixty Eight Thousand Two Hundred) Debentures for a value of Rupees 3,526,820,000.00 (LKR Three Billion Five Hundred Twenty Six Million Eight Hundred Twenty Thousand Only) has decided to exercise the oversubscription option.

- 4 The presentation and classification of the Financial Statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

NOTES TO THE FINANCIAL STATEMENTS

5 INDUSTRY SEGMENT REVENUE

Consolidated		Consolidated			
		Total	Intra-group	External	
				Unaudited	Unaudited
Audited				3 months to	3 months to
year ended				30.06.18	30.06.17
31.03.18				Rs.'000	Rs.'000
Rs.'000		Rs.'000	Rs.'000	Rs.'000	Rs.'000
4,511,159	Eco Solutions	1,638,325	73,536	1,564,789	1,081,839
15,851,893	Hand Protection	4,060,158	3,673	4,056,485	3,968,708
15,518,079	Purification Products	4,318,123	-	4,318,123	3,299,006
8,855,501	Textiles	2,349,299	-	2,349,299	1,997,111
4,399,542	Construction Materials	916,686	23,704	892,982	881,292
13,946,715	Agriculture	3,030,999	137,585	2,893,414	2,536,804
12,609,342	Plantations	3,636,491	39,652	3,596,839	3,486,892
35,652,333	Transportation & Logistics	10,619,408	-	10,619,408	7,238,706
35,927,829	Consumer & Retail	16,641,174	-	16,641,174	1,235,333
3,811,532	Industry Inputs	971,559	18,588	952,971	876,848
1,513,363	Power & Energy	454,171	-	454,171	404,940
5,672,930	Leisure	1,182,062	31,403	1,150,659	1,105,089
4,979,249	Others	1,352,900	242,228	1,110,672	1,046,129
163,249,467		51,171,355	570,369	50,600,986	29,158,697

6 INDUSTRY SEGMENT RESULTS

Consolidated		Consolidated	
		Unaudited	Unaudited
		3 months to	3 months to
Audited		30.06.18	30.06.17
year ended		Rs.'000	Rs.'000
31.03.18		Rs.'000	Rs.'000
Rs.'000		Rs.'000	Rs.'000
(15,961)	Eco Solutions	87,211	46,480
470,721	Hand Protection	284,053	38,985
1,090,442	Purification Products	242,421	160,864
141,995	Textiles	65,454	10,104
645,768	Construction Materials	110,582	85,416
1,148,701	Agriculture	224,339	83,304
887,202	Plantations	61,642	99,415
2,949,820	Transportation & Logistics	662,705	430,947
2,026,114	Consumer & Retail	1,252,733	(4,631)
401,529	Industry Inputs	(59)	51,833
936,963	Power & Energy	294,114	229,450
343,432	Leisure	(84,041)	(106,891)
2,365,110	Others	271,741	274,951
13,391,835	Segment results	3,472,896	1,400,227
(1,988,658)	Non - segment income/(expenses)	(310,498)	(209,800)
11,403,177	Operating profit	3,162,398	1,190,427
(5,932,022)	Net finance cost	(2,378,929)	(875,627)
184,186	Change in fair value of investment properties	-	-
227,226	Share of profits from equity accounted investees	71,950	92,937
(119,069)	Value added tax on financial services	(57,319)	-
5,763,498	Profit before tax	798,100	407,737

NOTES TO THE FINANCIAL STATEMENTS

7 STATED CAPITAL

Audited as at 31.03.18 Rs.'000		Unaudited as at 30.06.18 Rs.'000	Unaudited as at 30.06.17 Rs.'000
1,575,000	Issued and fully paid	1,575,000	1,575,000
	75,000,000 (75,000,000 - 30.06.2017) Ordinary Shares		

8 ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS

Consolidated Audited as at 31.03.18 Rs.'000		Consolidated Unaudited as at 30.06.18 Rs.'000	Unaudited as at 30.06.17 Rs.'000
1,906	Assets classified as held for sale	1,906	1,906
1,115	Trade and Other Receivables	1,115	1,115
3,021	Cash in Hand and at Bank	3,021	3,021
	Total assets	3,021	3,021
	Liabilities directly associated with assets classified as held for sale		
332	Trade and other payables	332	332
332	Total equity and liabilities	332	332
	Cash Flow related to discontinued operations		
-	Net cash flows from operating activities	-	-
-	Net cash out flow from discontinuing operation	-	-

INVESTOR INFORMATION

MARKET VALUE OF SHARES

The market value of an ordinary share of Hayleys PLC was as follows:

	30.06.2018 Rs.	30.06.2017 Rs.
Closing price on	213.80	296.10
Highest price recorded for the three months ending	227.00	302.80
Lowest price recorded for the three months ending	200.00	262.00
Market capitalisation (Rs. Mn.)	16,035	22,208

RATIOS

Net assets per share	517.97	536.17
Price earnings ratio (times) (Annualised)	(15.35)	(37.09)

DIVIDEND PAYMENT

First and final dividend 2017/18

Rs 5.00 per share paid on 10th July, 2018

SHARE TRADING FROM 1ST APRIL, 2018 TO 30TH JUNE, 2018

No. of transactions	652
No. of shares traded	356,656
Value of shares traded (Rs.)	76,638,646

LISTED DEBENTURES

Details regarding the listed debentures are as follows;

DEBENTURE 1 -

Listed, rated, senior, unsecured, redeemable Debentures at 7.60% p.a. payable semi annually and redeemable on 6th March, 2019
Interest rate of comparable Government Securities as at 30th June, 2018, 9.12%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 30.06.2018

There were no transactions during the period.

DEBENTURE 2 -

Listed, rated, senior, unsecured, redeemable Debentures at 7.85% p.a. payable semi annually and redeemable on 6th March, 2020
Interest rate of comparable Government Securities as at 30th June, 2018, 9.41%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 30.06.2018

There were no transactions during the period.

DEBENTURE 3 -

Listed, rated, senior, unsecured, redeemable, debentures at floating rate (6 month (Gross) treasury bill rate + 1.25%) p.a payable semi annually and redeemable on 31st May, 2019

Interest rate of comparable Government Securities as at 30th June, 2018, 9.19%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 30.06.2018

No. of Transactions	11
No. of Debentures traded	57,540
Value of Debentures traded (Rs.)	5,667,690
Highest Price (Rs.)	98.50
Lowest Price (Rs.)	98.50
Last Traded Price (Rs.)	98.50

Interest yield - Last traded	12.72%
Yield to maturity - Last traded	11.02%

RATIOS

	30.06.2018	30.06.2017
Debt/ equity ratio	1.17	0.50
Quick asset ratio	0.25	0.37
Interest cover	0.44	1.57

INVESTOR INFORMATION

FIRST TWENTY SHAREHOLDERS AS AT 30th JUNE, 2018

Name of the Shareholder	No.of Shares	%
1 Mr.K.D.D.Perera	37,829,697	50.44
2 Trustees of the D.S.Jayasundera Trust	8,698,017	11.60
3 Employees Provident Fund	3,776,621	5.04
4 Lanka Orix Leasing Company PLC	1,700,004	2.27
5 Hayleys Group Services(Private) Ltd No.02 A/C	1,117,090	1.49
6 Mrs.A.M.L.Johnpulle & Mr.B.J.M.Johnpulle	882,165	1.18
7 Commercial Leasing & Finance PLC	734,144	0.98
8 Mrs.R.N.Ponnambalam	590,645	0.79
9 Mr.N.K.A.D.De Silva	570,166	0.76
10 Mrs.R.M.Spittel	564,697	0.75
11 Mr.R.H.S.Phillips	520,727	0.69
12 Mrs.Y.M.Spittel	465,561	0.62
13 Mr.A.C Wikramanayake	462,204	0.62
14 Mrs.P.M Godamunne	443,447	0.59
15 Mrs.S.D. Wickramasinghe .	440,281	0.59
16 Sri Lanka Insurance Corporation Ltd-Life Fund	397,418	0.53
17 Mr.G.N. Wikramanayake (Deceased)	370,422	0.49
18 Associated Electrical Corporation Ltd	361,000	0.48
19 Renuka Capital PLC	330,155	0.44
20 Akbar Brothers Pvt Ltd A/C No.01	321,931	0.43
Total	60,576,392	80.78

There were no non voting shares as at 30th June, 2018.

PUBLIC HOLDING

Percentage of public holding as at 30th June 2018. 37.65%

Total number of Shareholders representing the Public Holding 6,133

Float- adjusted market capitalization (Rs.) 6,037,177,500

The Company complies with option 3 of the Listing Rules 7.13.1 (a) – Rs.5.0 Bn

Float Adjusted Market Capitalization which requires 7.5% minimum Public Holding.

DIRECTORS' SHAREHOLDINGS AS AT 30TH JUNE, 2018

Directors' holdings of ordinary shares in the Company were as follows

Name of the Director	No.of Shares
Mr. A M Pandithage	125,357
Mr. K D D Perera	37,831,363 *
Mr S C Ganegoda	23,414
Mr H S R Kariyawasan	9,427
Mr L T Samarawickrama	7,488
Mr L R V Waidyaratne	37,930
Ms. J. Dharmasena	21,095
Dr KI M Ranasoma (resigned w.e.f 01.07.2018)	9,634

* Inclusive of indirect holding through other companies in which he owns controlling interest.

CORPORATE INFORMATION

NAME OF COMPANY

Hayleys PLC
(A public limited company, incorporated in Sri Lanka in 1952)

COMPANY NUMBER

PQ 22

STOCK EXCHANGE LISTING

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

REGISTERED OFFICE

Hayley Building,
P.O. Box 70, 400, Deans Road,
Colombo 10, Sri Lanka
Telephone: (94-11)2627000
Facsimile: (94-11)2699299
Website: <http://www.hayleys.com>

DIRECTORS

A M Pandithage – Chairman & Chief Executive
K D D Perera - Co-Chairman (Non - Executive)
S C Ganegoda
H S R Kariyawasan
Dr. H Cabral, PC
L T Samarawickrama
L R V Waidyaratne
M H Jamaldeen
M Y A Perera
N L S Joseph
Ms. J Dharmasena
Dr. K I M Ranasoma (resigned w.e.f 01.07.2018)

GROUP MANAGEMENT COMMITTEE

A M Pandithage – Chief Executive
S C Ganegoda
H S R Kariyawasan
L T Samarawickrama
L R V Waidyaratne
S J Wijesinghe
Ms. J Dharmasena
Dr A Sivagananathan
L D E A De Silva
W G R Rajadurai
E R P Goonethileke
Ms.D Talpahewa
Asoka Pieris
C De Silva (appointed w.e.f 01.07.2018)
N R Ranatunge (appointed w.e.f 01.07.2018)
D W P N Dediwela (appointed w.e.f 01.07.2018)
Dr. K I M Ranasoma (resigned w.e.f 01.07.2018)

AUDIT COMMITTEE

M Y A Perera - Chairman
Dr H Cabral, PC
M H Jamaldeen

REMUNERATION COMMITTEE

Dr H Cabral, PC – Chairman
K D D Perera
M H Jamaldeen
M Y A Perera

NOMINATION COMMITTEE

A M Pandithage – Chairman
K D D Perera
Dr H Cabral, PC

RELATED PARTY TRANSACTION REVIEW COMMITTEE

Dr H Cabral, PC - Chairman
S C Ganegoda
M Y A Perera

SECRETARIES

Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka
Telephone: (94-11)2627650
Facsimile: (94-11)2627645
E-mail: info.sec@hayleys.com
Please direct any queries about the administration of shareholdings to the Company Secretaries

INVESTOR RELATIONS

Please contact Strategic Business Development Unit
Telephone: (94-11)2627662
E-mail: info@cau.hayleys.com