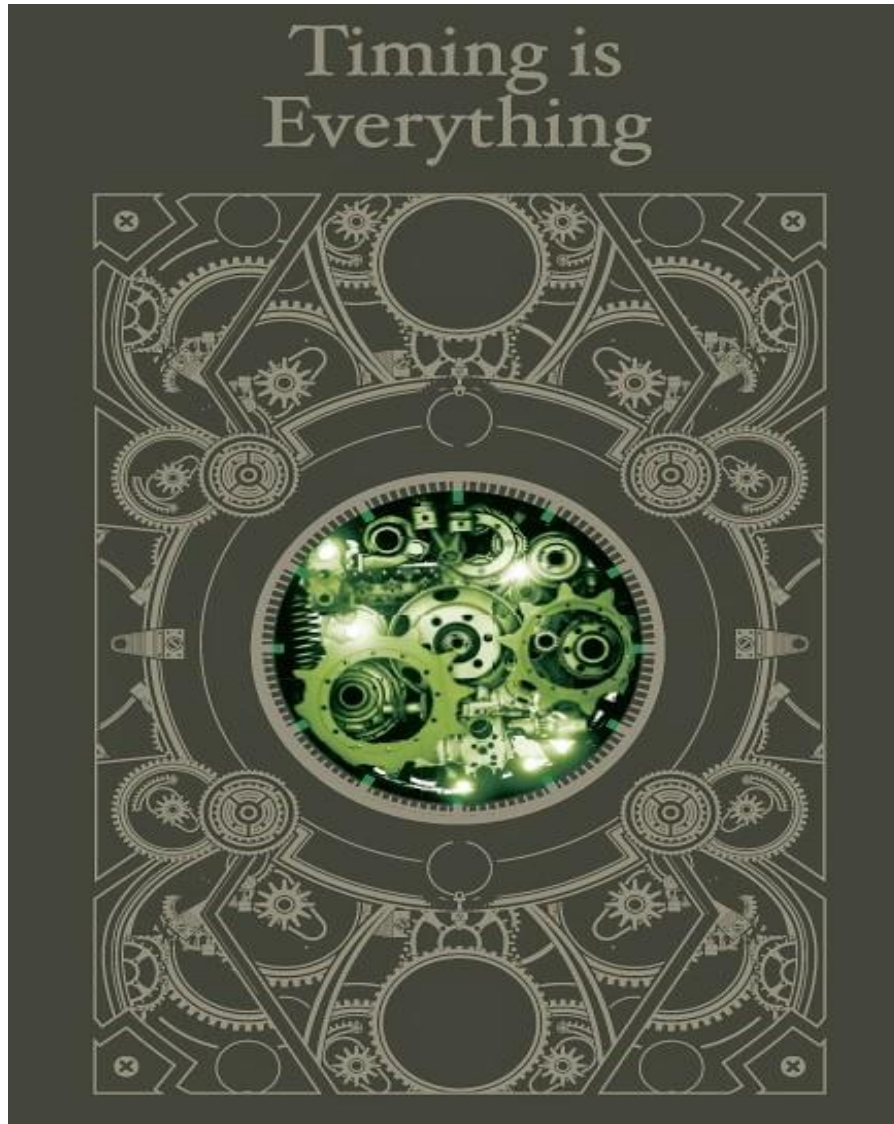


HAYLEYS PLC

Interim Report



STATEMENT OF PROFIT OR LOSS

| | Notes | Consolidated | | | Consolidated | | |
|--|-------|-------------------------------------|-------------------------------------|--------|------------------------------------|------------------------------------|--------|
| | | Unaudited | Audited | Change | Unaudited | Unaudited | Change |
| | | 12 months to 31.03.20 Rs.'000 | 12 months to 31.03.19 Rs.'000 | | 3 months to 31.03.20 Rs.'000 | 3 months to 31.03.19 Rs.'000 | |
| Revenue | 5 | 210,307,003 | 219,181,960 | (4) | 49,677,891 | 56,451,826 | (12) |
| Cost of sales | | (158,324,525) | (168,941,516) | (6) | (37,428,416) | (43,350,541) | (14) |
| Direct interest cost | | (1,829,082) | (1,265,014) | 45 | (438,343) | (349,800) | 25 |
| Gross profit | | 50,153,396 | 48,975,430 | 2 | 11,811,132 | 12,751,485 | (7) |
| Other income | | 1,672,923 | 2,495,977 | (33) | 456,894 | 1,108,814 | (59) |
| Distribution expenses | | (10,687,848) | (9,889,236) | 8 | (2,658,743) | (849,965) | >100 |
| Administrative expenses | | (24,247,578) | (25,188,277) | (4) | (5,344,010) | (8,106,323) | (34) |
| Other expenses | | (418,013) | (404,613) | 3 | (105,035) | (210,644) | (50) |
| Results from operating activities | | 16,472,880 | 15,989,281 | 3 | 4,160,238 | 4,693,367 | (11) |
| Finance income | | 2,038,444 | 2,565,712 | (21) | 838,724 | 141,020 | >100 |
| Finance cost | | (13,047,348) | (13,077,319) | (0) | (3,430,667) | (2,907,209) | 18 |
| Net finance cost | | (11,008,904) | (10,511,607) | 5 | (2,591,943) | (2,766,189) | (6) |
| Change in fair value of investment properties | | 86,882 | 113,899 | (24) | 86,882 | 113,899 | (24) |
| Share of profit of equity accounted investees (net of tax) | | 264,061 | 176,096 | 50 | 23,369 | (1,040) | >100 |
| Value added tax on financial services | | (310,867) | (292,156) | 6 | (61,245) | (69,818) | (12) |
| Profit before tax for the period | 6 | 5,504,052 | 5,475,513 | 1 | 1,617,301 | 1,970,219 | (18) |
| Tax expense | | (2,609,260) | (2,725,596) | (4) | (932,231) | (1,100,380) | (15) |
| Profit after tax for the period | | 2,894,792 | 2,749,917 | 5 | 685,070 | 869,839 | (21) |
| Profit /for the period attributable to: | | | | | | | |
| Owners of the parent | | 372,432 | 265,385 | 40 | 234,036 | 230,580 | 1 |
| Non-controlling interest | | 2,522,360 | 2,484,532 | 2 | 451,034 | 639,259 | (29) |
| | | 2,894,792 | 2,749,917 | 5 | 685,070 | 869,839 | (21) |
| Earnings / per share | | | | | | | |
| Basic (Rs.) | | 4.97 | 3.54 | | 3.12 | 3.07 | |
| Diluted (Rs.) | | 4.97 | 3.54 | | 3.12 | 3.07 | |

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 | | |
|--|---------------------|---------------------|--------|---------------------|---------------------|--------|
| | Unaudited | Audited | Change | Unaudited | Unaudited | Change |
| | 12 months to | 12 months to | | 3 months to | 3 months to | |
| | 31.03.20 Rs.'000 | 31.03.19 Rs.'000 | | 31.03.20 Rs.'000 | 31.03.19 Rs.'000 | |
| Revenue | 400,102 | 388,745 | 3 | 98,069 | 97,641 | 0 |
| Cost of sales | (173,195) | (213,963) | (19) | (42,423) | (53,441) | (21) |
| Gross profit | 226,907 | 174,782 | 30 | 55,646 | 44,200 | 26 |
| Group dividend | 1,021,949 | 1,595,879 | (36) | 435,343 | 714,028 | (39) |
| Other income | 15,705 | 1,085,498 | <100 | 8 | 1,085,498 | <100 |
| Administrative expenses | 13,952 | (116,332) | <100 | 79,303 | (86,664) | <100 |
| Other expenses | - | (2,549) | <100 | - | (2,536) | <100 |
| Results from operating activities | 1,278,513 | 2,737,278 | (53) | 570,300 | 1,754,526 | (67) |
| Finance income | 31,841 | 41,388 | (23) | 7,551 | (115,670) | >100 |
| Finance cost | (3,092,129) | (2,730,347) | 13 | (753,279) | (629,597) | 20 |
| Net finance cost | (3,060,288) | (2,688,959) | 14 | (745,728) | (745,267) | 0 |
| Change in fair value of investment properties | 5,550 | 9,600 | (42) | 5,550 | 9,600 | (42) |
| Profit/(loss) before tax for the period | (1,776,225) | 57,919 | <100 | (169,878) | 1,018,859 | <100 |
| Tax expense | (8,959) | (4,408) | >100 | (495) | (4,408) | (89) |
| Profit/(loss) after tax for the period | (1,785,184) | 53,511 | <100 | (170,373) | 1,014,451 | <100 |

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 | | |
|--|-------------------------------------|-------------------------------------|--------|------------------------------------|------------------------------------|--------|
| | Unaudited | Audited | Change | Unaudited | Unaudited | Change |
| | 12 months to 31.03.20 Rs.'000 | 12 months to 31.03.19 Rs.'000 | | 3 months to 31.03.20 Rs.'000 | 3 months to 31.03.19 Rs.'000 | |
| Profit after tax for the period | 2,894,792 | 2,749,917 | 5 | 685,070 | 869,839 | (21) |
| Other Comprehensive income | | | | | | |
| Items that will not be reclassified subsequently to Statement of Profit or Loss | | | | | | |
| Revaluation of land | - | 2,822,617 | <100 | - | 2,822,617 | <100 |
| Actuarial loss on employee benefit obligations | (63,113) | (480,645) | (87) | (63,113) | (480,645) | (87) |
| Net change on equity instruments designated at fair value through other comprehensive income | (2,446) | (25,178) | (90) | (19,182) | (8,519) | <100 |
| Deferred tax on other comprehensive income | 149,411 | (631,099) | <100 | 149,411 | (631,099) | <100 |
| Items that will be reclassified subsequently to Statement of Profit or Loss | | | | | | |
| Net exchange differences on translation of foreign operations | 601,790 | 1,379,961 | (56) | 1,191 | (331,081) | >100 |
| Net gain /(loss) on cash flow hedges | (294,433) | (529,138) | (44) | (228,958) | 230,572 | <100 |
| Share of other comprehensive income of equity accounted investees | (858) | (161) | <100 | (858) | (161) | <100 |
| Total other comprehensive income for the period, net of tax | 390,351 | 2,536,357 | (85) | (161,509) | 1,601,684 | <100 |
| Total comprehensive income for the period, net of tax | 3,285,143 | 5,286,274 | (38) | 523,560 | 2,471,523 | (79) |
| Total comprehensive income for the period attributable to | | | | | | |
| Owners of the parent | 553,340 | 2,141,336 | (74) | 115,247 | 1,716,233 | (93) |
| Non-controlling interest | 2,731,803 | 3,144,938 | (13) | 408,314 | 755,290 | (46) |
| | 3,285,143 | 5,286,274 | (38) | 523,560 | 2,471,523 | (79) |

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 | | |
|--|-------------------------------------|-------------------------------------|--------|------------------------------------|------------------------------------|--------|
| | Unaudited | Audited | Change | Unaudited | Unaudited | Change |
| | 12 months to 31.03.20 Rs.'000 | 12 months to 31.03.19 Rs.'000 | | 3 months to 31.03.20 Rs.'000 | 3 months to 31.03.19 Rs.'000 | |
| Profit/(loss) after tax for the period | (1,785,184) | 53,511 | <100 | (170,373) | 1,014,451 | <100 |
| Other Comprehensive income | | | | | | |
| Items that will not be reclassified subsequently to Statement of Profit or Loss | | | | | | |
| Actuarial loss on employee benefit obligations | (24,857) | (76,550) | (68) | (24,857) | (76,550) | (68) |
| Income tax on other comprehensive income | 1,879 | - | >100 | 1,879 | - | >100 |
| Items that will be reclassified subsequently to Statement of Profit or Loss | | | | | | |
| Share of other comprehensive income of equity accounted investees | - | - | - | - | - | - |
| Total other comprehensive income for the period, net of tax | (22,978) | (76,550) | (70) | (22,978) | (76,550) | (70) |
| Total comprehensive income for the period, net of tax | (1,808,162) | (23,039) | <100 | (193,351) | 937,901 | <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 | |
|---|---|---|---|---|---|
| | | Unaudited as at 31.03.20 Rs.'000 | Audited as at 31.03.2019 Rs.'000 | Unaudited as at 31.03.20 Rs.'000 | Audited as at 31.03.2019 Rs.'000 |
| Notes | | | | | |
| ASSETS | | | | | |
| Non - current assets | | | | | |
| Property, plant & equipment | | 88,621,959 | 86,885,736 | 178,930 | 227,170 |
| Right of use assets | | 8,502,389 | - | - | - |
| Investment Properties | | 2,719,260 | 2,006,528 | 75,900 | 70,350 |
| Biological assets | | 505,240 | 449,926 | - | - |
| Intangible assets | | 14,330,644 | 14,174,114 | 35,229 | - |
| Investments in subsidiaries | | - | - | 39,144,872 | 37,738,545 |
| Investments in equity accounted investees | | 2,113,980 | 1,967,409 | 1,504,863 | 1,504,863 |
| Other non current financial assets | | 252,027 | 259,195 | 77,598 | 86,497 |
| Non - current Trade and other receivables | | 11,333,929 | 11,611,815 | - | - |
| Other non current assets | | 1,057,116 | 2,486,134 | - | - |
| Deferred tax assets | | 1,241,800 | 926,286 | 71,215 | - |
| Total non-current assets | | 130,678,344 | 120,767,143 | 41,088,607 | 39,627,425 |
| Current assets | | | | | |
| Inventories | | 42,225,729 | 39,742,514 | 1,775 | 909 |
| Amounts due from subsidiaries | | - | - | 3,187,550 | 3,413,891 |
| Amounts due from equity accounted investees | | 150,626 | 102,677 | 40,239 | 13,570 |
| Trade and other receivables | | 59,115,404 | 55,138,266 | 44,177 | 19,809 |
| Other current assets | | 2,318,473 | 2,319,599 | 8,613 | 11,562 |
| Income tax recoverable | | 1,497,885 | 777,540 | 62,917 | 42,885 |
| Other current financial assets | | 412,536 | 187,948 | 5,110 | 6,647 |
| Short-term deposits | | 3,495,891 | 3,684,941 | - | - |
| Cash in hand and at bank | | 8,411,179 | 8,971,145 | 313,293 | 56,413 |
| Assets classified as held for sale | 8 | 3,021 | 54,921 | - | - |
| Total current assets | | 117,630,744 | 110,979,551 | 3,663,674 | 3,565,686 |
| Total assets | | 248,309,088 | 231,746,694 | 44,752,281 | 43,193,111 |
| EQUITY AND LIABILITIES | | | | | |
| Stated capital | 7 | 1,575,000 | 1,575,000 | 1,575,000 | 1,575,000 |
| Capital reserves | | 676,104 | 636,039 | 13,226 | 13,226 |
| Other components of equity | | 23,644,932 | 23,072,120 | - | - |
| Revenue reserves | | 13,808,523 | 14,958,752 | 14,309,726 | 16,492,888 |
| Total equity attributable to Equity holders of the company | | 39,704,559 | 40,241,911 | 15,897,952 | 18,081,114 |
| Non- controlling interest | | 23,151,943 | 21,636,556 | - | - |
| Total Equity | | 62,856,502 | 61,878,467 | 15,897,952 | 18,081,114 |
| Non - current liabilities | | | | | |
| Interest bearing borrowings | | 52,239,814 | 39,661,994 | 17,969,123 | 12,104,097 |
| Grants | | 787,993 | 777,850 | - | - |
| Deferred tax liabilities | | 5,120,949 | 5,191,022 | - | - |
| Security deposits | | 1,394,611 | 1,388,434 | - | - |
| Other Non current Liabilities | | 1,730,000 | 1,448,000 | - | - |
| Other non current financial liabilities | | 1,979,089 | 804,556 | - | - |
| Employee benefit obligations | | 9,240,100 | 8,500,108 | 952,633 | 883,063 |
| Total non-current liabilities | | 72,492,556 | 57,771,964 | 18,921,756 | 12,987,160 |
| Current liabilities | | | | | |
| Trade and other payables | | 32,019,839 | 28,540,236 | 474,979 | 456,872 |
| Other current liabilities | | 3,447,003 | 3,690,060 | 6,248 | 32,201 |
| Other current financial liabilities | | 5,035,956 | 5,196,568 | - | 33,452 |
| Amounts due to subsidiaries | | - | - | 69,313 | 37,303 |
| Amounts due to equity accounted investees | | 3,152 | 4,557 | 3,152 | 3,152 |
| Deferred Revenue | | 383,218 | 273,972 | - | - |
| Income tax payable | | 754,952 | 768,660 | - | - |
| Current portion of long term interest bearing borrowings | | 26,774,764 | 25,811,627 | 3,847,776 | 6,183,524 |
| Short-term interest bearing borrowings | | 44,540,814 | 47,810,251 | 5,531,105 | 5,378,333 |
| Liabilities directly associated with Assets classified as held for sale | 8 | 332 | 332 | - | - |
| Total current liabilities | | 112,960,030 | 112,096,263 | 9,932,573 | 12,124,837 |
| Total liabilities | | 185,452,586 | 169,868,227 | 28,854,329 | 25,111,997 |
| Total equity and liabilities | | 248,309,088 | 231,746,694 | 44,752,281 | 43,193,111 |

The Financial Position as at 31st March 2020, and Statement of Profit or Loss , Statement of Comprehensive Income, Changes in Equity and Cash Flow for the twelve 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.

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
17th June 2020

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 31st March

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 | Fair value reserve of financial assets at FVOCI | 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 | |
| | | | | | | | | | | | | | | |
| 1,575,000 | 161,499 | 474,540 | 21,088,371 | 3,554 | (480,373) | 2,460,568 | 2,244,906 | 102,166 | 8,992 | 12,602,688 | 40,241,911 | 21,636,556 | 61,878,467 | |
| - | - | - | - | - | - | (87) | - | - | - | (542,526) | (542,613) | 58,000 | (484,613) | |
| 1,575,000 | 161,499 | 474,540 | 21,088,371 | 3,554 | (480,373) | 2,460,481 | 2,244,906 | 102,166 | 8,992 | 12,060,162 | 39,699,298 | 21,694,556 | 61,393,854 | |
| | | | | | | | | | | | | | | |
| - | - | - | - | - | - | - | - | 13,790 | (5,512) | 364,154 | 372,432 | 2,522,360 | 2,894,792 | |
| | | | | | | | | | | | | | | |
| - | - | - | - | - | - | 413,815 | - | - | - | - | 413,815 | 187,975 | 601,790 | |
| - | - | - | - | - | - | - | - | - | - | (820) | (820) | (38) | (858) | |
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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 31st March

Company

| For the period ended 31st March | | Capital Reserve | Other Component of Equity | Revenue Reserves | | |
|---|----------------|-----------------------|---------------------------|------------------|-------------------|--------------|
| Company | Stated capital | Other capital reserve | Revaluation reserve | General reserve | Retained earnings | Total Equity |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Balance as at 31st March 2019 | 1,575,000 | 13,226 | - | 382,087 | 16,110,801 | 18,081,114 |
| Loss for the period | - | - | - | - | (1,785,184) | (1,785,184) |
| Other Comprehensive income | | | | | | |
| Actuarial losses on defined benefit obligations | - | - | - | - | (24,857) | (24,857) |
| Income tax on other comprehensive income | - | - | - | - | 1,879 | 1,879 |
| Total other comprehensive income | - | - | - | - | (22,978) | (22,978) |
| Total Comprehensive income for the period | - | - | - | - | (1,808,162) | (1,808,162) |
| 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 31st March 2020 | 1,575,000 | 13,226 | - | 382,087 | 13,927,639 | 15,897,952 |
| Balance as at 31st March 2018 | 1,575,000 | 13,226 | - | 382,087 | 16,508,295 | 18,478,608 |
| Profit for the period | - | - | - | - | 53,511 | 53,511 |
| Other Comprehensive income | | | | | | |
| Actuarial losses on defined benefit obligations | - | - | - | - | (76,550) | (76,550) |
| Total other comprehensive income | - | - | - | - | (76,550) | (76,550) |
| Total Comprehensive income for the period | - | - | - | - | (23,039) | (23,039) |
| Transactions with owners, recorded directly in equity | | | | | | |
| Dividends to equity holders | - | - | - | - | (375,000) | (375,000) |
| Unclaimed Dividend-write back | - | - | - | - | 545 | 545 |
| Total contributions by and distributions to owners | - | - | - | - | (374,455) | (374,455) |
| Total transactions with owners | - | - | - | - | (374,455) | (374,455) |
| Balance as at 31st March 2019 | 1,575,000 | 13,226 | - | 382,087 | 16,110,801 | 18,081,114 |

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 | |
|--|---------------------|---------------------|--------------------|--------------------|
| | Unaudited | Audited | Unaudited | Audited |
| | 12 months to | 12 months to | 12 months to | 12 months to |
| | 31.03.20 | 31.03.2019 | 31.03.20 | 31.03.2019 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Cash flows from operating activities | | | | |
| Cash generated from operations (Note A) | 22,484,447 | 4,764,096 | 951,468 | 906,707 |
| Employee benefit paid | (810,401) | (677,545) | (87,704) | (28,277) |
| Income tax paid | (3,176,143) | (2,899,484) | (98,328) | (34,623) |
| Net cash inflow from operating activities | 18,497,903 | 1,187,067 | 765,436 | 843,807 |
| Cash flows from investing activities | | | | |
| Purchase and construction of property, plant & equipment | (8,290,039) | (6,651,342) | (57,572) | (26,688) |
| Investments in other non- current assets | (677,903) | - | - | - |
| Investments in other current financial assets | (4,483,321) | (4,730,956) | - | (128) |
| Development of biological assets | (15,197) | (3,409) | - | - |
| Decrease due to harvest | 15,380 | - | - | - |
| Grants received - capital | 38,095 | 36,626 | - | - |
| Improvements to investment property | (13,600) | - | - | - |
| Proceeds from disposal of property, plant & equipment/ investment property | 488,555 | 254,855 | 62 | 8 |
| Proceeds from disposal of intangible assets | 5,340 | 5,498 | - | - |
| Proceeds from disposal of current financial assets | 4,281,572 | 4,715,482 | - | 496,430 |
| Proceeds from disposal of assets held for sale | 51,900 | - | - | - |
| Proceeds from disposal of subsidiaries | - | 706,497 | - | - |
| On acquisition of right to generate hydro power/ ERP system | (236,905) | (167,989) | - | - |
| Long term investments in group companies and others | - | (6,124) | (669,443) | (2,418,738) |
| Acquisition/disposal of subsidiaries | - | (121,670) | - | - |
| Interest received | 543,633 | 715,661 | 21,955 | 40,978 |
| Net movement in deferred revenue | 109,246 | (61,291) | - | - |
| Dividends received from equity accounted investees | 116,631 | 43,296 | - | - |
| Dividends received from non-group companies | 4,094 | 4,102 | 391 | 357 |
| Net cash used in investing activities | (8,062,519) | (5,260,764) | (704,607) | (1,907,781) |
| Net cash inflow before financing | 10,435,384 | (4,073,697) | 60,829 | (1,063,974) |
| Cash flows from financing activities | | | | |
| Payment on lease | (1,987,712) | (39,441) | - | - |
| Interest paid (including interest capitalized) | (10,997,452) | (10,910,311) | (3,054,139) | (2,637,210) |
| Dividend paid to non-controlling interest | (359,356) | (1,654,089) | - | - |
| Proceeds from interest-bearing borrowings | 52,486,608 | 22,960,782 | 10,500,000 | 5,526,820 |
| Repayment of interest-bearing borrowings | (46,168,150) | (15,812,087) | (7,010,338) | (3,271,653) |
| Forward contract gain | - | - | - | 60,567 |
| Net movement in financial liabilities | 1,013,921 | - | - | - |
| Net movement in security deposits | 6,177 | 189,306 | - | - |
| Acquisition of non-controlling interest | (1,533,999) | (2,348,287) | - | - |
| Debenture issue fee | - | - | (17,244) | (14,719) |
| Dividends paid to equity holders of parent | (375,000) | (375,000) | (375,000) | (375,000) |
| Net cash inflow / (outflow) from financing activities | (7,914,963) | (7,989,127) | 43,279 | (711,195) |
| Net increase / (decrease) in cash and cash equivalents | 2,520,421 | (12,062,824) | 104,108 | (1,775,169) |
| Cash and cash equivalents at beginning of the year/period | (35,153,050) | (23,090,226) | (5,321,920) | (3,546,751) |
| Cash and cash equivalents at end of the year/period (Note B) | (32,632,629) | (35,153,050) | (5,217,812) | (5,321,920) |

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 | |
|---|--|--|--|--|
| | Unaudited 12 months to 31.03.20 Rs.'000 | Audited 12 months to 31.03.2019 Rs.'000 | Unaudited 12 months to 31.03.20 Rs.'000 | Audited 12 months to 31.03.2019 Rs.'000 |
| A. Cash generated from operations | | | | |
| Profit before tax | 5,504,052 | 5,475,513 | (1,776,225) | 57,919 |
| Adjustments for: | | | | |
| Net finance costs | 11,008,904 | 10,511,607 | 3,060,288 | 2,688,959 |
| Share of profits from equity accounted investees | (264,061) | (176,096) | - | - |
| Depreciation on property, plant & equipment / right of use assets | 6,576,484 | 4,810,981 | 59,012 | 114,076 |
| Impairment of property, plant & equipment | 79,870 | 61,987 | 11,571 | - |
| Impairment of investment properties | - | 4,080 | - | - |
| Write off of property, plant & equipment | 110,462 | - | - | - |
| Dividend receivable utilized for investment in subsidiary | - | - | - | (18,649) |
| Change in fair value of investment properties | (86,882) | (113,899) | (5,550) | (9,600) |
| Change in fair value of agricultural produce on bearer biological assets | (39,650) | (3,464) | - | - |
| Change in fair value of biological assets | 14,944 | (35,972) | - | - |
| (Gain)/loss on the disposal of property, plant & equipment | (56,545) | 190 | (62) | (2,676) |
| Loss on the disposal of intangible assets | - | 664 | - | - |
| (Gain)/loss on deemed disposal of subsidiary | - | (272,419) | (15,643) | - |
| Scrip Dividend | - | - | - | (36,121) |
| Reversal of provision | - | (312,807) | - | - |
| Amortisation of intangible assets | 220,498 | 216,255 | - | - |
| Net (gain)/loss on translation of foreign currency | 713,154 | 1,783,565 | - | - |
| Impairment of investments in subsidiaries | - | - | - | 2,500 |
| Impairment of trade & other receivables | 938,932 | 1,507,363 | - | - |
| Provision for unrealised profit and write-down of inventories | 361,582 | 691,369 | - | - |
| Impairment/ amortisation of other non-current assets | (176,454) | 175,988 | - | - |
| Gain on the disposal of Subsidiaries /equity accounted investees | - | (444,725) | - | (1,082,773) |
| Provision for post employee benefit obligations | 1,484,181 | 1,313,330 | 132,416 | 121,060 |
| Grants amortised | (27,952) | (30,908) | - | - |
| | 26,361,519 | 25,162,602 | 1,465,807 | 1,834,695 |
| (Increase)/decrease in trade and other receivables and other current assets | (4,246,664) | (10,999,188) | (534,995) | (1,049,656) |
| (Increase)/decrease in inventories | (2,859,741) | (7,751,794) | (867) | 149 |
| Increase/(decrease) in trade and other payables | 3,229,333 | (1,647,524) | 21,523 | 121,519 |
| | 22,484,447 | 4,764,096 | 951,468 | 906,707 |
| B. Analysis of cash and cash equivalents | | | | |
| Cash in hand and at bank * | 8,412,294 | 8,972,260 | 313,293 | 56,413 |
| Short-term deposits | 3,495,891 | 3,684,941 | - | - |
| | 11,908,185 | 12,657,201 | 313,293 | 56,413 |
| Short-term interest bearing borrowings | (44,540,814) | (47,810,251) | (5,531,105) | (5,378,333) |
| Cash and cash equivalents | (32,632,629) | (35,153,050) | (5,217,812) | (5,321,920) |

* Includes discontinued operations.

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

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 2019.

The Interim Condensed Financial Statements have been prepared on a historical cost basis, except for, land ,biological assets and financial instruments.

These Statements also provide information required by the Colombo Stock Exchange.

2 New and amended standards and interpretations

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 2019, except for the adoption of the Accounting Policies and methods of computation to be compliant with the requirements of the Sri Lanka Accounting Standard SLFRS - 16 on Leases, which became effective for Annual Financial periods from 01st January, 2019.

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('Lessee') and the supplier ('Lessor'). SLFRS 16 replaced Sri Lanka Accounting Standard – LKAS 17 (Leases) and related interpretations. The Company has adopted SLFRS 16 using modified retrospective method from 1st April 2019, without restating comparative information. Instead, it has recognized the cumulative effect of initially applying this standard as an adjustment to the opening balance of Retained earnings at the date of initial application, as permitted under the specific transitional provisions in the standard.

The Group has adopted these standards for the first time. The nature and effect of the changes as a result of adoption of SLFRS 16 as at 1st April 2019 is as follows,

| | Rs.'000 |
|---|------------------|
| Assets | |
| Right of use assets | 5,647,973 |
| Deferred tax assets | 234,260 |
| Trade and other receivables | (616,950) |
| Total assets | 5,265,283 |
| Equity and liabilities | |
| Revenue reserves | (542,526) |
| Foreign currency translation reserve | (87) |
| Non- controlling interest | 58,000 |
| Interest bearing borrowings/Lease liability | 5,749,896 |
| Total Liability | 5,265,283 |

Set out below, are the carrying amounts of right of use assets and lease liability and the movements for the period ended 31st March 2020.

| | Right of use assets Rs.'000 | Lease liability Rs.'000 |
|--|-----------------------------------|----------------------------|
| As at 1st April 2019 | 5,647,973 | 5,749,896 |
| Transferred from Property, plant & equipment | 605,253 | - |
| Transferred from Other assets | 1,164,866 | - |
| Transferred from Finance lease | - | 669,393 |
| Additions | 2,423,605 | 2,326,229 |
| Effect of movements in exchange rates | 77,803 | 11,382 |
| Amortisation | (1,417,110) | - |
| Interest cost | - | 972,280 |
| Payment | - | (2,043,360) |
| As at 31st March 2020 | 8,502,390 | 7,685,820 |

- 3 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 2020.
- 4 No circumstances have arisen since the reporting date, which would require adjustments to or disclosure in the Financial Statements. 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 | | | |
|----------------------------|--------------|-------------|--------------|--------------|
| | Total | Intra-group | External | |
| | | | Unaudited | Audited |
| | | | 12 months to | 12 months to |
| | | | 31.03.20 | 31.03.19 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Eco Solutions | 6,647,327 | 431,167 | 6,216,160 | 6,592,987 |
| Hand Protection | 17,880,035 | 9,803 | 17,870,232 | 17,110,824 |
| Purification Products | 22,822,743 | - | 22,822,743 | 20,917,945 |
| Textiles | 12,099,878 | - | 12,099,878 | 11,858,435 |
| Construction Materials | 4,729,950 | 85,222 | 4,644,728 | 4,991,460 |
| Agriculture | 14,304,404 | 673,389 | 13,631,015 | 14,967,457 |
| Plantations | 12,643,867 | - | 12,643,867 | 13,008,198 |
| Transportation & Logistics | 43,604,357 | - | 43,604,357 | 45,998,415 |
| Consumer & Retail | 61,564,533 | - | 61,564,533 | 67,205,004 |
| Industry Inputs | 4,933,539 | 519,211 | 4,414,328 | 4,399,715 |
| Power & Energy | 1,600,072 | - | 1,600,072 | 1,505,769 |
| Leisure | 4,544,960 | 63,518 | 4,481,442 | 6,362,887 |
| Others | 5,875,422 | 1,161,774 | 4,713,648 | 4,262,864 |
| | 213,251,087 | 2,944,084 | 210,307,003 | 219,181,960 |

6 INDUSTRY SEGMENT RESULTS

| | Consolidated | |
|--|-------------------|-------------------|
| | Unaudited | Audited |
| | 12 months to | 12 months to |
| | 31.03.20 | 31.03.19 |
| | Rs.'000 | Rs.'000 |
| Eco Solutions | 435,086 | 439,589 |
| Hand Protection | 1,090,832 | 883,475 |
| Purification Products | 2,501,619 | 1,524,699 |
| Textiles | 445,181 | 464,782 |
| Construction Materials | 460,589 | 594,125 |
| Agriculture | 1,546,504 | 1,710,147 |
| Plantations | 466,892 | 941,659 |
| Transportation & Logistics | 3,990,848 | 3,634,138 |
| Consumer & Retail | 4,331,818 | 4,096,943 |
| Industry Inputs | 307,732 | 83,265 |
| Power & Energy | 938,149 | 910,385 |
| Leisure | (352,310) | 655,400 |
| Others | 1,608,003 | 1,712,288 |
| Segment results | 17,770,943 | 17,650,895 |
| Non - segment income/(expenses) | (1,298,063) | (1,661,614) |
| Operating profit | 16,472,880 | 15,989,281 |
| Net finance cost | (11,008,904) | (10,511,607) |
| Change in fair value of investment properties | 86,882 | 113,899 |
| Share of profits from equity accounted investees | 264,061 | 176,096 |
| Value added tax on financial services | (310,867) | (292,156) |
| Profit before tax | 5,504,052 | 5,475,513 |

NOTES TO THE FINANCIAL STATEMENTS

7 STATED CAPITAL

Issued and fully paid

75,000,000 (75,000,000 - 31.03.2019) Ordinary Shares

| Company | |
|------------------|-----------|
| Unaudited | Audited |
| as at | as at |
| 31.03.20 | 31.03.19 |
| Rs.'000 | Rs.'000 |
| 1,575,000 | 1,575,000 |

8 ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS

Assets classified as held for sale

Property, plant & equipment

Trade and Other Receivables

Cash in Hand and at Bank

Total assets

Liabilities directly associated with assets classified as held for sale

Trade and other payables

Total equity and liabilities

| Consolidated | |
|--------------|----------|
| Unaudited | Audited |
| as at | as at |
| 31.03.20 | 31.03.19 |
| Rs.'000 | Rs.'000 |
| - | 51,900 |
| 1,906 | 1,906 |
| 1,115 | 1,115 |
| 3,021 | 54,921 |
| | |
| 332 | 332 |
| 332 | 332 |

INVESTOR INFORMATION

MARKET VALUE OF SHARES

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

| | 31.03.2020 Rs. | 31.03.2019 Rs. |
|---|-------------------|-------------------|
| Closing price on | 123.60 | 168.00 |
| Highest price recorded for the twelve months ending | 188.20 | 227.00 |
| Lowest price recorded for the twelve months ending | 123.00 | 167.00 |
| Highest price recorded for the three months ending | 173.90 | 209.90 |
| Lowest price recorded for the three months ending | 123.00 | 167.00 |
| Market capitalisation (Rs. Mn.) | 9,270 | 12,600 |
| RATIOS | | |
| Net assets per share | 529.39 | 536.56 |
| Price earnings ratio (times) | 24.89 | 47.48 |

DIVIDEND PAYMENT

Interim dividend 2018/19 Rs 5.00 per share paid on 17th April, 2019

SHARE TRADING FROM 1ST JANUARY, 2019 TO 31ST MARCH, 2020

| | |
|------------------------------|------------|
| No. of transactions | 684 |
| No. of shares traded | 452,715 |
| Value of shares traded (Rs.) | 71,311,676 |

LISTED DEBENTURES

Details regarding the listed debentures are as follows;

DEBENTURE 1 -

Listed ,rated, senior, unsecured, redeemable Debentures at 7.85% p.a. payable semi annually and redeemed on 6th March, 2020

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 31.03.2020

There were no transactions during the period.

DEBENTURE 2 -

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 31st March, 2020 7.99%

Type B- Floating rate AWPLR+1% p.a. payable semi annually redeemable on 31st July 2023

Interest rate of comparable Government Securities as at 31st March, 2020 7.99%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 31.03.2020

There were no transactions during the period.

DEBENTURE 3 -

Listed, rated, senior, unsecured, redeemable debentures,

Type A- Fixed rate at 13.00% p.a. payable semi annually redeemable on 26th August 2024

Interest rate of comparable Government Securities as at 31st March, 2020 8.41%

Type B- Floating rate AWPLR+2% p.a. payable semi annually redeemable on 26th August 2024

Interest rate of comparable Government Securities as at 31st March, 2020 8.41%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 31.03.2020

| | |
|----------------------------------|--------|
| No. of Transactions | 1 |
| No. of Debentures traded | 1 |
| Value of Debentures traded (Rs.) | 102.10 |
| Highest Price (Rs.) | 102.10 |
| Lowest Price (Rs.) | 102.10 |
| Last Traded Price (Rs.) | 102.10 |

| | |
|---------------------------------|--------|
| Interest yield - Last traded | 12.43% |
| Yield to maturity - Last traded | 12.38% |

Hayleys PLC issued 20,000,000 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 26 August 2019.

Objective is to refinance following short term facilities:

| 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 utilised |
|-------------|------------------|------------------------------|---|--|---------------------------------------|---------------------|-------------------------|-------------------------------------|-------------------------------|
| Debenture 3 | 1 | Sampath Bank | 450 | 27-Nov-19 | 450 | 15.00% | 450 | 100% | N/A |
| | 2 | NDB Bank | 150 | 5-Aug-19 | 150 | 5.00% | 150 | 100% | N/A |
| | 3 | Commercial Bank | 442 | - | 442 | 14.73% | 442 | 100% | N/A |
| | 4 | Seylan Bank | 200 | 29-Oct-19 | 200 | 6.67% | 200 | 100% | N/A |
| | 5 | NSB | 250 | 19-Sep-19 | 250 | 8.33% | 250 | 100% | N/A |
| | 6 | Peoples Bank | 250 | 19-Sep-19 | 250 | 8.33% | 250 | 100% | N/A |
| | 7 | DFCC | 50 | 23-Sep-19 | 50 | 1.67% | 50 | 100% | N/A |
| | 8 | HNB | 375 | 17-Oct-19 | 375 | 12.50% | 375 | 0% | Invested in unit trust |
| | 9 | SCB | 164 | 9-Oct-19 | 164 | 5.47% | 164 | 0% | Invested in unit trust |
| | 10 | BOC | 712.7 | - | 712.7 | 22.30% | 669 | 100% | N/A |

*objective 8 and 9 were settled over the month of October and debenture issue proceeds have been utilised in full by the end of October 2019.

RATIOS

| | 31.03.2020 | 31.03.2019 |
|--------------------|------------|------------|
| Debt/ equity ratio | 1.72 | 1.31 |
| Quick asset ratio | 0.37 | 0.29 |
| Interest cover | 0.42 | 1.03 |

INVESTOR INFORMATION

FIRST TWENTY SHAREHOLDERS AS AT 31ST MARCH, 2020

| Name of the Shareholder | No.of Shares | % |
|--|-------------------|--------------|
| 1 Mr.K.D.D.Perera | 38,259,697 | 51.01 |
| 2 Trustees of the D.S.Jayasundera Trust | 8,698,017 | 11.60 |
| 3 Employees Provident Fund | 3,776,621 | 5.04 |
| 4 LOLC Holdings PLC | 1,700,004 | 2.27 |
| 5 Hayleys Group Services(Private) Ltd No.02 A/C | 1,117,090 | 1.49 |
| 6 Commercial Leasing & Finance PLC | 734,144 | 0.98 |
| 7 Mrs.A.M.L.Johnpulle & Mr.B.J.M.Johnpulle | 656,464 | 0.88 |
| 8 Mrs.R.N.Ponnambalam | 595,645 | 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 Mrs.S.D. Wickramasinghe | 449,298 | 0.60 |
| 14 Mrs.P.M Godamunne | 443,447 | 0.59 |
| 15 Sri Lanka Insurance Corporation Ltd-Life Fund | 397,418 | 0.53 |
| 16 Mr.A.C Wikramanayake | 378,354 | 0.50 |
| 17 Mr.G.N. Wikramanayake (Deceased) | 370,422 | 0.49 |
| 18 Associated Electrical Corporation Ltd | 361,000 | 0.48 |
| 19 Mr.S.Rameshan | 316,982 | 0.42 |
| 20 Mr. Shamindra Vatsalan Rajiyah | 307,051 | 0.41 |
| Total | 60,682,805 | 80.91 |

There were no non voting shares as at 31st March, 2020.

PUBLIC HOLDING

| | |
|---|---------------|
| Percentage of public holding as at 31st March, 2020 | 37.10% |
| Total number of Shareholders representing the Public Holding | 6,118 |
| Float- adjusted market capitalization (Rs.) | 3,439,170,000 |
| The Company complies with option 4 of the Listing Rules 7.13.1 (a) which requires 10% minimum Public Holding. | |

DIRECTORS' SHAREHOLDINGS AS AT 31ST MARCH, 2020

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 | 38,259,697 |
| Mr S C Ganegoda | 23,414 |
| Mr H S R Kariyawasan | 9,427 |
| Mr L R V Waidyaratne | 37,930 |
| Ms. J. Dharmasena | 21,095 |

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 R V Waidyaratne
M H Jamaldeen
M Y A Perera
Ms. J Dharmasena
R J Karunarahaj (appointed w.e.f 01.06.2019)
K D G Gunaratne (appointed w.e.f 01.10.2019)
Ms. A A K Amarasinghe (Alternate to K D D Perera)(appointed w.e.f 17.10.2019)
N L S Joseph (resigned w.e.f 03.11.2019)

GROUP MANAGEMENT COMMITTEE

A M Pandithage – Chairman & Chief Executive
S C Ganegoda
H S R Kariyawasan
L R V Waidyaratne
Ms. J Dharmasena
W G R Rajadurai
E R P Goonethilleke
Ms. D Talpahewa
C De Silva
N R Ranatunge
D W P N Dediwela
H Prematillake
Ng Soon Huat
M Wijewardene
R J Karunarahaj (appointed w.e.f 01.06.2019)
Dr A Sivagananathan (resigned w.e.f 30.04.2019)
S J Wijesinghe (resigned w.e.f 15.05.2019)

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