

HAYLEYS PLC

Interim Report



THE STORY CONTINUES...

140 Years of Corporate Inspiration



THIRD QUARTER

Nine months ended 31st December, 2018

STATEMENT OF PROFIT OR LOSS

Consolidated			Consolidated			Consolidated		
			Unaudited 9 months to 31.12.18 Rs.'000	Unaudited 9 months to 31.12.17 Rs.'000	Change %	Unaudited 3 months to 31.12.18 Rs.'000	Unaudited 3 months to 31.12.17 Rs.'000	Change %
Audited year ended 31.03.18 Rs.'000		Notes						
163,249,467	Revenue	5	162,730,134	112,351,701	45	59,685,270	49,930,334	20
(126,831,893)	Cost of sales		(125,590,975)	(88,013,541)	43	(46,225,487)	(38,235,530)	21
(569,558)	Direct Interest Cost		(915,214)	(291,515)	>100	(333,829)	(291,515)	15
35,848,016	Gross profit		36,223,945	24,046,645	51	13,125,954	11,403,290	15
909,359	Other income		1,387,163	512,074	>100	558,844	287,814	94
(7,268,250)	Distribution expenses		(9,039,271)	(5,223,981)	73	(3,254,589)	(3,356,876)	(3)
(17,928,472)	Administrative expenses		(17,081,954)	(12,486,255)	37	(5,876,109)	(4,721,204)	24
(157,476)	Other expenses		(193,969)	(105,687)	84	(20,034)	(34,972)	(43)
11,403,177	Results from operating activities		11,295,914	6,742,796	68	4,534,066	3,578,052	27
1,107,936	Finance income		2,424,692	661,697	>100	1,261,433	265,317	>100
(7,039,958)	Finance cost		(10,170,110)	(4,600,782)	>100	(3,994,434)	(2,255,612)	77
(5,932,022)	Net finance cost		(7,745,418)	(3,939,085)	97	(2,733,001)	(1,990,295)	37
184,186	Change in fair value of investment properties		-	-	-	-	-	-
227,226	Share of profit of equity accounted investees (net of tax)		177,136	198,323	(11)	4,609	25,435	(82)
(119,069)	Value added tax on financial services		(222,338)	(62,692)	>100	(95,293)	(62,692)	52
5,763,498	Profit before tax	6	3,505,294	2,939,342	19	1,710,381	1,550,500	10
(2,491,060)	Tax expense		(1,625,216)	(1,408,795)	15	(599,328)	(738,715)	(19)
3,272,438	Profit for the period		1,880,078	1,530,547	23	1,111,053	811,785	37
	Profit for the period attributable to:							
1,023,892	Owners of the parent		34,804	196,618	(82)	439,428	177,943	>100
2,248,546	Non-controlling interest		1,845,273	1,333,929	38	671,624	633,842	6
3,272,438			1,880,078	1,530,547	23	1,111,053	811,785	37
	Earnings / (loss) per share							
13.65	Basic (Rs.)		0.46	2.62		5.86	2.37	
13.65	Diluted (Rs.)		0.46	2.62		5.86	2.37	

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		
		Unaudited 9 months to 31.12.18 Rs.'000	Unaudited 9 months to 31.12.17 Rs.'000	Change %	Unaudited 3 months to 31.12.18 Rs.'000	Unaudited 3 months to 31.12.17 Rs.'000	Change %
Audited year ended 31.03.18 Rs.'000	Notes						
379,173	Revenue	291,104	284,932	2	95,557	94,222	1
(218,789)	Cost of sales	(160,522)	(164,585)	(2)	(53,040)	(54,375)	(2)
160,384	Gross profit	130,582	120,347	9	42,517	39,847	7
1,872,100	Group dividend	881,851	724,714	22	195,054	169,396	15
1,130,083	Other income	-	1,192	<100	-	1,185	<100
(59,270)	Administrative expenses	(29,668)	(17,178)	73	2,525	2,109	20
-	Other expenses	(13)	-	>100	(13)	-	>100
3,103,297	Results from operating activities	982,752	829,075	19	240,083	212,537	13
31,939	Finance income	157,058	18,831	>100	83,606	6,456	>100
(1,684,705)	Finance cost	(2,100,750)	(1,083,960)	94	(810,683)	(579,964)	40
(1,652,766)	Net finance cost	(1,943,692)	(1,065,129)	82	(727,077)	(573,508)	27
10,250	Change in fair value of investment properties	-	-	-	-	-	-
1,460,781	Profit/(loss) before tax	(960,940)	(236,054)	<100	(486,994)	(360,971)	35
(1,329)	Tax expense	-	(240)	<100	-	(221)	<100
1,459,452	Profit/(loss) for the period	(960,940)	(236,294)	<100	(486,994)	(361,192)	35

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		
		Unaudited	Unaudited	Change	Unaudited	Unaudited	Change
		9 months to	9 months to		3 months to	3 months to	
Audited		31.12.18	31.12.17		31.12.18	31.12.17	
year ended		Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
31.03.18							
Rs.'000							
3,272,438	Profit for the period	1,880,078	1,530,547	23	1,111,053	811,785	37
	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	-	(32,316)	<100	-	(32,316)	<100
(1,607,182)	Income tax on other comprehensive income	-	9,042	<100	-	9,042	<100
	Items that will be reclassified subsequently to Statement of Profit or Loss						
741,847	Net exchange differences on translation of foreign operations	1,711,042	370,324	>100	1,182,806	71,440	>100
-	Net loss on cash flow hedges	(759,710)	-	>100	(490,226)	-	>100
(223)	Share of other comprehensive income of equity accounted investees	-	-	-	-	-	-
(6,564)	Net change in fair value of available-for-sale financial assets	(16,659)	(2,509)	<100	(2,488)	(3,855)	(35)
1,742,633	Total other comprehensive income for the period, net of tax	934,673	344,541	>100	690,093	44,311	>100
5,015,071	Total comprehensive income for the period, net of tax	2,814,751	1,875,088	50	1,801,145	856,096	>100
	Total comprehensive income for the period attributable to						
2,702,806	Owners of the parent	425,102	382,769	11	739,123	191,297	>100
2,312,265	Non-controlling interest	2,389,648	1,492,319	60	1,062,023	664,799	60
5,015,071		2,814,751	1,875,088	50	1,801,145	856,096	>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

Company		Company			Company		
Audited year ended 31.03.18 Rs.'000		Unaudited 9 months to 31.12.18 Rs.'000	Unaudited 9 months to 31.12.17 Rs.'000	Change %	Unaudited 3 months to 31.12.18 Rs.'000	Unaudited 3 months to 31.12.17 Rs.'000	Change %
1,459,452	Profit/(loss) for the period	(960,940)	(236,294)	<100	(486,994)	(361,192)	35
	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	(960,940)	(236,294)	<100	(486,994)	(361,192)	35

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	
Audited as at 31.03.18 Rs.'000	Audited as at 31.03.18 Rs.'000		Unaudited as at 31.12.18 Rs.'000	Unaudited as at 31.12.17 Rs.'000	Unaudited as at 31.12.18 Rs.'000	Unaudited as at 31.12.17 Rs.'000
		Notes				
		ASSETS				
		Non - current assets				
84,010,488	311,889	Property, plant & equipment	83,973,763	78,002,697	261,023	2,336,383
1,948,609	60,750	Investment Properties	1,948,609	1,764,423	60,752	-
404,659	-	Biological assets	410,175	381,333	-	-
14,114,642	-	Intangible assets	14,170,919	12,862,891	-	-
-	36,673,417	Investments in subsidiaries	-	-	38,078,378	32,722,397
845,898	-	Investments in equity accounted investees	1,994,384	832,482	1,504,863	-
290,657	95,397	Other non current financial assets	270,730	216,621	88,722	97,622
9,333,864	-	Non - current Trade and other receivables	11,292,707	7,363,761	-	-
2,431,175	-	Other non current assets	2,531,498	3,576,964	-	-
822,545	-	Deferred tax assets	891,874	718,803	-	-
114,202,537	37,141,453	Total non-current assets	117,484,659	105,719,975	39,993,738	35,156,402
		Current assets				
32,745,630	1,058	Inventories	40,263,361	29,915,120	997	1,239
-	1,800,558	Amounts due from subsidiaries	-	-	2,134,636	1,433,137
121,106	8,850	Amounts due from equity accounted investees	102,974	112,544	14,195	6,726
48,227,112	16,912	Trade and other receivables	57,488,221	45,638,159	32,423	17,622
2,640,004	95,091	Other current assets	2,777,001	3,594,321	45,210	39,636
539,919	12,670	Income tax recoverable	1,039,854	456,713	31,629	11,521
160,702	8,800	Other current financial assets	298,522	459,141	87,303	8,860
3,631,527	-	Short-term deposits	3,586,628	4,642,356	-	-
7,495,343	328,619	Cash in hand and at bank	9,479,411	7,104,179	62,945	84,149
3,021	-	Assets classified as held for sale	412,638	3,021	-	-
95,564,364	2,272,558	Total current assets	115,448,610	91,925,554	2,409,338	1,602,890
209,766,901	39,414,011	Total assets	232,933,269	197,645,529	42,403,076	36,759,292
		EQUITY AND LIABILITIES				
1,575,000	1,575,000	Stated capital	1,575,000	1,575,000	1,575,000	1,575,000
887,340	13,226	Capital reserves	927,466	828,861	13,226	13,226
20,978,486	-	Other components of equity	21,371,305	19,241,376	-	1,991,466
16,208,311	16,890,382	Revenue reserves	15,502,575	17,079,405	15,554,442	12,692,526
39,649,137	18,478,608	Total equity attributable to equity holders of the company	39,376,346	38,724,642	17,142,668	16,272,212
20,158,629	-	Non- controlling interest	21,846,368	21,235,730	-	-
59,807,766	18,478,608	Total Equity	61,222,714	59,960,372	17,142,668	16,272,212
		Non - current liabilities				
34,621,339	12,182,428	Interest bearing borrowings	43,268,457	34,597,973	16,164,137	11,813,103
772,147	-	Grants	790,557	764,988	-	-
4,729,365	-	Deferred tax liabilities	4,765,097	2,305,243	-	-
1,199,128	-	Security deposit	1,322,066	-	-	-
2,717,541	-	Other Non current Liabilities	1,448,000	-	-	-
403,056	-	Other non current financial liabilities	692,722	1,613,140	-	-
7,337,659	713,730	Employee benefit obligations	7,949,417	6,898,926	749,005	591,148
51,780,235	12,896,158	Total non-current liabilities	60,236,316	46,180,270	16,913,142	12,404,251
		Current liabilities				
28,764,332	319,282	Trade and other payables	31,536,724	28,804,074	536,389	323,357
4,023,979	45,691	Other current liabilities	3,691,694	1,747,486	30,838	18,218
6,517,031	10,654	Other current financial liabilities	3,920,243	4,713,835	-	-
-	40,350	Amounts due to subsidiaries	-	-	27,025	46,890
-	-	Amounts due to equity accounted investees	6,419	-	3,152	40,759
246,289	-	Deferred Revenue	441,936	-	-	-
607,274	-	Income tax payable	666,209	598,681	-	-
23,801,452	3,747,898	Current portion of long term interest bearing borrowings	22,497,415	11,667,111	2,717,486	2,218,685
34,218,211	3,875,370	Short-term interest bearing borrowings	48,644,737	43,973,368	5,032,376	5,434,920
332	-	assets classified as held for sale	68,862	332	-	-
98,178,900	8,039,245	Total current liabilities	111,474,239	91,504,887	8,347,266	8,082,829
149,959,135	20,935,403	Total liabilities	171,710,555	137,685,157	25,260,408	20,487,080
209,766,901	39,414,011	Total equity and liabilities	232,933,269	197,645,529	42,403,076	36,759,292

The Financial Position as at 31st December, 2018 and Statement of Profit or Loss, Statement of Comprehensive Income, Changes in Equity and Cash Flow for the nine 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
8th February 2019

sgd.
Sarath Ganegoda
Director

HAYLEYS PLC | Page 5

STATEMENT OF CHANGES IN EQUITY

For the period ended 31st December

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	-	-	-	-	-	-	-	-	-	-	34,804	34,804		1,845,273	1,880,078
Other Comprehensive income															
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	1,101,646	-	-	-	-	1,101,646		609,396	1,711,042
Net loss on cash flow hedges	-	-	-	-	(10,786)	(700,562)		-	-	-	-	(700,562)		(59,148)	(759,710)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(10,786)			-	-	-	-	(10,786)		(5,873)	(16,659)
Total other comprehensive income	-	-	-	-	(10,786)	(700,562)	1,101,646	-	-	-	-	390,298		544,375	934,673
Total Comprehensive income for the period	-	-	-	-	(10,786)	(700,562)	1,101,646	-	-	-	34,804	425,102		2,389,648	2,814,751
Transactions with owners, recorded directly in equity															
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	(375,000)	(375,000)		(1,016,842)	(1,391,842)
Transfers	-	-	6,816	-	-	-	-	1,694	-	-	(8,510)	-		-	-
Total contributions by and distributions to owners	-	-	6,816	-	-	-	-	1,694	-	-	(383,510)	(375,000)		(1,016,842)	(1,391,842)
Changes in ownership interests in subsidiaries															
Acquisition of non-controlling interest with a change in control	-	-	-	-	-	-	-	-	-	-	-	-		21,673	21,673
Acquisition of non-controlling interest without a change in control	-	31,140	2,170	2,109	54	-	358	1,310		-	(2,462,752)	(2,425,611)		(430,307)	(2,855,918)
Derecognition of non controlling interest acquired	-	-	-	-	-	-	-	-	-	-	1,150,214	1,150,214		521,242	1,671,456
Transfer to equity accounted investees	-	-	-	-	-	-	-	-	-	-	952,504	952,504		202,325	1,154,829
Total changes in ownership interests in subsidiaries	-	31,140	2,170	2,109	54	-	358	1,310		-	(360,034)	(322,893)		314,933	(7,960)
Total transactions with owners	-	31,140	8,986	2,109	54	-	358	3,004	-	-	(743,544)	(697,893)		(701,910)	(1,399,803)
Balance as at 31st December 2018	1,575,000	477,369	450,097	19,382,179	9,111	(700,562)	2,680,577	2,244,339	90,309	7,134	13,160,793	39,376,346	21,846,368	61,222,714	
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	-	-	-	-	-	-	-	-	-	-	196,618	196,618		1,333,929	1,530,547
Other Comprehensive income															
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	206,518	-	-	-	-	206,518		163,806	370,324
Net change in fair value of available-for-sale financial assets	-	-	-	-	(1,655)	-	-	-	-	-	-	(1,655)		(854)	(2,509)
Actuarial gain on defined benefit obligations	-	-	-	-	-	-	-	-	-	-	(25,930)	(25,930)		(6,386)	(32,316)
Income tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-	7,218	7,218		1,824	9,042
Total other comprehensive income	-	-	-	-	(1,655)	-	206,518	-	-	-	(18,712)	186,151		158,390	344,541
Total Comprehensive income for the period	-	-	-	-	(1,655)	-	206,518	-	-	-	177,906	382,769		1,492,319	1,875,088
Transactions with owners, recorded directly in equity															
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	(562,500)	(562,500)		(576,565)	(1,139,065)
Unclaimed Dividend-write back	-	-	-	-	-	-	-	-	-	-	798	798		-	798
Transfers	-	-	7,512	-	-	-	-	-	-	-	(7,512)	-		-	-
Total contributions by and distributions to owners	-	-	7,512	-	-	-	-	-	-	-	(569,214)	(561,702)		(576,565)	(1,138,267)
Changes in ownership interests in subsidiaries															
Acquisition of non-controlling interest with a change in control	-	-	-	-	-	-	-	-	-	-	-	-		4,929,033	4,929,033
Acquisition of non-controlling interest without a change in control	-	(122,261)	2	23,277	11	-	94	7,778	-	-	(1,871,063)	(1,962,162)		(1,782,288)	(3,744,450)
Total changes in ownership interests in subsidiaries	-	(122,261)	2	23,277	11	-	94	7,778	-	-	(1,871,063)	(1,962,162)		3,146,746	1,184,584
Total transactions with owners	-	(122,261)	7,514	23,277	11	-	94	7,778	-	-	(2,440,277)	(2,523,864)		2,570,181	46,317
Balance as at 31st December 2017	1,575,000	405,529	423,332	17,846,324	22,232	-	1,372,820	2,241,335	81,415	8,942	14,747,713	38,724,642	21,235,730	59,960,373	

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 December

Company

		Capital Reserve	Other Component of Equity	Revenue Reserves		
	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 1st April 2018	1,575,000	13,226	-	382,087	16,508,295	18,478,608
Profit for the period	-	-	-	-	(960,940)	(960,940)
Other Comprehensive income						
Actuarial losses on defined benefit obligations	-	-	-	-	-	-
Revaluation of land	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	-	(960,940)	(960,940)
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 December 2018	1,575,000	13,226	-	382,087	15,172,355	17,142,668
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	-	-	-	-	(236,294)	(236,294)
Other Comprehensive income						
Revaluation of land	-	-	-	-	-	-
Actuarial losses on defined benefit obligations	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	-	(236,294)	(236,294)
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(562,500)	(562,500)
Unclaimed Dividend-write back	-	-	-	-	798	798
Total contributions by and distributions to owners	-	-	-	-	(561,702)	(561,702)
Total transactions with owners	-	-	-	-	(561,702)	(561,702)
Balance as at 31st December 2017	1,575,000	13,226	1,991,460	382,087	12,310,439	16,272,212

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 9 months to 31.12.18 Rs.'000	Unaudited 9 months to 31.12.17 Rs.'000
		Cash flows from operating activities		
10,639,603	1,490,249	Cash generated from operations (Note A)	(923,012)	9,294,668
(579,028)	(15,825)	Employee benefit paid	(408,780)	(337,092)
(2,609,574)	(8,589)	Income taxes paid	(2,058,855)	(1,593,092)
7,451,001	1,465,835	Net cash inflow/(outflow) from operating activities	(3,390,647)	7,364,484
		Cash flows from Investing activities		
(5,980,893)	(55,519)	Purchase and construction of property, plant & equipment	(4,922,708)	(3,799,333)
(6,078)	-	- Development of biological assets	(5,516)	(6,980)
60,045	-	- Government grants received - capital	46,176	45,132
256,048	-	- Proceeds from disposal of property, plant & equipment	147,807	111,311
-	-	- Proceeds from disposal of intangible assets	6,432	105
4,213,117	-	- Proceeds from disposal of current financial assets	3,108,518	3,049,071
(353,391)	-	- On acquisition of right to generate hydro & Solar power/ ERP System	(104,230)	(133,406)
-	(10,931,570)	Long term investments in group companies and others	(3,225)	(24,611,053)
(239,785)	-	- Investment in other non current assets	-	(862,039)
(3,868,671)	-	- Investment in other current financial assets	(3,158,191)	(2,760,383)
(12,976,909)	-	- Acquisition / disposal of subsidiaries	(125,329)	-
537,095	7,317	Interest received	284,050	365,266
(43,820)	-	- Net movement in deferred revenue	195,647	-
102,739	-	- Dividends received from equity accounted investees	3,240	87,474
9,185	739	Dividends received from non-group companies	-	6,060
(18,291,318)	(10,979,033)	Net cash used in investing activities	(4,527,329)	(28,508,775)
(10,840,317)	(9,513,198)	Net cash inflow/(outflow) before financing	(7,917,976)	(21,144,291)
		Cash flows from financing activities		
(23,038)	-	- Capital payment on finance lease	(16,954)	(16,306)
(6,427,583)	(1,553,036)	Interest paid (including interest capitalised)	(7,656,174)	(4,249,329)
(1,529,400)	-	- Dividend paid to non-controlling interest	(1,016,842)	(576,565)
29,065,187	10,500,000	Proceeds from interest-bearing borrowings	36,278,401	12,200,729
(18,094,054)	(1,749,375)	Repayment of interest-bearing borrowings	(29,381,322)	(6,728,561)
76,847	-	- Net movement in security deposits	122,938	-
(14,577)	(14,577)	Long term loan facility fee	-	-
(3,688,646)	-	- Acquisition of non-controlling interest	(1,840,795)	-
-	-	- Debenture Issue fee	(14,719)	-
71,083	-	- Net movement in financial liabilities	(635,666)	(25,667)
(562,500)	(562,500)	Dividends paid to equity holders of parent	(375,000)	(562,500)
(1,126,681)	6,620,512	Net cash inflow/(outflow) from financing activities	(4,536,133)	41,801
(11,966,998)	(2,892,686)	Net increase/(decrease) in cash and cash equivalents	(12,454,109)	(21,102,490)
(11,123,228)	(654,065)	Cash and cash equivalents at beginning of the year/period	(23,090,226)	(11,123,228)
(23,090,226)	(3,546,751)	Cash and cash equivalents at end of the year/period (Note B)	(35,544,335)	(32,225,718)

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 9 months to 31.12.18 Rs.'000	Unaudited 9 months to 31.12.17 Rs.'000	Unaudited 9 months to 31.12.17 Rs.'000
		A. Cash generated from operations			
5,763,498	1,460,781	Profit/(loss) before tax	3,505,294	2,939,342	(960,940) (236,054)
		Adjustments for:			
5,932,022	1,652,766	Net finance expense	7,745,418	3,939,085	1,943,692 1,065,129
(227,226)	-	- Share of profits from equity accounted investees	(177,136)	(198,323)	- -
3,927,258	89,201	Depreciation on property, plant & equipment	3,601,500	2,792,873	25,389 23,531
-	-	- Impairment of property, plant & equipment	-	-	43,390 43,390
(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	(39,876)	(43,718)	13 (1,192)
151,520	-	- Amortisation of intangible assets	157,383	102,660	- -
-	-	- Scrip dividend	-	-	(36,121) -
595,423	-	- Net gains/(loss) on translation of foreign currency	(455,244)	(72,827)	- -
-	-	- Differences of exchange on translation of foreign entities	1,996,495	371,714	- -
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	-	74,323	- -
(1,264)	-	- Gain on the disposal of subsidiaries	-	-	- -
-	-	- Gain on fair value of equity accounted investees	(272,419)	-	- -
1,129,386	99,145	- Provision for post employee benefits obligations	934,995	871,015	63,522 50,331
(31,285)	-	- Government grants amortised	(27,751)	(23,531)	- -
18,375,577	2,161,560		16,968,658	10,752,614	1,078,945 945,135
(9,249,824)	(750,361)	(Increase)/decrease in trade and other receivables	(11,467,409)	(5,889,627)	(825,994) (232,577)
(5,792,000)	148	(Increase)/decrease in inventories	(7,584,736)	(2,005,012)	61 (33)
7,305,850	78,902	Increase/(decrease) in trade and other payables	1,160,474	6,436,694	188,269 61,908
10,639,603	1,490,249		(923,012)	9,294,668	441,281 774,433
		B. Analysis of cash and cash equivalents			
7,496,458	328,619	Cash & cash equivalents *	9,516,681	7,105,294	62,945 84,149
3,631,527	-	Short - term deposits	3,586,628	4,642,356	- -
11,127,985	328,619		13,103,309	11,747,650	62,945 84,149
(34,218,211)	(3,875,370)	Short-term interest bearing borrowings	(48,647,644)	(43,973,368)	(5,032,376) (5,434,920)
(23,090,226)	(3,546,751)	Cash and cash equivalents at the end of the period	(35,544,335)	(32,225,718)	(4,969,431) (5,350,771)

* 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. a On 1st November 2018, Martin Bauer Group of Germany joined Hayleys Global Beverages (Pvt) Ltd as a strategic partner by investing in a 51% stake of the Company. Resulting from this investment, Hayleys Group's effective shareholding percentage in Hayleys Global Beverages (now known as Martin Bauer Hayleys (Pvt) Ltd) stands at 43% and therefore , it has changed to be accounted as an equity accounted investee from subsidiary investment and the resulting fair value gain is Rs 272 mn.
2. b During the quarter, 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.
- Accordingly, the Group has derecognized the non controlling interest to be acquired recognized at the time of acquisition, amounting to Rs.1,671 mn.
3. a 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. b No circumstances have arisen since the reporting date, which would require adjustments to or disclosure in the financial statements except for following.
- On 14th January 2019, Carbotels (Pvt) Ltd and Amaya Leisure PLC, subsidiaries of Hayleys PLC disposed 3,723,820(66.20%) Ordinary Shares held in Hunas Falls Hotels PLC at a price of Rs. 187.00 per share through the trading floor of Colombo Stock Exchange.
- Accordingly, the assets and liabilities of Hunas Falls Hotels PLC have been classified as Assets/Liabilities classified as held for sale.
- 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
				9 months to	9 months to
Audited year ended 31.03.18 Rs.'000		Rs.'000	Rs.'000	31.12.18 Rs.'000	31.12.17 Rs.'000
4,511,159	Eco Solutions	5,418,249	370,808	5,047,441	3,231,233
15,851,893	Hand Protection	12,899,600	15,638	12,883,962	12,071,024
15,518,079	Purification Products	14,313,839	-	14,313,839	10,894,934
8,855,501	Textiles	8,567,983	-	8,567,983	6,491,857
4,399,542	Construction Materials	3,625,861	83,038	3,542,823	3,110,870
13,946,715	Agriculture	11,753,232	953,935	10,799,297	10,104,114
12,609,342	Plantations	9,728,296	120,964	9,607,332	9,257,599
35,652,333	Transportation & Logistics	32,989,376	-	32,989,376	25,825,235
35,927,829	Consumer & Retail	52,360,503	-	52,360,503	19,871,397
3,811,532	Industry Inputs	3,226,004	92,809	3,133,195	2,699,603
1,513,363	Power & Energy	1,224,960	-	1,224,960	1,237,528
5,672,930	Leisure	4,666,825	72,178	4,594,647	4,095,185
4,979,249	Others	4,389,246	724,470	3,664,776	3,461,122
163,249,467		165,163,974	2,433,840	162,730,134	112,351,701

6 INDUSTRY SEGMENT RESULTS

Consolidated		Consolidated	
		Unaudited	Unaudited
		9 months to	9 months to
		31.12.18 Rs.'000	31.12.17 Rs.'000
(15,961)	Eco Solutions	302,405	(58,824)
470,721	Hand Protection	622,179	265,490
1,090,442	Purification Products	1,019,606	700,833
141,995	Textiles	321,926	92,245
645,768	Construction Materials	371,917	385,262
1,148,701	Agriculture	1,204,854	735,766
887,202	Plantations	448,268	465,860
2,949,820	Transportation & Logistics	2,242,510	1,930,801
2,026,114	Consumer & Retail	3,432,297	965,700
401,529	Industry Inputs	39,917	166,131
936,963	Power & Energy	783,849	771,599
343,432	Leisure	262,800	150,350
2,365,110	Others	872,712	1,080,287
13,391,835	Segment results	11,925,240	7,651,500
(1,988,658)	Non - segment income/(expenses)	(629,327)	(908,704)
11,403,177	Operating profit	11,295,914	6,742,796
(5,932,022)	Net finance cost	(7,745,418)	(3,939,085)
184,186	Change in fair value of investment properties	-	-
227,226	Share of profits from equity accounted investees	177,136	198,323
(119,069)	Value added tax on financial services	(222,338)	(62,692)
5,763,498	Profit before tax	3,505,294	2,939,342

NOTES TO THE FINANCIAL STATEMENTS

7 STATED CAPITAL

Company		Company	
Audited		Unaudited	Unaudited
as at		as at	as at
31.03.18		31.12.18	31.12.17
Rs.'000		Rs.'000	Rs.'000
	Issued and fully paid		
1,575,000	75,000,000 (75,000,000 - 31.12.2017) Ordinary Shares	1,575,000	1,575,000

8 ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS

Consolidated		Consolidated	
Audited		Unaudited	Unaudited
as at		as at	as at
31.03.18		31.12.18	31.12.17
Rs.'000		Rs.'000	Rs.'000
	Assets classified as held for sale		
-	Property, plant & equipment	341,473	-
-	Inventories	4,352	-
1,906	Trade and Other Receivables	24,239	1,906
-	Income tax recoverable	2,572	-
-	Other current financial assets	2,732	-
1,115	Cash in Hand and at Bank	37,270	1,115
3,021	Total assets	412,638	3,021
	Liabilities directly associated with assets classified as held for sale		
332	Trade and other payables	19,081	332
-	Deferred tax liabilities	42,057	-
-	Employee benefit obligations	4,817	-
-	Short-term interest bearing borrowings	2,907	-
332	Total equity and liabilities	68,862	332

INVESTOR INFORMATION

MARKET VALUE OF SHARES

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

	31.12.2018 Rs.	31.12.2017 Rs.
Closing price on	187.00	241.00
Highest price recorded for the three months ending	225.00	290.00
Lowest price recorded for the three months ending	180.00	240.00
Market capitalisation (Rs. Mn.)	14,025	18,075
RATIOS		
Net assets per share	525.02	516.33
Price earnings ratio (times) (Annualised)	302.23	68.95

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 31ST DECEMBER, 2018

No. of transactions	1,722
No. of shares traded	775,244
Value of shares traded (Rs.)	159,586,920

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 31st December, 2018, 9.44%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 31.12.2018

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 31st December, 2018, 10.58%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 31.12.2018

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 31st December, 2018, 9.8%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 31.12.2018

No. of Transactions	7
No. of Debentures traded	13,500
Value of Debentures traded (Rs.)	1,323,250
Highest Price (Rs.)	99.00
Lowest Price (Rs.)	97.50
Last Traded Price (Rs.)	99.00
Interest yield - Last traded	11.03%
Yield to maturity - Last traded	11.03%

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 31st December, 2018, 11.31%

DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 31.12.2018

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

	31.12.2018	31.12.2017
Debt/ equity ratio	1.39	1.20
Quick asset ratio	0.29	0.20
Interest cover	0.51	0.88

INVESTOR INFORMATION

FIRST TWENTY SHAREHOLDERS AS AT 31ST DECEMBER, 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 LOLC Holdings 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	817,677	1.09
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	452,204	0.60
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	319,112	0.43
Total	60,499,085	80.67

There were no non voting shares as at 31st December, 2018.

PUBLIC HOLDING

Percentage of public holding as at 31st December 2018. 37.66%

Total number of Shareholders representing the Public Holding 6,144

Float- adjusted market capitalization (Rs.) 5,281,815,000

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 31ST DECEMBER, 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 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 – Chairman & 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
W G R Rajadurai
E R P Goonethilleke
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
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