

HAYLEYS PLC

Interim Report



THE STORY CONTINUES...

140 Years of Corporate Inspiration



SECOND QUARTER

Six months ended 30th September, 2018

STATEMENT OF PROFIT OR LOSS

Consolidated		Consolidated				Consolidated		
Audited year ended 31.03.18 Rs.'000		Notes	Unaudited	Unaudited	Change %	Unaudited	Unaudited	Change %
			6 months to	6 months to		3 months to	3 months to	
			30.09.18	30.09.17		30.09.18	30.09.17	
			Rs.'000	Rs.'000		Rs.'000	Rs.'000	
163,249,467	Revenue	5	103,044,864	62,421,367	65	52,443,878	33,262,670	58
(126,831,893)	Cost of sales		(79,365,488)	(49,778,012)	59	(40,585,167)	(26,510,067)	53
(569,558)	Direct Interest Cost		(581,385)	-	-	(280,302)	-	-
35,848,016	Gross profit		23,097,991	12,643,355	83	11,578,409	6,752,603	71
909,359	Other income		828,319	224,260	>100	610,011	117,547	>100
(7,268,250)	Distribution expenses		(5,784,682)	(1,867,105)	>100	(2,874,478)	(784,981)	>100
(17,928,472)	Administrative expenses		(11,205,845)	(7,765,051)	44	(5,628,629)	(4,074,343)	38
(157,476)	Other expenses		(173,935)	(70,715)	>100	(85,863)	(36,509)	>100
11,403,177	Results from operating activities		6,761,848	3,164,744	>100	3,599,450	1,974,317	82
1,107,936	Finance income		1,163,259	396,380	>100	789,921	176,200	>100
(7,039,958)	Finance cost		(6,175,676)	(2,345,170)	>100	(3,423,409)	(1,249,363)	>100
(5,932,022)	Net finance cost		(5,012,417)	(1,948,790)	>100	(2,633,488)	(1,073,163)	>100
184,186	Change in fair value of investment properties		-	-	-	-	-	-
227,226	Share of profit of equity accounted investees (net of tax)		172,527	172,888	(0)	100,577	79,951	26
(119,069)	Value added tax on financial services		(127,045)	-	-	(69,726)	-	-
5,763,498	Profit before tax	6	1,794,913	1,388,842	29	996,813	981,105	2
(2,491,060)	Tax expense		(1,025,888)	(670,080)	53	(487,836)	(323,799)	51
3,272,438	Profit for the period		769,025	718,762	7	508,977	657,306	(23)
1,023,892	Profit for the period attributable to: Owners of the parent		(404,624)	18,675	<100	(143,419)	168,349	<100
2,248,546	Non-controlling interest		1,173,649	700,087	68	652,396	488,957	33
3,272,438			769,025	718,762	7	508,977	657,306	(23)
13.65	Earnings / (loss) per share Basic (Rs.)		(5.39)	0.25		(1.91)	2.24	
13.65	Diluted (Rs.)		(5.39)	0.25		(1.91)	2.24	

The Notes on pages 10 to 12 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF PROFIT OR LOSS

Company		Company			Company		
Audited year ended 31.03.18 Rs.'000		Notes	Unaudited	Unaudited	Change %	Unaudited	Unaudited
			6 months to	6 months to		3 months to	3 months to
			30.09.18 Rs.'000	30.09.17 Rs.'000		30.09.18 Rs.'000	30.09.17 Rs.'000
379,173	Revenue		195,547	190,710	3	96,708	94,536
(218,789)	Cost of sales		(107,482)	(110,210)	(2)	(53,495)	(53,627)
160,384	Gross profit		88,065	80,500	9	43,213	40,909
1,872,100	Group dividend		686,797	555,318	24	422,931	352,150
1,130,083	Other income		-	7	-	-	7
(59,270)	Administrative expenses		(32,193)	(19,287)	67	25,341	(31,103)
3,103,297	Results from operating activities		742,669	616,538	20	491,485	361,963
31,939	Finance income		73,452	12,375	>100	66,123	11,535
(1,684,705)	Finance cost		(1,290,067)	(503,996)	>100	(689,477)	(298,421)
(1,652,766)	Net finance cost		(1,216,615)	(491,621)	>100	(623,354)	(286,886)
10,250	Change in fair value of investment properties		-	-	-	-	-
1,460,781	Profit/(loss) before tax		(473,946)	124,917	<100	(131,869)	75,077
(1,329)	Tax expense		-	(19)	-	-	(6)
1,459,452	Profit/(loss) for the period		(473,946)	124,898	<100	(131,869)	75,071

The Notes on pages 10 to 12 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

Consolidated		Consolidated			Consolidated		
Audited year ended 31.03.18 Rs.'000		Unaudited 6 months to 30.09.18 Rs.'000	Unaudited 6 months to 30.09.17 Rs.'000	Change %	Unaudited 3 months to 30.09.18 Rs.'000	Unaudited 3 months to 30.09.17 Rs.'000	Change %
3,272,438	Profit for the period	769,025	718,762	7	508,977	657,306	<100
	Other Comprehensive income						
	Items that will not be reclassified subsequently to Statement of Profit or Loss						
2,998,599	Revaluation of land	-	-	-	-	-	-
(383,844)	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	528,235	298,884	77	715,402	95,997	>100
-	Net loss on cash flow hedges	(269,484)	-	-	(269,484)	-	-
(223)	Share of other comprehensive income of equity accounted investees	-	-	-	-	-	-
(6,564)	Net change in fair value of available-for-sale financial assets	(14,171)	1,346	<100	(7,723)	(6,220)	24
1,742,633	Total other comprehensive income for the period, net of tax	244,580	300,230	(19)	438,195	89,777	>100
5,015,071	Total comprehensive income for the period, net of tax	1,013,605	1,018,992	(1)	947,172	747,083	27
	Total comprehensive income for the period attributable to						
2,702,806	Owners of the parent	(314,021)	191,472	<100	44,418	216,929	<100
2,312,265	Non-controlling interest	1,327,626	827,520	60	902,754	530,154	70
5,015,071		1,013,605	1,018,992	(1)	947,172	747,083	27

The Notes on pages 10 to 12 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

Company		Company			Company		
Audited year ended 31.03.18 Rs.'000		Unaudited	Unaudited	Change %	Unaudited	Unaudited	Change %
		6 months to	6 months to		3 months to	3 months to	
		30.09.18	30.09.17		30.09.18	30.09.17	
		Rs.'000	Rs.'000		Rs.'000	Rs.'000	
1,459,452	Profit/(loss) for the period	(473,946)	124,898	<100	(131,869)	75,071	<100
Other Comprehensive income							
Items that will not be reclassified subsequently to Statement of Profit or Loss							
627,010	Revaluation of land	-	-	-	-	-	-
(73,347)	Actuarial (loss)/gain on employee benefit obligations	-	-	-	-	-	-
-	Income tax on other comprehensive income	-	-	-	-	-	-
Items that will be reclassified subsequently to Statement of Profit or Loss							
-	Net exchange differences on translation of foreign operations	-	-	-	-	-	-
-	Share of other comprehensive income of equity accounted investees	-	-	-	-	-	-
-	Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-
553,663	Total other comprehensive income for the period, net of tax	-	-	-	-	-	-
2,013,115	Total comprehensive income for the period, net of tax	(473,946)	124,898	<100	(131,869)	75,071	<100

The Notes on pages 10 to 12 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

Consolidated	Company		Consolidated		Company
			Unaudited	Unaudited	
			as at	as at	
Audited	Audited	Notes	30.09.18	30.09.17	Unaudited
as at	as at		30.09.18	30.09.17	as at
31.03.18	31.03.18		Rs.'000	Rs.'000	30.09.17
Rs.'000	Rs.'000				Rs.'000
		ASSETS			
		Non - current assets			
84,010,488	311,889	Property, plant & equipment	84,990,915	77,259,698	282,093
1,948,609	60,750	Investment Properties	1,948,609	1,764,423	60,752
404,659	-	Biological assets	408,158	378,188	-
14,114,642	-	Intangible assets	14,112,856	12,857,423	-
-	36,673,417	Investments in subsidiaries	-	-	37,200,877
845,898	-	Investments in equity accounted investees	1,018,425	844,585	-
290,657	95,397	Other non current financial assets	273,413	222,692	90,947
9,333,864	-	Non - current Trade and other receivables	10,524,610	7,852,725	-
2,431,175	-	Other non current assets	2,504,691	2,753,884	-
822,545	-	Deferred tax assets	856,168	682,100	-
114,202,537	37,141,453	Total non-current assets	116,637,845	104,615,718	37,634,669
		Current assets			
32,745,630	1,058	Inventories	39,253,601	28,925,488	1,017
-	1,800,558	Amounts due from subsidiaries	-	-	2,024,231
121,106	8,850	Amounts due from equity accounted investees	140,993	92,529	21,623
48,227,112	16,912	Trade and other receivables	52,590,373	41,813,231	61,705
2,640,004	95,091	Other current assets	3,281,667	3,428,736	84,347
539,919	12,670	Income tax recoverable	802,226	393,181	23,212
160,702	8,800	Other current financial assets	272,230	338,553	60,925
3,631,527	-	Short-term deposits	4,144,202	3,290,277	-
7,495,343	328,619	Cash in hand and at bank	6,994,298	6,103,536	43,948
3,021	-	Assets classified as held for sale	3,021	3,021	-
95,564,364	2,272,558	Total current assets	107,482,611	84,388,552	2,321,008
209,766,901	39,414,011	Total assets	224,120,456	189,004,270	39,955,677
		EQUITY AND LIABILITIES			
1,575,000	1,575,000	Stated capital	1,575,000	1,575,000	1,575,000
887,340	13,226	Capital reserves	879,117	831,120	13,226
20,978,486	-	Other components of equity	21,071,158	19,209,173	-
16,208,311	16,890,382	Revenue reserves	15,320,812	18,778,480	16,041,436
39,649,137	18,478,608	Total equity attributable to equity holders of the company	38,846,087	40,393,773	17,629,662
20,158,629	-	Non- controlling interest	21,044,474	22,172,630	-
59,807,766	18,478,608	Total Equity	59,890,561	62,566,403	17,629,662
		Non - current liabilities			
34,621,339	12,182,428	Interest bearing borrowings	42,262,505	35,157,765	15,346,337
772,147	-	Grants	787,485	755,782	-
4,729,365	-	Deferred tax liabilities	4,815,491	2,238,206	-
1,199,128	-	Security deposit	1,277,852	-	-
2,717,541	-	Other Non current Liabilities	1,448,000	-	-
403,056	-	Other non current financial liabilities	631,230	1,644,238	-
7,337,659	713,730	Employee benefit obligations	7,739,703	6,698,226	728,310
51,780,235	12,896,158	Total non-current liabilities	58,962,266	46,494,217	16,074,647
		Current liabilities			
28,764,332	319,282	Trade and other payables	33,398,748	24,454,227	385,796
4,023,979	45,691	Other current liabilities	3,395,100	1,591,515	26,457
6,517,031	10,654	Other current financial liabilities	6,451,177	4,656,977	-
-	40,350	Amounts due to subsidiaries	-	-	27,405
-	-	Amounts due to equity accounted investees	1,789	-	-
246,289	-	Deferred Revenue	340,426	-	-
607,274	-	Income tax payable	471,583	389,894	-
23,801,452	3,747,898	Current portion of long term interest bearing borrowings	20,017,505	21,397,224	2,821,823
34,218,211	3,875,370	Short-term interest bearing borrowings	41,190,969	27,453,481	2,989,887
332	-	Liabilities directly associated with assets classified as held for sale	332	332	-
98,178,900	8,039,245	Total current liabilities	105,267,629	79,943,650	6,251,368
149,959,135	20,935,403	Total liabilities	164,229,895	126,437,867	22,326,015
209,766,901	39,414,011	Total equity and liabilities	224,120,456	189,004,270	39,955,677

The Financial Position as at 30th September, 2018 and Statement of Profit or Loss , Statement of Comprehensive Income, Changes in Equity and Cash Flow for the six 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.
Choliya 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
12th November 2018

The Notes on pages 10 to 12 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

sgd.
Sarath Ganegoda
Director

STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September

Consolidated	Attributable to owners of the Company														
		Capital Reserves		Other Components of Equity				Revenue Reserves							
	Stated capital	Reserve on scrip issue	Other capital reserve	Revaluation reserve	Available-for-sale reserve	Cashflow hedge reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve	Retained earnings	Shareholders' Funds	Non-controlling interest	Total Equity	
	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	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	-	-	-	-	-	-	-	-	-		-	(404,624)	(404,624)	1,173,649	769,025
Other Comprehensive income															
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	351,005	-	-		-	-	351,005	177,230	528,235
Net loss on cash flow hedges						(251,177)							(251,177)	(18,307)	(269,484)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(9,225)	-	-	-	-		-	-	(9,225)	(4,946)	(14,171)
Total other comprehensive income	-	-	-	-	(9,225)	(251,177)	351,005	-	-		-	-	90,603	153,977	244,580
Total Comprehensive income for the period	-	-	-	-	(9,225)	(251,177)	351,005	-	-		-	(404,624)	(314,021)	1,327,626	1,013,605
Transactions with owners, recorded directly in equity															
Dividends to equity holders	-	-	-	-	-	-	-	-	-		-	(375,000)	(375,000)	(636,393)	(1,011,393)
Transfers	-	-	6,816			-	-	1,694	-		-	(8,510)	-	-	-
Total contributions by and distributions to owners	-	-	6,816	-	-	-	-	1,694	-		-	(383,510)	(375,000)	(636,393)	(1,011,393)
Changes in ownership interests in subsidiaries															
Acquisition of non-controlling interest without a change in control	-	(15,042)	3	1,774	47	-	248	1,135			-	(102,194)	(114,029)	194,612	80,583
Total changes in ownership interests in subsidiaries	-	(15,042)	3	1,774	47	-	248	1,135	-		-	(102,194)	(114,029)	194,612	80,583
Total transactions with owners	-	(15,042)	6,819	1,774	47	-	248	2,829	-		-	(485,704)	(489,029)	(441,781)	(930,810)
Balance as at 30th September 2018	1,575,000	431,187	447,930	19,381,844	10,665	(251,177)	1,929,826	2,244,164	90,309		7,134	12,979,205	38,846,087	21,044,474	59,890,561
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	-	-	-	-	-		-	-	-		-	18,675	18,675	700,087	718,762
Other Comprehensive income															
Net exchange differences on translation of foreign operations	-	-	-	-	-		172,009	-	-		-	-	172,009	126,876	298,884
Net change in fair value of available-for-sale financial assets	-	-	-	-	788		-	-	-		-	-	788	558	1,346
Total other comprehensive income	-	-	-	-	788		172,009	-	-		-	-	172,797	127,434	300,230
Total Comprehensive income for the period	-	-	-	-	788		172,009	-	-		-	18,675	191,472	827,521	1,018,992
Transactions with owners, recorded directly in equity															
Dividends to equity holders	-	-	-	-	-		-	-	-		-	(562,500)	(562,500)	(419,628)	(982,128)
Transfers	-	-	7,512	-	-		-	-	-		-	(7,512)	-	-	-
Total contributions by and distributions to owners	-	-	7,512	-	-		-	-	-		-	(570,012)	(562,500)	(419,628)	(982,128)
Changes in ownership interests in subsidiaries															
Acquisition of non-controlling interest with a change in control	-	-	-	-	-		-	-			-	-	-	4,919,384	4,919,384
Acquisition of non-controlling interest without a change in control	-	(120,000)	-	23,180	10		55	7,720	-		-	(11,901)	(100,936)	(327,877)	(428,813)
Disposal of subsidiary	-	-	-	-	-		-	-	-		-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	(120,000)	-	23,180	10		55	7,720	-		-	(11,901)	(100,936)	4,591,507	4,490,571
Total transactions with owners	-	(120,000)	7,512	23,180	10		55	7,720	-		-	(581,913)	(663,436)	4,171,879	3,508,443
Balance as at 30th September 2017	1,575,000	407,790	423,330	17,846,227	24,674		1,338,272	2,241,277	81,415		8,942	16,446,846	40,393,773	22,172,630	62,566,403

The Notes on pages 10 to 12 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September
Company

		Capital Reserve	Other Component of Equity	Revenue Reserves		
	Stated capital Rs. '000	Other capital reserve Rs.'000	Revaluation reserve Rs.'000	General reserve Rs.'000	Retained earnings Rs.'000	Total Equity 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	-	-	-	-	(473,946)	(473,946)
Other Comprehensive income						
Actuarial losses on defined benefit obligations	-	-	-	-	-	-
Revaluation of land	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	-	(473,946)	(473,946)
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 September 2018	1,575,000	13,226	-	382,087	15,659,349	17,629,662
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	-	-	-	-	124,898	124,898
Other Comprehensive income						
Revaluation of land	-	-	-	-	-	-
Actuarial losses on defined benefit obligations	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	-	124,898	124,898
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 September 2017	1,575,000	13,226	1,991,460	382,087	12,670,833	16,632,606

The Notes on pages 10 to 12 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 6 months to 30.09.18 Rs.'000	Unaudited 6 months to 30.09.17 Rs.'000	Unaudited 6 months to 30.09.18 Rs.'000	Unaudited 6 months to 30.09.17 Rs.'000
		Cash flows from operating activities				
10,639,603	1,490,249	Cash generated from operations (Note A)	70,713	3,969,737	189,168	693,545
(579,028)	(15,825)	Employee benefit paid	(281,981)	(218,693)	(26,575)	(14,506)
(2,609,574)	(8,589)	Income taxes paid	(1,371,383)	(1,025,408)	(10,542)	(4,104)
7,451,001	1,465,835	Net cash inflow/(outflow) from operating activities	(1,582,651)	2,725,636	152,051	674,935
		Cash flows from Investing activities				
(5,980,893)	(55,519)	Purchase and construction of property, plant & equipment	(2,912,593)	(2,046,635)	(16,050)	(8,710)
(6,078)	-	- Development of biological assets	(3,499)	(3,835)	-	-
60,045	-	- Government grants received - capital	33,363	27,804	-	-
256,048	-	- Proceeds from disposal of property, plant & equipment	94,073	51,036	-	7
-	-	- Proceeds from disposal of intangible assets	1,614	-	-	-
4,213,117	-	- Proceeds from disposal of current financial assets	2,271,659	448,201	-	-
(353,391)	-	- On acquisition of right to generate hydro & Solar power/ ERP System	(100,183)	(93,986)	-	-
-	(10,931,570)	Long term investments in group companies and others	(1,189)	(11,958,566)	(126,338)	(10,062,258)
(239,785)	-	- Investment in other non current assets	-	(11,939)	-	-
(3,868,671)	-	- Investment in other current financial assets	(2,325,119)	(43,406)	-	-
(12,976,909)	-	- Acquisition / disposal of subsidiaries	-	-	-	-
537,095	7,317	Interest received	154,740	183,653	19,334	256
(43,820)	-	- Net movement in deferred revenue	94,137	-	-	-
102,739	-	- Dividends received from equity accounted investees	-	49,936	-	-
9,185	739	Dividends received from non-group companies	3,196	5,286	122	464
(18,291,318)	(10,979,033)	Net cash used in investing activities	(2,689,800)	(13,392,451)	(122,932)	(10,070,241)
(10,840,317)	(9,513,198)	Net cash inflow/(outflow) before financing	(4,272,451)	(10,666,816)	29,119	(9,395,306)
		Cash flows from financing activities				
(23,038)	-	- Capital payment on finance lease	(11,028)	(9,305)	-	-
(6,427,583)	(1,553,036)	Interest paid (including interest capitalised)	(4,793,911)	(2,121,689)	(1,187,166)	(391,686)
(1,529,400)	-	- Dividend paid to non-controlling interest	(636,393)	(419,628)	-	-
29,065,187	10,500,000	Proceeds from interest-bearing borrowings	24,187,897	9,563,826	3,526,820	8,000,000
(18,094,054)	(1,749,375)	Repayment of interest-bearing borrowings	(21,380,731)	(2,717,840)	(1,378,242)	(616,583)
76,847	-	- Net movement in security deposits	78,724	-	-	-
(14,577)	(14,577)	Long term loan facility fee	-	-	-	(14,577)
(3,688,646)	-	- Acquisition of non-controlling interest	79,447	-	-	-
-	-	- Debenture Issue fee	-	-	(14,719)	-
71,083	-	- Net movement in financial liabilities	162,319	(1,374)	-	-
(562,500)	(562,500)	Dividends paid to equity holders of parent	(375,000)	(562,500)	(375,000)	(562,500)
(1,126,681)	6,620,512	Net cash inflow/(outflow) from financing activities	(2,688,677)	3,731,491	571,693	6,414,654
(11,966,998)	(2,892,686)	Net increase/(decrease) in cash and cash equivalents	(6,961,128)	(6,935,325)	600,812	(2,980,652)
(11,123,228)	(654,065)	Cash and cash equivalents at beginning of the year/period	(23,090,226)	(11,123,228)	(3,546,751)	(654,065)
(23,090,226)	(3,546,751)	Cash and cash equivalents at end of the year/period (Note B)	(30,051,354)	(18,058,553)	(2,945,939)	(3,634,717)

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

*The Notes on pages 10 to 12 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 6 months to 30.09.18 Rs.'000	Unaudited 6 months to 30.09.17 Rs.'000	Unaudited 6 months to 30.09.18 Rs.'000	Unaudited 6 months to 30.09.17 Rs.'000
		A. Cash generated from operations				
5,763,498	1,460,781	Profit before tax	1,794,913	1,388,842	(473,946)	124,917
		Adjustments for:				
5,932,022	1,652,766	Net finance expense	5,012,417	1,948,790	1,216,615	491,621
(227,226)	-	Share of profits from equity accounted investees	(172,527)	(172,888)	-	-
3,927,258	89,201	Depreciation on property, plant & equipment	2,343,249	1,756,570	16,918	16,189
-	-	Impairment of property, plant & equipment	-	-	28,927	28,927
(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	(34,377)	(20,409)	-	(7)
151,520	-	Amortisation of intangible assets	108,916	68,550	-	-
-	-	Scrip dividend	-	-	(36,121)	-
595,423	-	Net gains/(loss) on translation of foreign currency	(429,391)	(25,521)	-	-
-	-	Differences of exchange on translation of foreign entities	845,728	(103,952)	-	-
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	-	47,303	-	-
(1,264)	-	Gain on the disposal of subsidiaries	-	-	-	-
1,129,386	99,145	Provision for post employee benefits obligations	678,994	501,387	41,155	33,756
(31,285)	-	Government grants amortised	(18,025)	(15,409)	-	-
18,375,577	2,161,560		10,129,897	5,373,263	793,548	695,403
(9,249,824)	(750,361)	(Increase)/decrease in trade and other receivables	(6,371,762)	(2,396,513)	(635,157)	(54,355)
(5,792,000)	148	(Increase)/decrease in inventories	(6,507,971)	(989,431)	41	(16)
7,305,850	78,902	Increase/(decrease) in trade and other payables	2,820,549	1,982,418	30,736	52,513
10,639,603	1,490,249		70,713	3,969,737	189,168	693,545
		B. Analysis of cash and cash equivalents				
7,496,458	328,619	Cash & cash equivalents *	6,995,413	6,104,651	43,948	98,694
3,631,527	-	Short - term deposits	4,144,202	3,290,277	-	-
11,127,985	328,619		11,139,615	9,394,928	43,948	98,694
(34,218,211)	(3,875,370)	Short-term interest bearing borrowings	(41,190,969)	(27,453,481)	(2,989,887)	(3,733,411)
(23,090,226)	(3,546,751)	Cash and cash equivalents at the end of the period	(30,051,354)	(18,058,553)	(2,945,939)	(3,634,717)

* 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 Interim Condensed 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 and Hedge Accounting.

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 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: 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 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 September 2018 based on LKAS 39.

(c) Hedge Accounting- Cash flow hedges

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity in the "Cash flow hedge reserve". The ineffective portion of the gains or losses on the hedge instrument is recognized immediately in the Statement of Profit or Loss.

When the hedge cash flow affect the Profit or Loss, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit or Loss. When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meet the criteria for hedge accounting, any cumulative gains/losses existing in other comprehensive income at that time remains in other comprehensive income and is recognized when the hedge forecast transaction ultimately recognized in the Statement of Profit or Loss. When a forecast transaction is no longer expected to occur the Cumulative gains/loss was reported in other comprehensive income is immediately transferred to the Statement of Profit or Loss.

- 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.
- On 15th October 2018, Retail Holdings (Sri Lanka) B V exercised the option to sell its balance 35,562,883 (9.47%) ordinary shares held in Singer Sri Lanka (PLC) to Hayleys PLC at Rs. 47 per share.
- 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
				6 months to	6 months to
Audited				30.09.18	30.09.17
year ended					
31.03.18					
Rs.'000		Rs.'000	Rs.'000	Rs.'000	Rs.'000
4,511,159	Eco Solutions	3,626,460	220,082	3,406,378	2,123,529
15,851,893	Hand Protection	8,437,173	11,598	8,425,575	8,020,325
15,518,079	Purification Products	8,986,252	-	8,986,252	7,116,237
8,855,501	Textiles	5,123,602	-	5,123,602	4,372,443
4,399,542	Construction Materials	2,316,095	31,964	2,284,131	2,021,626
13,946,715	Agriculture	6,419,371	585,711	5,833,660	5,501,593
12,609,342	Plantations	6,571,053	92,957	6,478,096	6,533,251
35,652,333	Transportation & Logistics	22,697,691	-	22,697,691	16,358,894
35,927,829	Consumer & Retail	31,510,282	-	31,510,282	2,736,752
3,811,532	Industry Inputs	2,141,074	46,119	2,094,955	1,869,063
1,513,363	Power & Energy	930,066	-	930,066	873,820
5,672,930	Leisure	2,950,353	49,854	2,900,499	2,614,690
4,979,249	Others	2,848,204	474,527	2,373,677	2,279,144
163,249,467		104,557,676	1,512,812	103,044,864	62,421,367

6 INDUSTRY SEGMENT RESULTS

Consolidated		Consolidated	
		Unaudited	Unaudited
		6 months to	6 months to
		30.09.18	30.09.17
Audited			
year ended			
31.03.18			
Rs.'000		Rs.'000	Rs.'000
(15,961)	Eco Solutions	192,733	69,751
470,721	Hand Protection	520,697	98,167
1,090,442	Purification Products	614,205	358,334
141,995	Textiles	178,059	64,877
645,768	Construction Materials	293,502	226,024
1,148,701	Agriculture	462,203	233,557
887,202	Plantations	29,005	216,062
2,949,820	Transportation & Logistics	1,382,297	1,085,568
2,026,114	Consumer & Retail	2,394,271	10,579
401,529	Industry Inputs	5,765	137,324
936,963	Power & Energy	610,499	547,369
343,432	Leisure	136,586	36,710
2,365,110	Others	702,087	758,098
13,391,835	Segment results	7,521,909	3,842,420
(1,988,658)	Non - segment income/(expenses)	(760,061)	(677,676)
11,403,177	Operating profit	6,761,848	3,164,744
(5,932,022)	Net finance cost	(5,012,417)	(1,948,790)
184,186	Change in fair value of investment properties	-	-
227,226	Share of profits from equity accounted investees	172,527	172,888
(119,069)	Value added tax on financial services	(127,045)	-
5,763,498	Profit before tax	1,794,913	1,388,842

NOTES TO THE FINANCIAL STATEMENTS

7 STATED CAPITAL

Company		Company	
Audited as at 31.03.18 Rs.'000		Unaudited as at 30.09.18 Rs.'000	Unaudited as at 30.09.17 Rs.'000
1,575,000	Issued and fully paid 75,000,000 (75,000,000 - 30.09.2017) Ordinary Shares	1,575,000	1,575,000

8 ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS

Consolidated		Consolidated	
Audited as at 31.03.18 Rs.'000		Unaudited as at 30.09.18 Rs.'000	Unaudited as at 30.09.17 Rs.'000
	Assets classified as held for sale		
1,906	Trade and Other Receivables	1,906	1,906
1,115	Cash in Hand and at Bank	1,115	1,115
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		
Audited as at 31.03.18 Rs.'000		Unaudited as at 30.09.18 Rs.'000	Unaudited as at 30.09.17 Rs.'000
-	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:

	30.09.2018 Rs.	30.09.2017 Rs.
Closing price on	186.70	270.00
Highest price recorded for the three months ending	219.00	299.00
Lowest price recorded for the three months ending	175.00	270.00
Market capitalisation (Rs. Mn.)	14,003	20,250
Net assets per share	517.95	538.58
Price earnings ratio (times) (Annualised)	(17.30)	542.17

DIVIDEND PAYMENT

First and final dividend 2017/18Rs 5.00 per share paid on 10th July, 2018

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

No. of transactions	1,217
No. of shares traded	677,308
Value of shares traded (Rs.)	140,846,037

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 September, 2018, 9.89%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 30.09.2018

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 September, 2018, 10.72%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 30.09.2018

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 September, 2018, 10.17%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 30.09.2018

No. of Transactions	3
No. of Debentures traded	12,000
Value of Debentures traded (Rs.)	1,170,500
Highest Price (Rs.)	98.50
Lowest Price (Rs.)	97.50
Last Traded Price (Rs.)	97.50
Interest yield - Last traded	15.19%
Yield to maturity - Last traded	11.37%

DEBENTURE 4 -

Listed, rated, senior, unsecured, redeemable debentures,
Type A- Fixed rate at 12.50% p.a. payable semi annually redeemable on 31st July 2023
Interest rate of comparable Government Securities as at 30th September, 2018, 11.31%
Type B- Floating rate AWPLR+1%p.a. payable semi annually redeemable on 31st July 2023.
Interest rate of comparable Government Securities as at 30th September, 2018, 11.31%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 30.09.2018

There were no transactions during the period.

Hayleys PLC issued 30,000,000 listed, rated, senior, unsecured, redeemable debentures, at a par value of Rs.100 each with an option to increase such amount by a further 10,000,000 of said debenture on 30th July 2018.

The company has received subscription of 35,268,200 debentures for a value of Rs. 3,526,820,000 and the details of fund utilization are as follows,

Debenture	Objective Number	Objectives as per Prospectus	Amount Allocated as per Prospectus Rs. mn	Proposed Date of Utilisation as per Prospectus	Amount allocated from Proceeds Rs. mn	% of Total Proceeds	Amounts Utilised Rs. mn	% of Utilisation against Allocation	Clarification if not fully utilized including where are the funds invested (e.g. whether lent to related party/s etc.).
Debenture 4	1	Refinance short term borrowings at HNB	1,893	19-Sep-18	1,893	53.68%	1,893	100%	N/A
	2	Refinance short term borrowings at NDB	1,000	9-Aug-18	1,000	28.35%	1,000	100%	N/A
	3	Refinance short term borrowings at Commercial Bank	900	9-Aug-18	633.82	17.97%	633.82	100%	N/A

RATIOS

	30.09.2018	30.09.2017
Debt/ equity ratio	1.20	1.10
Quick asset ratio	0.37	0.22
Interest cover	0.62	1.56

INVESTOR INFORMATION

FIRST TWENTY SHAREHOLDERS AS AT 30TH SEPTEMBER, 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	832,165	1.11
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	60,526,392	80.71

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

PUBLIC HOLDING

Percentage of public holding as at 30th September 2018. 37.66%

Total number of Shareholders representing the Public Holding 6,127

Float- adjusted market capitalization (Rs.) 5,273,342

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 SEPTEMBER, 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

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

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 – Chairman & Chief Executive
S C Ganegoda
H S R Kariyawasan
L T Samarawickrama
L R V Waidyaratne
S J Wijesignhe
Ms. J Dharmasena
Dr A Sivagananathan
W G R Rajadurai
E R P Goonethileke
Ms.D Talpahewa
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)
H Prematillake (appointed w.e.f 01.10.2018)
Ng Soon Huat (appointed w.e.f 15.10.2018)
M Wijewardene (appointed w.e.f 01.11.2018)
Dr. K I M Ranasoma (resigned w.e.f 01.07.2018)
L D E A De Silva (resigned w.e.f 31.08.2018)
A Pieris (resigned w.e.f 31.10.2018)

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