

Hayleys Fabric PLC

Interim Report



Second quarter

Six months ended 30th September 2020

Corporate Information

Name of Company

Hayleys Fabric PLC

Legal Form

A Quoted Public Company with Limited Liability
(Incorporated in Sri Lanka in 1993)

Company Registration Number

PQ 37.

Accounting year end

31st March

Principal Activity

Manufacturing of knitted fabric

Directors

A.M.Pandithage - *Chairman*

E.R.P. Goonetilleke - *Managing Director*

K.D.D.Perera

S.C.Ganegoda

H.Somashantha

R.N.Somaratne

Dr. N.S.J. Nawaratne

A.S.Jayatileka

I.B.R.R. Bandara

M.H Jayasinghe

Mr. K.P.C.P.K.Pathirana (*Appointed w.e.f. 10th August 2020*)

Ms.Yogadinusha Bhaskaran (*Alternative Director to K.D.D.Perera*)

Secretaries

Hayleys Group Services (Pvt) Ltd.

400, Deans Road, Colombo 10.

Telephone: (94-11) 2627650- 2627653 (4 Lines)

Registered Office

400, Deans Road ,

Colombo 10.

Telephone: (94-11) 2627000

Main Office & Factory

Narthupana Estate , Neboda.

Telephone: 94 (34) 2297100, 2242055

Bankers

Standard Chartered Bank plc

HSBC

Hatton National Bank

Bank of Ceylon

NDB Bank

Sampath Bank

Commercial Bank of Ceylon Ltd.

Deutsche Bank

Citibank, N.A.

Seylan Bank

Pan Asia Bank

People's Bank

DFCC Bank

Auditors

Ernst & Young

Chartered Accountants,

201, De Saram Place,

Colombo 10.

Investor Information

Market value of shares	30.09.2020 (LKR)	30.09.2019 (LKR)
Closing Price	26.00	15.00
Highest price recorded for three months ending	26.40	15.40
Lowest price recorded for three months ending	10.40	8.60
Highest price recorded for six months ending	26.40	15.40
Lowest price recorded for six months ending	7.00	7.40

Share Trading

No. of transactions	23,605	13,780
No. of shares traded	147,073,457	73,028,752
Value of shares traded (LKR)	2,495,320,597	929,490,325

First twenty Shareholders as at 30.09.2020

Name of Shareholder	No. of Shares	%
Hayleys PLC No 3 Share Investment Account	122,487,023	58.96
Employees Provident Fund	5,540,727	2.67
Hayleys Advantis Limited	5,036,850	2.42
Seylan Bank PLC / Govindasamy Ramanan	3,937,548	1.90
Hayleys Agriculture Holdings Limited	3,472,257	1.67
Seylan Bank PLC / ARRC Capital (Pvt) Ltd.	2,448,480	1.18
DFCC Bank PLC A/C No 02	2,000,000	0.96
Mr. A.M.Weerasinghe	1,850,000	0.89
Mr. A.M. Iddamalgoda	1,814,623	0.87
Hatton National Bank PLC- Astrue Alpha Fund	1,769,396	0.85
Seylan Bank PLC / W.D.N.H. Perera	1,741,100	0.84
Deutsche Bank AG / National Equity Fund	1,584,257	0.76
JN Lanka Holdings Company (Pvt) Ltd	1,450,000	0.70
Mr. B. Srikumar	1,000,000	0.48
Mrs. N.K. Samaraweera	1,000,000	0.48
Mrs. V. Saraswathy	830,000	0.40
Buildmart Lanka (Pvt) Ltd.	737,660	0.36
Mr. H.S.R.Kariyawasan/ Mrs. K.H.S.Kariyawasan	725,000	0.35
Commercial Bank of Ceylon PLC/ Andaradeniya Estate (Pvt) Ltd.	627,289	0.30
Mr. Talib Tawfiq Talib Al-Nakib	605,200	0.29
Total	160,657,410	77.34

The percentage of shares held by public as at 30th September 2020 was 36.79%

Number of shareholders representing the public holding as at 30th September 2020 was 3,965

Float adjusted Market Capitalization as at 30th September 2020 was LKR 1,987.12mn.

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

DIRECTORS' SHAREHOLDING AS AT 30.09.2020

Director	Direct holding No. of Shares
*Mr.K.D.D.Perera	4,090
Mr.S.C Ganegoda	210,000
Mr.H.Somashantha	20,000
Mr.R.N. Somaratne	50,000
Mr.I.B.R.R. Bandara	25,000

* Mr.K.D.D.Perera holds 51.01 % directly and indirectly of the total issued shares of Hayleys PLC which has 122,487,023 shares in Hayleys Fabric PLC.

		30.09.2020	31.03.2020
Number of shares		207,740,888	207,740,888
Net assets per share -	USD	0.10	0.09
	LKR	17.65	17.06
Dividend per share	LKR	0.25	0.60

Hayleys Fabric PLC

STATEMENT OF FINANCIAL POSITION

Audited As at 31.03.20 USD		Unaudited As at 30.09.20 USD	Unaudited As at 30.09.19 USD
ASSETS			
Non-Current Assets			
25,406,917	Property, plant and equipment	25,158,751	23,889,093
-	Right of use assets	193,589	-
120,110	Intangible assets	98,501	124,555
25,527,027		25,450,841	24,013,648
Current Assets			
15,263,060	Inventories	13,836,790	13,768,484
6,301,050	Trade receivables	13,355,916	8,494,933
549,719	Other receivables	381,258	573,583
763,128	Advances and prepayments	959,468	526,691
533,469	Cash and cash equivalents	1,556,103	357,762
23,410,426		30,089,535	23,721,453
48,937,453	Total Assets	55,540,376	47,735,101
EQUITY AND LIABILITIES			
Capital and Reserves			
17,561,761	Stated capital	17,561,761	17,561,761
1,415,280	Revaluation reserve	1,415,280	1,415,280
(570,995)	Retained earnings	774,034	465,458
18,406,046	Total Equity	19,751,075	19,442,499
Non-Current Liabilities			
700,670	Interest bearing loans and borrowings	2,443,498	6,000
-	Right of use assets- Lease obligations	107,963	-
2,159,088	Deferred tax liabilities	2,209,794	1,957,352
2,745,877	Retirement benefit obligations	3,041,130	2,657,958
5,605,635		7,802,385	4,621,310
Current Liabilities			
7,424,741	Trade and other payables	12,521,516	9,524,959
899,423	Bank overdraft	625,174	508,342
13,685,253	Interest bearing loans	13,434,625	9,720,658
1,486,278	Current portion of long term interest bearing borrowing	642,899	2,311,444
119,034	Amounts due to Hayleys PLC	391,624	52,151
1,311,043	Other non financial liabilities	371,078	1,553,738
24,925,772		27,986,916	23,671,292
48,937,453	Total Equity and Liabilities	55,540,376	47,735,101

The Statement of Financial Position as at 30th September 2020 and Statements of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flow for six months then ended as well as Statement of Profit or Loss and other Comprehensive Income for three months then ended are drawn up from the unaudited financial statements of the Company and they provide the information required by the Colombo Stock Exchange.

These financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.

Sgd.

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Ruwan Rohitha Bandara
Director- Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed for and on behalf of the Board by,

Sgd.

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A.M.Pandithage
Chairman
Colombo
02nd November 2020

Sgd.

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E.R.P.Goonetilleke
Managing Director

Hayleys Fabric PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Audited Year ended 31.03.20 USD	Unaudited Period ended 30th September			Unaudited Quarter ended 30th September			
	2020	2019	variance	2020	2019	variance	
	USD	USD	%	USD	USD	%	
67,115,723	Revenue from contracts with customers	38,004,412	38,141,391	0	22,386,114	19,395,732	+15
(58,416,125)	Cost of sales	(32,825,290)	(32,285,709)	+2	(19,532,241)	(16,594,417)	+18
8,699,598	Gross Profit	5,179,122	5,855,682	-12	2,853,873	2,801,315	+2
60,336	Other operating income	29,210	13,909	+110	29,210	11,622	+151
(5,021,481)	Administrative expenses	(2,402,770)	(2,493,794)	-4	(1,142,639)	(1,260,892)	-9
(826,097)	Distribution expenses	(318,133)	(508,603)	-37	(205,799)	(311,927)	-34
(443,026)	Other expenses	-	(171,254)	-100	-	(128,754)	-100
(800,428)	Net financing costs	(653,143)	(470,575)	+39	(288,949)	(173,562)	+66
1,668,902	Profit before tax	1,834,286	2,225,365	-18	1,245,696	937,802	+33
(398,291)	Income tax expense	(212,269)	(189,349)	+12	(167,463)	(177,965)	-6
1,270,611	Profit for the year/period	1,622,017	2,036,016	-20	1,078,233	759,837	+42
Other Comprehensive Income not to be reclassified to profit or loss							
(51,476)	Actuarial loss on defined benefit plans	-	-	-	-	-	-
7,207	Income tax effect on actuarial loss on defined benefit plans	-	-	-	-	-	-
1,226,342	Total Comprehensive Income, Net of Tax	1,622,017	2,036,016		1,078,233	759,837	
0.006	Basic / Diluted Earnings per Share	0.008	0.010		0.005	0.004	

Hayleys Fabric PLC
STATEMENT OF CHANGES IN EQUITY

	Stated capital USD	Revaluation reserve USD	Retained earnings/(losses) USD	Total USD
For the period ended 30th September 2020				
Balance as at 31st March 2020	17,561,761	1,415,280	(570,995)	18,406,046
Profit for the period	-	-	1,622,017	1,622,017
Dividends to equity holders	-	-	(276,988)	(276,988)
Balance as at 30th September 2020	17,561,761	1,415,280	774,034	19,751,075
For the period ended 30th September 2019				
Balance as at 31st March 2019	17,561,761	1,415,280	(1,117,816)	17,859,225
Profit for the period	-	-	2,036,016	2,036,016
Dividends to equity holders	-	-	(452,742)	(452,742)
Balance as at 30th September 2019	17,561,761	1,415,280	465,458	19,442,499

Hayleys Fabric PLC

STATEMENT OF CASH FLOW

Audited 31.03.2020 USD		Unaudited 30.09.2020 USD	Unaudited 30.09.2019 USD
Cash flows from / (used in) operating activities			
1,668,902	Profit before income tax expenses	1,834,286	2,225,365
Adjustments for			
2,126,025	Depreciation on property, plant and equipment	1,078,744	1,049,473
57,816	Amortization of intangible assets	25,460	31,565
-	Depreciation on lease land	1,627	-
430,405	Provision for retiring gratuity	240,641	230,467
(186,962)	Net unrealised (gain)/loss on translation of foreign currency	72,814	(75,794)
805,619	Net finance costs	442,822	435,370
(35,792)	(Profit)/loss on disposal of property, plant and equipment	(28,874)	(7,892)
443,024	Loss on impairment of property, plant and equipment	-	171,254
(24,544)	Creditors write back	-	(6,017)
(2,363)	Impairment charge/(reversal) for bad and doubtful debts	59,347	(40,167)
335,299	Impairment charge for slow moving inventories	(304,545)	135,715
5,617,429	Operating profit before working capital changes	3,422,322	4,149,339
1,944,277	(Increase)/decrease in trade and other receivables	(7,107,314)	(254,193)
(389,629)	Increase in advances and prepayments	(196,340)	(153,192)
(2,298,839)	(Increase)/ decrease in inventories	1,730,815	(604,679)
(1,440,597)	Increase/ (decrease) in trade and other payables and other non financial liabilities	4,103,248	502,135
3,432,641	Cash generated from operations	1,952,731	3,639,410
(83,484)	Retiring gratuity paid	(18,371)	(31,164)
(774,945)	Interest paid	(435,944)	(408,892)
-	Interest received	42,286	-
(369,012)	Economic service charge paid	-	(188,699)
2,205,200	Net cash flows from operating activities	1,540,702	3,010,655
Cash flows from / (used in) investing activities			
(2,788,702)	Purchase and construction of property, plant and equipment	(830,578)	(218,112)
38,883	Proceeds from disposal of property, plant and equipment	28,874	10,983
(113,809)	Purchase of intangible assets	(3,851)	(92,002)
(2,863,628)	Net cash flows used in investing activities	(805,555)	(299,131)
Cash flows from /(used in) financing activities			
1,194,670	Proceeds from new term loans	2,233,510	-
(2,587,833)	Repayment of term loans	(1,335,257)	(1,262,667)
2,920,591	Net movement of import & short term loans	(250,628)	(1,044,004)
-	Payment of lease obligations	(85,889)	-
(679,521)	Dividend paid to equity holders	-	-
847,907	Net cash flows from/(used in) financing activities	561,736	(2,306,671)
189,479	Net increase in Cash and Cash Equivalents	1,296,883	404,853
(555,433)	Cash and cash equivalents at the beginning of the year	(365,954)	(555,433)
(365,954)	Cash and cash equivalents at the end of the period	930,929	(150,580)
Note A			
Analysis of cash and cash equivalents			
533,469	Cash and bank balances	1,556,103	357,762
(899,423)	Bank Overdraft	(625,174)	(508,342)
(365,954)		930,929	(150,580)

Hayleys Fabric PLC

Notes to the Financial Statements

- 1 These interim financial statements which have not been audited, comply with the Sri Lanka Accounting Standard LKAS 34-Interim financial reporting and they also provide the information required by the Colombo Stock Exchange.
- 2 Contingent liability as at 30th September 2020 on bills discounted amounted to USD 51,394
- 2 There were no material events that took place subsequent to the Reporting date, which require disclosure in these Financial Statements.
- 3 The accounting policies adopted in these financial statements are consistent with the accounting policies set out in the Annual Report for the year ended 31.03.2020.
- 4 Directors have authorized the payment of 1st interim dividend of Rs. 0.25 per share on 30th September 2020, amounting to Rs. 51.9 mn out of the profit from 2020/21 and it was paid on 21st October 2020.

Hayleys Fabric PLC
STATEMENT OF FINANCIAL POSITION
TRANSLATED INTO LKR

As at 31.03.20 LKR '000		As at 30.09.20 LKR '000	As at 30.09.19 LKR '000
ASSETS			
Non-Current Assets			
4,890,832	Property, plant and equipment	4,717,266	4,384,604
23,121	Intangible assets	18,469	22,861
4,913,953		4,735,735	4,407,465
Current Assets			
2,938,139	Inventories	2,594,398	2,527,068
1,212,952	Trade receivables	2,504,234	1,559,160
105,821	Other receivables	71,486	105,275
146,902	Advances and prepayments	179,900	96,669
102,693	Cash and cash equivalents	291,769	65,664
4,506,507		5,641,788	4,353,835
9,420,460	Total Assets	10,377,523	8,761,300
EQUITY AND LIABILITIES			
Capital and Reserves			
1,968,193	Stated capital	1,968,193	1,968,193
272,441	Revaluation reserve	265,365	259,760
275,055	Retained earnings	530,389	334,215
1,027,475	Exchange fluctuation reserve	903,081	1,006,308
3,543,164	Total Equity	3,667,029	3,568,476
Non-Current Liabilities			
134,879	Interest bearing loans and borrowings	458,156	1,101
-	Right of use assets- Lease obligations	20,243	-
415,624	Deferred tax liabilities	414,336	359,252
528,581	Retirement benefit obligations	570,212	487,842
1,079,084		1,462,947	848,195
Current Liabilities			
1,429,263	Trade and other payables	2,347,784	1,748,211
173,139	Bank overdraft	117,220	93,301
2,634,411	Interest bearing loans	2,518,992	1,784,130
286,109	Current portion of long term interest bearing borrowing	120,544	424,242
22,914	Amounts due to Hayleys PLC	73,430	9,572
252,376	Other non financial liabilities	69,577	285,173
4,798,213		5,247,547	4,344,629
9,420,460	Total Equity and Liabilities	10,377,523	8,761,300

The financial statements prepared and presented in US Dollars reflect the economic substance of underlying events and circumstances of the enterprise. The supplementary information in SL Rupees is presented for convenience purposes only. The statements presented in SL Rupees are not a full set of financial statements and are not purported to comply with Sri Lanka Accounting Standards. They represent selected information taken from the US Dollar financial statements, translated into SL Rupees generally using the principles set out in Sri Lanka Accounting Standards (LKAS) 21 for the translation of financial statements to a presentation currency from a functional currency. Revenue and costs are converted using the average exchange rate for the period. Assets and liabilities are converted using the exchange rate at the end of the period/year. The revenue reserves incorporates the profit for the period reflected in the income statements.

In accordance with advice received from the Urgent Issue Task Force of the Institute of Chartered Accountants of Sri Lanka, stated capital is represented at it's original SL Rupee value.

Followings exchange rates were used to convert the financials into LKR	30.09.2020		30.09.2019	
	6 months	3 months	6 months	3 months
Statement of Profit or Loss and Other Comprehensive Income	189.44	187.88	179.59	181.18
Statement of financial position	187.5		183.54	

Hayleys Fabric PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

TRANSLATED INTO LKR

Year ended 31.03.20 LKR '000	Period ended 30th September			Quarter ended 30th September			
	2020 LKR '000	2019 LKR '000	Variance %	2020 LKR '000	2019 LKR '000	Variance %	
12,225,353	Revenue from contracts with customers	7,199,429	6,849,622	+5	4,205,828	3,514,119	+20
(10,640,692)	Cost of sales	(6,218,314)	(5,798,029)	+7	(3,669,652)	(3,006,576)	+22
1,584,661	Gross Profit	981,116	1,051,593	-7	536,176	507,542	+6
10,990	Other operating income	5,533	2,498	+122	5,488	2,106	+161
(914,680)	Administrative expenses	(455,173)	(447,848)	+2	(214,675)	(228,448)	-6
(150,476)	Distribution expenses	(60,266)	(91,337)	-34	(38,665)	(56,515)	-32
(80,699)	Other expenses	-	(30,755)	-100	-	(23,328)	-100
(145,801)	Net financing costs	(123,729)	(84,508)	+46	(54,287)	(31,446)	+73
303,995	Profit before tax	347,481	399,642	-13	234,037	169,911	+38
(72,550)	Income tax expense	(40,212)	(34,004)	+18	(31,462)	(32,244)	-2
231,445	Profit for the year/period	307,269	365,638	-16	202,575	137,667	+47
Other Comprehensive Income not to be reclassified to profit or loss							
(9,377)	Actuarial loss on defined benefit plans	-	-	-	-	-	-
1,313	Income tax effect on actuarial loss on defined benefit plans	-	-	-	-	-	-
223,381	Total Comprehensive Income, Net of Tax	307,269	365,638		202,575	137,667	
1.11	Basic / Diluted Earnings per Share	1.48	1.76		0.98	0.66	