HAYCARB PLC

Co. Reg. No. PQ 59 No.400, Deans Road, Colombo-10, Sri Lanka



Interim Report

Six months ended 30th September 2014

Quarter-2 (2014/15)

Corporate Information

NAME OF COMPANY

Haycarb PLC

(A quoted public company with limited liability, incorporated in Sri Lanka in 1973)

COMPANY REGISTRATION NUMBER

PQ 59

STOCK EXCHANGE LISTING

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

DIRECTORS

Mohan Pandithage (Chairman)

Rajitha Kariyawasan (Managing Director)

Arjun Senaratna

Ranjeevan Seevaratnam - Retired on 25/06/2014

Dhammika Perera

Sarath Ganegoda

Ms Jeevani Abeyratne

Dushantha Ranaraja

Nimal Perera

Dr Sarath Abayawardana

Sujeewa Rajapakse

Ms Shyamalie Weerasooriya (Alternate director to Mr. Dhammika Perera) - Resigned on 31/05/2014

SUBSIDIARIES ASSOCIATE AND JOINT VENTURE

Carbokarn Co. Limited (Bangkok, Thailand)

CK Regen Systems Co. Limited (Bangkok, Thailand)

Shizuka Company Limited (Ratchaburi, Thailand)

Eurocarb Products Limited (Bristol, England)

Haycarb Holdings Australia (Pty) Limited (Victoria, Australia)

Haycarb Holdings Bitung Limited (Tortola, British Virgin Islands)

Haycarb USA Inc. (Woodlands, Texas, U.S.A)

PT Mapalus Makawanua Charcoal Industry (Bitung, Indonesia)

Puritas (Pvt) Limited

Recogen (Pvt) Limited

Ultracarb (Pvt) Limited

Haycarb Value Added Products (Pvt) Limited

PT. Haycarb Palu Mitra (Palu, Indonesia)

Carbotels (Pvt) Limited - Associate

Lakdiyatha (Pvt) Limited - Joint venture

Puricarb Pte.Ltd. (Singapore)

SECRETARIES

Hayleys Group Services (Pvt) Limited 400, Deans Road, Colombo 10, Sri Lanka.

Telephone +94 11 2696335

Fax: +94 11 2627645

E-mail: info.sec@hayleys.com

REGISTERED OFFICE

Hayley Building

400, Deans Road, Colombo 10, Sri Lanka.

Telephone: +94 11 2677364, 2687565, 2691289, 2677363

Fax: +94 11 2699630

E - mail : general@haycarb.com

Website:http://www.haycarb.com

Haycarb PLC INCOME STATEMENTS

Audited	Facility assisted and ded	S m ant	ho 40		2	lha 4a
year ended	For the period ended	6 mont			3 mont	
31.03.14		30.09.14	30.09.13	Change	30.09.14	30.09.13
Rs.'000		Rs.'000	Rs.'000	%	Rs.'000	Rs.'000
	CONSOLIDATED			+/(-)		
10,348,066	Revenue	5,210,824	5,063,864	3	2,781,792	2,578,609
(7,608,179)	Cost of sales	(4,078,622)	(3,705,517)	10	(2,152,512)	(1,873,466)
2,739,887	Gross profit	1,132,202	1,358,347	(17)	629,280	705,143
27,921	Other operating income	23,698	28,126	(16)	12,199	4,401
(123,081)	Selling & distribution expenses	(65,337)	(58,865)	11	(38,859)	(30,735)
(1,369,753)	Administrative expenses	(683,366)	(664,305)	3	(353,100)	(327,414)
104,326	Finance income	50,432	62,150	(19)	3,272	39,007
(347,631)	Finance cost	(94,652)	(160,344)	(41)	(60,890)	(83,159)
(243,305)	Net finance income/ (cost)	(44,220)	(98,194)	55	(57,618)	(44,152)
1,761	Share of profit of equity accounted investee (net of tax)	(510)	(1,718)		797	372
1,033,430	Profit before income tax	362,467	563,391	(36)	192,699	307,615
(141,453)	Income tax expense	(58,703)	(92,590)		(31,534)	(46,678)
	·			- · · · -		
891,977	Profit for the period	303,764	470,801	(35)	161,165	260,937
	Attributable to:					
787,780	Equity holders of the company	261,101	427,854	(39)	130,430	227,963
104,197	Minority interest	42,663	42,947	(1)	30,735	32,974
891,977		303,764	470,801	(35)	161,165	260,937
	Earnings per share			- -		
26.51	Basic earnings per share (Rs.)	8.79	14.40		4.39	7.67
	COMPANY					
5,271,186	Revenue	2,476,131	2,776,805	(11)	1,374,687	1,457,469
(4,243,455)	Cost of sales	(2,128,528)	(2,212,007)	(4)	(1,175,588)	(1,190,029)
1,027,731	Gross profit	347,603	564,798	(38)	199,099	267,440
227,063	Other operating income	120,461	52,540	129	37,498	26,488
(52,693)	Selling & distribution expenses	(17,855)	(21,978)	(19)	(9,880)	(13,860)
(584,085)	Administrative expenses	(311,112)	(316,100)	(2)	(154,252)	(160,532)
73,325	Finance income	20,114	57,252	(65)	349	35,842
(140,478)	Finance cost	(39,167)	(100,415)	(61)	(20,067)	(47,453)
(67,153)	Net finance income/(cost)	(19,053)	(43,163)	56	(19,718)	(11,611)
550,863	Profit before income tax	120,044	236,097	(49)	52,747	107,925
(27,630)	Income tax expense	(7,000)	(22,055)	(68)	(5,500)	(7,055)
523,233	Profit for the period	113,044	214,042	(47)	47,247	100,870
				• • •		
17.61	Basic earnings per ordinary share (Rs.)	3.80	7.20		1.59	3.39

Notes on pages 7 and 8 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Haycarb PLC STATEMENTS OF OTHER COMPREHENSIVE INCOME

Group		up	Com	pany
For the Six months ended 30th September	2014	2013	2014	2013
·	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit for the Period	303,764	470,801	113,044	214,042
Other comprehensive income				
Net Exchange differences on translation of foreign entities	15,445	5,979	-	-
Net gain/(loss) on available-for-sale financial assets	160,309	(77,306)	160,309	(77,306)
Other comprehensive income for the period (net of tax)	175,754	(71,327)	160,309	(77,306)
Total comprehensive income for the period (net of tax)	479,518	399,474	273,353	136,736
Attributable to:				
Equity holders of the parent	432,584	357,409	273,353	136,736
Non-controlling interests	46,934	42,065	-	-
	479,518	399,474	273,353	136,736

Haycarb PLC

STATEMENTS OF FINANCIAL POSITION

Group	Company		Gro	up	Com	pany
Audited	Audited		Un audited	Un audited	Un audited	Un audited
31.03.2014	31.03.2014	As at 30th September	2014	2013	2014	2013
Rs.'000	Rs.'000	-	Rs.'000	Rs.'000	Rs.'000	Rs.'000
		ASSETS				
		Non-Current Assets				
3,474,558	956,028	Property, plant & equipment	3,645,518	3,248,412	972,719	893,761
36,846	36,845	Investment property	36,768	36,923	36,768	36,923
251,223	38,841	Intangible assets	243,699	251,008	32,359	42,900
-	1,341,765	Investments in subsidiaries	-	-	1,341,765	1,341,765
328,000	92,903	Investment in equity accounted investee	371,137	313,486	92,903	92,903
-	-	Non-current receivables from related parties	-	8,686	-	8,686
-	33,446	Non current receivables from subsidiaries	-	-	41,946	33,446
445,516	354,878	Other non-current financial assets	604,927	464,673	515,186	374,815
31,889		Deferred tax assets	32,891	10,849		
4,568,032	2,854,706	<u>-</u>	4,934,940	4,334,037	3,033,646	2,825,199
		Current Assets				
2,123,407	1,019,656	Inventories	2,607,504	2,524,311	1,232,118	1,176,434
1,899,386	1,073,519	Trade & other receivables	1,993,399	1,453,405	993,756	866,373
-	524,324	Amounts due from subsidiaries	-	-	681,685	385,478
17,969	9,908	Amounts due from related parties	3,757	27,981	- -	23,787
230,042	65,701	Other current assets	290,695	358,541	112,216	134,261
730,867		Cash and cash equivalents	450,491	677,738	243,078	201,234
5,001,671	3,074,138	Total Access	5,345,846	5,041,976	3,262,853	2,787,567
9,569,703	5,928,844	Total Assets	10,280,786	9,376,013	6,296,499	5,612,766
		EQUITY & LIABILITIES				
		Equity				
331,774	331,774	Stated capital	331,774	331,774	331,774	331,774
373,907	208,009	Capital reserves	373,907	373,907	208,009	208,009
4,061,796	2,753,566	Revenue reserves	4,449,076	3,934,598	2,937,782	2,569,355
4,767,477	3,293,349	Total equity attributable to equity holders of the co	5,154,757	4,640,279	3,477,565	3,109,138
468,418		Non-controlling interests	515,352	496,700		
5,235,895	3,293,349	Total equity	5,670,109	5,136,979	3,477,565	3,109,138
		Non-Current Liabilities				
732,717	559,329	Interest bering loans & borrowings	735,648	786,718	482,209	568,239
21,219	8,100	Deferred tax liability	20,971	19,632	8,100	5,700
187,013	186,739	Retirement benefit obligations	191,235	171,406	190,960	171,159
940,949	754,168	Total non-current liabilities	947,854	977,756	681,269	745,098
		Current Liabilities				
619,961	175,601	Trade & other payables	463,135	587,163	199,292	212,404
1,782,152	1,446,122	Interest bering loans & borrowings	2,045,355	1,666,981	1,654,143	1,316,085
262,133	223,574	Other current liabilities	236,813	199,200	192,025	158,203
-	36,030		-	-	82,580	59,521
661,244	-	Amounts due to related parties	861,095	731,845	2,625	40.04=
67,369	4 004 00=	Income tax payable	56,425	76,089	7,000	12,317
3,392,859	1,881,327	Total current liabilities	3,662,823	3,261,278	2,137,665	1,758,530
4,333,808	, ,	Total liabilities	4,610,677	4,239,034	2,818,934	2,503,628
9,569,703	5,928,844	Total equity and liabilities	10,280,786	9,376,013	6,296,499	5,612,766
		·		<u></u>		
160.45	110.84	Net assets per share (Rs.)	173.49	156.17	117.04	104.64

"It is certified that the financial statements set out on pages 2 to 8 have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007".

Sgd. Ms. M J A S Abeyratne Finance Director

Signed for and on behalf of the Board,

Sgd. A M Pandithage Chairman 28th October 2014

Sgd. H S R Kariyawasan Managing Director

STATEMENT OF CHANGES IN EQUITY

For the Six months ended 30th September

		Attrik	outable to equ	ity holders of the	he parent				
				Other Re	eserves				
	Stated	Capital	Available	Exchange	General	Retained		Non	Total
	capital	reserves	-for-sale	fluctuation	reserve	earnings	Total	controlling	equity
			reserve	on reserve				interest	
GROUP	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.04.2013	331,774	373,907	411,460	390,478	519,353	2,354,585	4,381,557	344,247	4,725,804
Profit for the period	-	-	-	-	-	427,854	427,854	42,947	470,801
Other comprehensive income for the period	-	-	(77,306)	6,861	-	-	(70,445)	(882)	(71,327)
Cost on share issue	-	-	-	-	-	(1,001)	(1,001)	-	(1,001)
Incorporation of subsidiary	-	-	-	-		-	-	110,388	110,388
Movement in reserve in equity accounted investee	-	-	-	-	-	(8,549)	(8,549)	-	(8,549)
Dividends	-	-	-	-	-	(89,137)	(89,137)		(89,137)
Balance as at 30.09.2013	331,774	373,907	334,154	397,339	519,353	2,683,752	4,640,279	496,700	5,136,979
Balance as at 01.04.2014	331,774	373,907	314,217	278,503	519,353	2,949,723	4,767,477	468,418	5,235,895
Profit for the period	-	-	-	-	-	261,101	261,101	42,663	303,764
Other comprehensive income for the period	-	-	160,309	11,174	-	-	171,483	4,271	175,754
Movement in reserve in equity accounted investee	-	-	-	-	-	43,833	43,833	-	43,833
Dividends	-	-	-	-	-	(89,137)	(89,137)	-	(89,137)
Balance as at 30.09.2014	331,774	373,907	474,526	289,677	519,353	3,165,520	5,154,757	515,352	5,670,109

	Stated capital	Capital reserves	General reserve	Available for sale reserve	Retained earnings	Total equity
COMPANY	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.04.2013	331,774	208,009	519,353	411,460	1,590,943	3,061,539
Profit for the year	-	-	-	-	214,042	214,042
Other comprehensive income for the period	-	-	-	(77,306)	-	(77,306)
Dividends	-	-	-	- '	(89,137)	(89,137)
Balance as at 30.09.2013	331,774	208,009	519,353	334,154	1,715,848	3,109,138
Balance as at 01.04.2014	331,774	208,009	519,353	314,217	1,919,996	3,293,349
Profit for the year	-	-	· -	-	113,044	113,044
Other comprehensive income for the period	-	-	-	160,309	-	160,309
Dividends	-	-	-	-	(89,137)	(89,137)
Balance as at 30.09.2014	331,774	208,009	519,353	474,526	1,943,903	3,477,565

Cash Flow Statements

Group Audited	Company Audited		Gro	ир	Com	pany
31.03.2014	31.03.2014	For the Six months ended 30th September	2014	2013	2014	2013
Rs.' 000	Rs.' 000		Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
		CASH FLOWS FROM OPERATING ACTIVITIES				
1,033,430	550,863	Profit before tax Adjustments for :	362,467	563,391	120,044	236,097
227,897	62,679	Depreciation and impairment of property, plant & equipment	124,427	119,229	35,435	30,072
(1,487)	-	Amortization of non-current financial assets	897	(707)	-	-
11,577	-	Finance income on leasehold assets (Lakdiyatha)	5,885		-	-
7,956	7,881	Amortization of intangible assets	7,524	1,571	6,482	1,571
1,836 (123,809)	- (5.325)	(Gain)/loss on disposal of property, plant & equipment Gain/(loss) on translation on foreign currencies	(443) 44	98 (18.273)	- (1,804)	(1,006)
(29,228)	(5,325)	Exchange difference on translation of foreign entities	3,171	(18,273) 4,724	(1,604)	(1,000)
(104,326)	(73.325)	Finance income	(50,432)	(62,151)	(20,114)	(57,252)
347,631		Finance cost	94,652	160,345	39,167	100,415
-	(124,655)	Dividend income - subsidiaries	-	-	(47,982)	-
(1,761)	-	Share of profit from equity accounted investee	510	1,718	-	-
(915)	(724)	Provision/(reversal) for slow moving inventory	1,050	1,200	1,050	1,200
10,812	-	Provision / (reversal) for unrealized profit on inventories	5,586	8,808	-	-
3,351 30,153	20.051	Provision / (reversal) of bad and doubtful debts Provision for retiring gratuity	(2,049) 20,000	(356) 30,000	20,000	30,000
1.413.117	587,923		573,289	809.597	152,278	341,097
1,110,111	001,020	Working Capital Adjustments:	0.0,200	000,007	102,210	011,001
(284,324)	(208,766)	(Increase)/decrease in trade and other receivables and Prepaym	(152,617)	31,719	33,251	(12,740)
26,943		(Increase)/decrease in amounts receivable from related parties	14,212	7,570	(155,953)	(105,321)
44,741		(Increase)/decrease in inventories	(490,733)	(356,274)	(213,512)	(133,118)
244,324		Increase/(decrease) in trade and other payables	(180,373)	148,601	40,465	73,589
(58,965)		Increase/(decrease) in amount due to related parties	199,851	11,636	2,625	163,507
1,385,836 (141,650)	325,060	Interest paid	(36,371) (68,190)	652,849 (68,848)	(140,846) (32,502)	(33,936)
(223,296)		Income tax paid	(70,897)	(142,584)	(32,302)	(34,010)
(14,633)		Retiring gratuity paid	(15,778)	(12,087)	(15,779)	(12,087)
1,006,257		Net cash flows from operating activities	(191,236)	429,330	(189,127)	83,474
		CASH FLOWS FROM INVESTING ACTIVITIES				
6,204	-	Proceeds from sale of property, plant & equipment	2,134	451	-	-
(1,023,667)	(193,199)	Purchase of property, plant & equipment	(284,744)	(564,738)	(52,051)	(98,403)
-		Investment in subsidiary Shares	-	-	-	(318,268)
(19,161)		Acquisition of intangible assets	- 2.440	(12,561)	4 205	(6,495)
12,915 929	,	Interest received Dividend received from equity accounted investee	3,142 186	7,567 929	1,305 186	5,330 929
22,381		Other dividends received	12.226	12,208	60,002	12,206
-	-	Minority investment in subsidiary	-	110,388	-	-
<u>-</u> _		Net payments to minority shareholders				
(1,000,399)	(362,635)	Net cash flows used in investing activities	(267,056)	(445,756)	9,442	(404,701)
5,858	(179,577)	Net cash inflow/(outflow) before financing activities	(458,292)	(16,426)	(179,685)	(321,227)
		CASH FLOWS FROM FINANCING ACTIVITIES				
(1,001)	-	Transaction costs on issue of shares	-	(1,001)	-	-
110,388	-	Investment made by minority share holders	-	-	-	-
384,607	384,606	Proceeds from borrowings	130,882	253,787	- (75.070)	253,787
(222,221)		Repayment of borrowings Dividends paid to equity holders of the parent company	(144,762)	(126,960)	(75,378)	(73,256)
(178,274) (57,714)	(170,274)	Dividends paid to equity holders of the parent company Dividends paid to non-controlling interest	(90,910)	(89,146)	(90,910)	(89,146)
35,785	83,390	Net cash flows from /(used in) financing activities	(104,790)	36,680	(166,288)	91,385
44 642	(06.407)	Not increase//degreese) in each and each aguitedants	(EC2 002)	20.254	(2.4F.072)	(220.042)
41,643 (820,882)		Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of period	(563,082) (779,239)	20,254 (820,882)	(345,973) (895,223)	(229,842) (799,036)
(779,239)		Cash and cash equivalents at the beginning of period Cash and cash equivalents at the end of period (Note A)	(1,342,321)	(800,628)	(1,241,196)	(1,028,878)
(110,200)	(000,220)	Analysis of cash and cash equivalents as at 30th September		(000,020)	(1,211,100)	(1,020,010)
EEG 057	050.040	A) Bank and each balances	270.040	262.200	044 005	20.400
556,957 173,910		A) Bank and cash balances Short term deposits	372,013 78,478	363,260 314,478	211,325 31,753	39,109 162 125
730,867	127,382 381,030	опол тенн черозно	450,491	677,738	243,078	162,125 201,234
(1,510,106)		Bank overdrafts & short term loans	(1,792,812)	(1,478,366)	(1,484,274)	(1,230,112)
(779,239)	(895,223)		(1,342,321)	(800,628)	(1,241,196)	(1,028,878)
		-				

Haycarb PLC SEGMENT ANALYSIS

INDUSTRY SEGMENTS

Turnover-Net			Gro	up
	External Rs.'000	Intra-group Rs.'000	30.09.2014 Rs.'000	30.09.2013 Rs.'000
Activated carbon Environmental engineering	5,048,280 162,544	1,558,714	6,606,994 162,544	6,171,614 81,867
	5,210,824	1,558,714	6,769,538	6,253,481
Intra-group sales			(1,558,714)	(1,189,617)
			5,210,824	5,063,864
Industry segment results				
Profit before tax			Gro	up
			30.09.2014 Rs.'000	30.09.2013 Rs.'000
Activated carbon			404,307	575,242
Environmental engineering Leisure-associate			14,893 (510)	(220) (1,718)
Leisui e-associate			418,690	573,304
Consolidation adjustments			(50,636)	(1,104)
Unrealised profit on intra-group sales			(5,586) 362,468	(8,809) 563,391
INVESTOR INFORMATION				
			Three mon	ths ended
			30.09.2014	30.09.2013
Market value of shares				
Closing price			190.00	187.00
Highest price recorded for the period (Rs.)			200.00	206.00
			(24/09/2014)	(19/07/2013)
Lowest price recorded for the period (Rs.)			175.00 (10/04/2014)	181.00 (29/08/2013)
Market capitalisation (Rs.)			5,645,351,250	5,556,214,125
P/E ratio			10.81	6.49
Dividend payments				
Final dividend 2013/14 Rs.3.00 per share (2012/13 Rs. 3.00 per share)			89,137,125	89,137,125
Share trading information				
No of transactions			737	231
No of shares traded			505,915	349,162
Value of shares traded (Rs.)			97,262,528	68,647,915

Haycarb PLC Notes

As at 30th September	2014 Rs.'000	2013 Rs.'000
1. Issued and fully paid ordinary shares	113.000	113.000
At the beginning of the year-29,712,375 (01.04.13 - 29,712,375)	331,774	331,774
As at 30th September	331,774	331,774

2. Disclosures

- 2.1 These interim financial statements which have not been audited, were prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31 March 2014 and comply with the Sri Lanka Accounting Standards (SLFRS/LKAS). They also provide the information required by the Colombo Stock Exchange and LKAS 34 Interim Financial Reporting.
- 2.2 There are no material post balance sheet events that require adjustments to or disclosure in accounts.
- 2.3 There has not been a significant change in the nature of the contingent liabilities which are disclosed in the Annual Report for the year ended 31st March 2014
- 2.4 Where necessary, comparative figures have been re-classified to conform with the current period's presentation

HAYCARB PLC

FIRST TWENTY SHAREHOLDERS AS AT 30.09.2014

	Name of the Shareholder	No.of Shares as at 30/09/2014	%
1	Hayleys PLC No.3 Share Investment Account	20,125,103	67.73
2	Employees Provident Fund	1,417,565	4.77
3	Employees Trust Fund Board	777,701	2.62
4	National Savings Bank	424,573	1.43
5	Promar Overseas SA	397,682	1.34
6	Mr. T. Ueda	258,000	0.87
7	Bank of Ceylon No.1 Account	251,067	0.84
8	Mrs. J. K. P. Singh	214,700	0.72
9	M. Radhakrishnan (Deceased)	201,000	0.68
10	Dr. D. Jayanntha	150,000	0.50
11	Dr. H. S. M. Singh & Mrs. J. K. P. Singh	150,000	0.50
12	Mr. D. F. G. Dalpethado	142,034	0.48
13	E.W. Balasuriya & Co. (Pvt) Ltd	139,149	0.47
14	Mr. S. Krishnananthan	128,717	0.43
15	Mr. H. S. Gill	123,000	0.41
16	Hallsville Trading Group Inc.	120,000	0.40
17	Commercial Bank of Ceylon PLC A/C No.04	107,100	0.36
18	Mr. J. S. A. B. Singh & Mrs. G. K. A. H. Singh	100,000	0.34
19	Mr. A. Arulthakshanan	71,078	0.24
20	Mr. H.G. Carimjee (Deceased)	70,494	0.24
	TOTAL	25,368,963	85.38

DIRECTORS SHAREHOLDING AS AT 30.09.2014

		No. of Shares as
Name of the Director		at 30.09.2014
Mr.A.M.Pandithage		2,379
Mr.S.C.Ganegoda		1,815
Mr.D.E.Ranaraja		10,000
Mr. H. S. R. Kariyawasan *		15,500
	Total	29,694

^{*} Shares held jointly with Mrs. K. H. S. Kariyawasan

PERCENTAGE OF PUBLIC HOLDING AS AT 30.09.2014	32.17
Total Number of shareholders representing the public holding	1,994

^{*} Mr.K.D.D.Perera holds directly and indirectly 48.38% of the total issued shares of Hayleys PLC which holds 20,125,103 shares in Haycarb PLC.