

HAYCARB PLC

Co. Reg. No. PQ 59

No.400, Deans Road, Colombo-10, Sri Lanka



Interim Report

Twelve months ended 31st March 2015

**Quarter-4
(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

Ranjeewan 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

M S P U Udayakumara (w.e.f. 15th February 2015)

Brahman Balaratnarajah (w.e.f. 01st April 2015)

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

For the period ended	12 months to			3 months to	
	31.03.15 Rs.'000	31.03.14 Rs.'000	Change % +/-	31.03.15 Rs.'000	31.03.14 Rs.'000
CONSOLIDATED					
Revenue	11,933,848	10,338,684	15	3,925,512	2,693,979
Cost of sales	(8,919,658)	(7,605,573)	17	(2,717,820)	(1,941,751)
Gross profit	3,014,190	2,733,111	10	1,207,692	752,228
Other operating income	47,959	28,504	68	9,914	8,414
Selling & distribution expenses	(150,434)	(123,081)	22	(59,055)	(29,442)
Administrative expenses	(1,605,384)	(1,369,418)	17	(559,558)	(337,018)
Other operating expenses	(2,260)	-	-	(2,260)	-
Finance income	74,747	92,657	(19)	30,084	16,144
Finance cost	(319,939)	(342,433)	(7)	(157,838)	(135,538)
Net finance income/ (cost)	(245,192)	(249,776)	2	(127,754)	(119,394)
Share of profit of equity accounted investee (net of tax)	11,457	24,743	(54)	326	17,711
Profit before income tax	1,070,336	1,044,083	3	469,305	292,499
Income tax expense	(196,404)	(152,106)	29	(103,323)	(29,948)
Profit for the period	873,932	891,977	(2)	365,982	262,551
Attributable to:					
Equity holders of the company	694,985	787,780	(12)	279,450	236,155
Minority interest	178,947	104,197	72	86,532	26,396
	873,932	891,977	(2)	365,982	262,551
Earnings per share					
Basic earnings per share (Rs.)	23.39	26.51		9.41	7.95
COMPANY					
Revenue	4,639,496	5,271,186	(12)	1,000,515	1,233,299
Cost of sales	(3,916,043)	(4,243,455)	(8)	(773,216)	(980,236)
Gross profit	723,453	1,027,731	(30)	227,299	253,063
Other operating income	347,771	227,063	53	183,887	149,308
Selling & distribution expenses	(28,780)	(52,693)	(45)	(5,952)	(16,277)
Administrative expenses	(596,036)	(584,085)	2	(132,605)	(107,043)
Finance income	47,873	73,325	(35)	20,923	16,663
Finance cost	(113,719)	(140,478)	(19)	(37,362)	(23,767)
Net finance income/(cost)	(65,846)	(67,153)	2	(16,439)	(7,104)
Profit before income tax	380,561	550,863	(31)	256,189	271,947
Income tax expense	(12,539)	(27,630)	(55)	(5,289)	370
Profit for the period	368,022	523,233	(30)	250,900	272,317
Basic earnings per ordinary share (Rs.)	12.39	17.61		8.44	9.17

Notes on pages 7 to 11 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Haycarb PLC
STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Group		Company	
	2015 Rs. '000	2014 Rs. '000	2015 Rs. '000	2014 Rs. '000
Profit for the Period	873,932	891,977	368,022	523,233
Other comprehensive income				
Net Exchange differences on translation of foreign entities	(57,487)	(144,675)	-	-
Net gain/(loss) on available-for-sale financial assets	207,099	(97,243)	207,099	(97,243)
Actuarial gains and (losses) on defined benefit plans	(12,151)	(18,000)	(12,076)	(18,075)
Revaluation of land and buildings	223,595	-	101,244	-
Tax effect on OCI Adjustments	1,469	2,147	1,448	2,169
Other comprehensive income for the period (net of tax)	362,525	(257,771)	297,715	(113,149)
Total comprehensive income for the period (net of tax)	1,236,457	634,206	665,737	410,084
Attributable to:				
Equity holders of the parent	1,027,520	562,709	665,737	410,084
Non-controlling interests	208,937	71,497	-	-
	1,236,457	634,206	665,737	410,084

Haycarb PLC

STATEMENTS OF FINANCIAL POSITION

As at 31st March	Group		Company	
	Un audited	Audited	Un audited	Audited
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
ASSETS				
Non-Current Assets				
Property, plant & equipment	4,029,455	3,474,558	1,174,938	956,028
Investment property	-	36,846	-	36,845
Intangible assets	260,903	251,223	43,190	38,841
Investments in subsidiaries	-	-	1,341,765	1,341,765
Investment in equity accounted investee	461,338	393,297	92,903	92,903
Non-current receivables from related parties	-	-	-	-
Non current receivables from subsidiaries	-	-	53,638	33,446
Other non-current financial assets	562,135	354,972	561,977	354,878
Deferred tax assets	6,526	15,860	-	-
	<u>5,320,357</u>	<u>4,526,756</u>	<u>3,268,411</u>	<u>2,854,706</u>
Current Assets				
Inventories	3,022,580	2,123,407	1,261,613	1,019,656
Trade & other receivables	1,823,711	1,883,475	861,611	1,073,519
Amounts due from subsidiaries	-	-	643,824	524,324
Amounts due from related parties	30,111	20,511	12,206	9,908
Amounts due from equity accounted investees	16,892	-	4,316	-
Other financial assets	-	-	-	-
Other current assets	280,031	228,622	89,587	65,701
Cash and cash equivalents	523,088	730,734	132,164	381,030
	<u>5,696,413</u>	<u>4,986,749</u>	<u>3,005,321</u>	<u>3,074,138</u>
Total Assets	<u>11,016,770</u>	<u>9,513,505</u>	<u>6,273,732</u>	<u>5,928,844</u>
EQUITY & LIABILITIES				
Equity				
Stated capital	331,774	331,774	331,774	331,774
Capital reserves	570,848	373,907	309,253	208,009
Revenue reserves	4,800,584	4,061,796	3,169,499	2,753,566
Total equity attributable to equity holders of the company	<u>5,703,206</u>	<u>4,767,477</u>	<u>3,810,526</u>	<u>3,293,349</u>
Non-controlling interests	590,724	468,418	-	-
Total equity	<u>6,293,930</u>	<u>5,235,895</u>	<u>3,810,526</u>	<u>3,293,349</u>
Non-Current Liabilities				
Interest bearing loans & borrowings	501,134	689,322	366,138	559,329
Deferred tax liability	40,581	21,219	16,600	8,100
Retirement benefit obligations	257,636	209,577	214,708	186,739
Total non-current liabilities	<u>799,351</u>	<u>920,118</u>	<u>597,446</u>	<u>754,168</u>
Current Liabilities				
Trade & other payables	639,617	596,247	174,355	175,601
Interest bearing loans & borrowings	2,015,173	1,773,281	1,423,805	1,446,122
Other current liabilities	239,881	261,463	159,678	223,574
Amounts due to subsidiaries	-	-	66,863	36,030
Amounts due to related parties	964,584	659,132	41,059	-
Income tax payable	64,234	67,369	-	-
Total current liabilities	<u>3,923,489</u>	<u>3,357,492</u>	<u>1,865,760</u>	<u>1,881,327</u>
Total liabilities	<u>4,722,840</u>	<u>4,277,610</u>	<u>2,463,206</u>	<u>2,635,495</u>
Total equity and liabilities	<u>11,016,770</u>	<u>9,513,505</u>	<u>6,273,732</u>	<u>5,928,844</u>
Net assets per share (Rs.)	191.95	160.45	128.25	110.84

"It is certified that the financial statements set out on pages 2 to 11 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
15th May 2015

Sgd.

H S R Kariyawan
Managing Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March

	Attributable to equity holders of the parent								Total equity
	Stated capital	Capital reserves	Other Reserves			Retained earnings	Total	Non controlling interest	
			Available -for-sale reserve	Exchange fluctuation on reserve	General reserve				
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	-	-	-	-	-	787,780	787,780	104,197	891,977
Other comprehensive income for the period	-	-	(97,243)	(111,975)	-	(15,853)	(225,071)	(32,700)	(257,771)
Cost on share issue	-	-	-	-	-	(1,001)	(1,001)	-	(1,001)
Incorporation of subsidiary	-	-	-	-	-	-	-	110,388	110,388
Movement in reserve in equity accounted investee	-	-	-	-	-	2,486	2,486	-	2,486
Dividends	-	-	-	-	-	(178,274)	(178,274)	(57,714)	(235,988)
Balance as at 31.03.2014	331,774	373,907	314,217	331,229	519,353	2,949,723	4,767,477	468,418	5,235,895
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	-	-	-	-	-	694,985	694,985	178,947	873,932
Other comprehensive income for the period	-	-	207,099	(60,823)	-	(10,682)	135,594	3,336	138,930
Revaluation during the year	-	196,941	-	-	-	-	196,941	26,654	223,595
Movement in reserve in equity accounted investee	-	-	-	-	-	56,770	56,770	-	56,770
Dividends	-	-	-	-	-	(148,561)	(148,561)	(86,631)	(235,192)
Balance as at 31.03.2015	331,774	570,848	521,316	217,680	519,353	3,542,235	5,703,206	590,724	6,293,930

	Stated capital	Capital reserves	General reserve	Available for sale reserve	Retained earnings	Total equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
COMPANY						
Balance as at 01.04.2013	331,774	208,009	519,353	411,460	1,590,943	3,061,539
Profit for the year	-	-	-	-	523,233	523,233
Other comprehensive income for the period	-	-	-	(97,243)	(15,906)	(113,149)
Dividends	-	-	-	-	(178,274)	(178,274)
Balance as at 31.03.2014	331,774	208,009	519,353	314,217	1,919,996	3,293,349
Balance as at 01.04.2014	331,774	208,009	519,353	314,217	1,919,996	3,293,349
Profit for the year	-	-	-	-	368,022	368,022
Other comprehensive income for the period	-	101,244	-	207,099	(10,628)	297,715
Dividends	-	-	-	-	(148,561)	(148,561)
Balance as at 31.03.2015	331,774	309,253	519,353	521,316	2,128,829	3,810,525

Haycarb PLC

CASH FLOW STATEMENTS

	Group		Company	
	2014/15	2013/14	2014/15	2013/14
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Operating activities				
Profit before tax	1,070,336	1,044,083	380,561	550,863
Non-cash adjustment to reconcile profit before tax to net cash flows:				
Depreciation and impairment of property, plant and equipments	308,045	227,897	79,055	62,679
Amortisation and impairment of intangible assets	15,226	7,956	12,975	7,881
Revaluation loss charged to income statement	2,260	-	-	-
Gain on disposal of property, plant and equipment	(292)	1,836	(9)	-
Gain/(loss) on translation of foreign currencies	(93,580)	(123,316)	(9,658)	(5,325)
Exchange difference on translation of foreign entities	(24,527)	(29,228)	-	-
Finance income	(74,747)	(81,722)	(47,873)	(73,325)
Finance costs	319,939	331,498	113,719	140,478
Dividend income - subsidiaries	-	-	(184,192)	(124,655)
Share of profit of an associate	(11,457)	(24,743)	-	-
Provision for slow moving inventory	4,166	(915)	2,885	(724)
Provision for unrealized profit on inventories	24,765	10,812	-	-
Write off of debtors	9,732	-	-	-
Provision/(reversal) for bad and doubtful debts	(2,139)	3,351	-	-
Provision for retiring gratuity	54,045	30,153	34,030	30,051
Cash generated from operations before working capital changes	1,601,771	1,397,662	381,493	587,923
Working capital adjustments:				
(Increase)/decrease in trade and other receivables and prepayments	15,383	(255,131)	202,643	(208,766)
(Increase)/decrease in amounts receivable from related parties	(26,492)	24,158	(146,306)	(158,340)
(Increase)/decrease in inventories	(928,104)	44,741	(244,842)	25,584
Increase/(decrease) in trade and other payables	21,787	222,198	(65,142)	89,000
Increase/(decrease) in amounts due to related parties	305,452	(58,490)	71,892	(10,341)
	989,797	1,375,138	199,738	325,060
Interest paid	(166,632)	(136,452)	(67,153)	(74,213)
Income tax paid	(183,995)	(223,295)	(17,212)	(53,156)
Retiring gratuity paid	(18,137)	(14,633)	(18,137)	(14,633)
Net cash flows from operating activities	621,034	1,000,758	97,236	183,058
Investing activities				
Proceeds from sale of property, plant and equipment	2,044	6,204	93	-
Purchase of property, plant and equipment	(639,536)	(1,023,667)	(159,961)	(193,199)
Invest in subsidiary Shares	-	-	-	(318,268)
Acquisition of intangible assets	(24,906)	(19,161)	(17,324)	(8,746)
Interest received	5,906	12,915	1,853	10,545
Dividend received from equity accounted investee	186	929	186	929
Other dividends received	24,414	22,381	208,418	146,104
Net cash flows used in investing activities	(631,892)	(1,000,399)	33,265	(362,635)
Net cash inflow/(outflow) before financing activities	(10,859)	359	130,501	(179,577)
Financing activities				
Transaction costs on issue of shares	-	(1,001)	-	-
Investment made by minority shareholders	-	110,388	-	-
Proceeds from borrowings	131,000	384,607	-	384,607
Repayment of borrowings	(317,491)	(215,238)	(171,794)	(122,942)
Dividends paid to equity holders of the parent	(148,561)	(178,274)	(148,561)	(178,274)
Dividends paid to non-controlling interests	(86,631)	(57,714)	-	-
Net cash flows from/(used in) financing activities	(421,683)	42,768	(320,355)	83,390
Net increase/(decrease) in cash and cash equivalents	(432,542)	43,127	(189,854)	(96,187)
Cash and cash equivalents at the beginning of period	(779,279)	(822,406)	(895,223)	(799,036)
Cash and cash equivalents at the end of period	(1,211,820)	(779,279)	(1,085,076)	(895,223)

Analysis of cash and cash equivalents as at 31st March

Bank and cash balances	455,819	627,541	129,763	253,647
Short term deposits	67,268	103,193	2,400	127,382
	523,087	730,734	132,163	381,029
Bank overdrafts & short term loans	(1,734,907)	(1,510,013)	(1,217,239)	(1,276,252)
Cash and cash equivalents	(1,211,820)	(779,279)	(1,085,076)	(895,223)

Haycarb PLC
Reconciliation of Income Statement
For the year ended

	31st March 2014		
	With Proportionate Consolidation	SLFRS 11 Adjustment	With Equity Method
	Rs.'000	Rs.'000	Rs.'000
Revenue	10,348,066	(9,382)	10,338,684
Cost of sales	(7,608,179)	2,606	(7,605,573)
Gross profit	2,739,887	(6,776)	2,733,111
Other operating income	27,921	583	28,504
Selling & distribution expenses	(123,081)	-	(123,081)
Administrative expenses	(1,369,753)	335	(1,369,418)
Other operating expenses	-	-	
Finance income	104,326	(11,669)	92,657
Finance cost	(347,631)	5,198	(342,433)
Net finance income/ (cost)	(243,305)	6,471	(249,776)
Share of profit of equity accounted investee (net of tax)	1,761	22,982	24,743
Profit before income tax	1,033,430	(10,653)	1,044,083
Income tax expense	(141,453)	(10,653)	(152,106)
Profit for the period	891,977	-	891,977
Reconciliation of Statement Of Comprehensive Income			
Profit for the period	891,977		891,977
Other comprehensive income			
Exchange differences on translation of foreign operations	(144,675)	-	(144,675)
Net gain/(loss) on available-for-sale financial assets	(97,243)	-	(97,243)
Actuarial gains and (losses) on defined benefit plans	(18,000)	-	(18,000)
Income tax on other comprehensive income	2,147	-	2,147
Other comprehensive income for the period, net of tax	(257,771)	-	(257,771)
Total comprehensive income for the period, net of tax	634,206	-	634,206
Total Comprehensive income for the period attributable to			
Owners of the company	562,709	-	562,709
Non- Controlling Interest	71,497	-	71,497
	634,206	-	634,206

Haycarb PLC

Reconciliation for the Statement Of Financial Position

	As at 31st March		
	With		With
	Proportionate Consolidation	SLFRS 11 Adjustment	Equity Method
	Rs.'000	Rs.'000	Rs.'000
ASSETS			
Non-Current Assets			
Property, plant & equipment	3,474,558	-	3,474,558
Investment property	36,846	-	36,846
Intangible assets	251,223	-	251,223
Investment in equity accounted investee	328,000	65,297	393,297
Other non-current financial assets	445,516	(90,544)	354,972
Deferred tax assets	31,889	(16,029)	15,860
	<u>4,568,032</u>	<u>(41,276)</u>	<u>4,526,756</u>
Current Assets			
Inventories	2,123,407	-	2,123,407
Trade & other receivables	1,899,386	(15,911)	1,883,475
Amounts due from related parties	17,969	2,542	20,511
Other current assets	230,042	(1,420)	228,622
Cash and cash equivalents	730,867	(133)	730,734
	<u>5,001,671</u>	<u>(14,922)</u>	<u>4,986,749</u>
Total Assets	<u>9,569,703</u>	<u>(56,198)</u>	<u>9,513,505</u>
EQUITY & LIABILITIES			
Equity			
Stated capital	331,774	-	331,774
Capital reserves	373,907	-	373,907
Revenue reserves	4,061,796	-	4,061,796
Total equity attributable to equity holders of the company	<u>4,767,477</u>	<u>-</u>	<u>4,767,477</u>
Non-controlling interests	468,418	-	468,418
Total equity	<u>5,235,895</u>	<u>-</u>	<u>5,235,895</u>
Non-Current Liabilities			
Interest bearing loans & borrowings	732,717	(43,395)	689,322
Deferred tax liability	21,219	-	21,219
Retirement benefit obligations	209,577	-	209,577
Total non-current liabilities	<u>963,513</u>	<u>(43,395)</u>	<u>920,118</u>
Current Liabilities			
Trade & other payables	597,397	(1,150)	596,247
Interest bearing loans & borrowings	1,782,152	(8,871)	1,773,281
Other current liabilities	262,133	(670)	261,463
Amounts due to related parties	661,244	(2,112)	659,132
Income tax payable	67,369	-	67,369
Total current liabilities	<u>3,370,295</u>	<u>-12,803</u>	<u>3,357,492</u>
Total liabilities	<u>4,333,808</u>	<u>-56,198</u>	<u>4,277,610</u>
Total equity and liabilities	<u>9,569,703</u>	<u>-56,198</u>	<u>9,513,505</u>
Net assets per share (Rs.)	160.45	0.00	160.45

**Haycarb PLC
SEGMENT ANALYSIS**

INDUSTRY SEGMENTS

Turnover-Net

	External Rs.'000	Intra-group Rs.'000	Group	
			31.03.2015 Rs.'000	31.03.2014 Rs.'000
Activated carbon	11,480,165	4,248,018	15,728,183	12,611,781
Environmental engineering	453,683	17,193	470,876	375,971
	<u>11,933,848</u>	<u>4,265,211</u>	16,199,059	12,987,752
Intra-group sales			(4,265,211)	(2,649,068)
			<u>11,933,848</u>	<u>10,338,684</u>

Industry segment results

Profit before tax

	Group	
	31.03.2015 Rs.'000	31.03.2014 Rs.'000
Activated carbon	1,218,024	1,105,611
Environmental engineering	69,894	55,281
Leisure-associate	11,457	24,742
	<u>1,299,375</u>	<u>1,185,634</u>
Consolidation adjustments	(200,285)	(126,172)
Unrealised profit on intra-group sales	(28,754)	(12,329)
	<u>1,070,336</u>	<u>1,044,083</u>

INVESTOR INFORMATION

	Twelve months ended		Three months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Market value of shares				
Closing price	183.00 (31/03/2015)	181.00 (27/03/2014)	183.00 (31/03/2015)	181.00 (27/03/2014)
Highest price recorded for the period (Rs.)	200.00 (24/09/2014)	215.00 (05/06/2013)	189.50 (09/01/2015)	190.00 (31/01/2014)
Lowest price recorded for the period (Rs.)	170.00 (22/12/2014)	170.00 (05/03/2014)	172.00 (02/02/2015)	170.00 (05/03/2014)
Market capitalisation (Rs.)	5,437,364,625	5,377,939,875	5,437,364,625	5,377,939,875
P/E ratio			7.82	6.83
Dividend payments				
Interim dividend 2014/15 Rs. 2.00 per share (2013/14 Rs. 3.00 per share)	59,424,750	89,137,125		
Final dividend (proposed) 2014/15 Rs.4.00 per share (2013/14 Rs. 3.00 per share)	118,849,500	89,137,125		
Total for the year	<u>178,274,250</u>	<u>178,274,250</u>		
Share trading information				
No of transactions	1,059	1,335	113	219
No of shares traded	796,963	1,739,286	164,467	262,120
Value of shares traded (Rs.)	150,625,634	338,289,042	30,089,312	47,819,212

Haycarb PLC
Notes

As at 31st March	2015 Rs.'000	2014 Rs.'000
1. Issued and fully paid ordinary shares		
At the beginning of the year-29,712,375 (01.04.13 - 29,712,375)	331,774	331,774
As at 31st March	331,774	331,774

2. Disclosures

2.1 Companies with different accounting years

The Financial Statements of Carbokarn Co. Ltd., CK Regen Systems Co. Ltd., Shizuka Co. Ltd., Thailand, Haycarb Holdings Australia (Pty) Ltd., Australia, Haycarb USA, PT Mapalus Makawanua Charcoal Industry, PT Haycarb Palu Mitra, Indonesia and Haycarb Holdings Bitung Ltd, British Virgin Islands, which have been drawn up to 31st December was consolidated in accordance with LKAS No.27 in the financial statements for the year ended 31 March 2014. It is decided to bring these companies in to the same financial period which ends 31 March from the financial year 2014/15 in accordance with the SLFRS 10 which requires parent and subsidiaries to have same reporting dates for consolidation. Due to this change, consolidated financial statements for the period ended 31 March 2015 contained 15 months result of these companies.

Revenue and the profit before tax of above companies for the period 1st January to 31st March 2015 of Rs. 1,635 Mn. and Rs. 49 Mn. respectively taken in to the consolidated income statements for the year ended 31 March 2015.

2.2 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.

2.3 There are no material post balance sheet events that require adjustments to or disclosure in accounts.

2.4 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

2.5 Where necessary, comparative figures have been re-classified to conform with the current period's presentation

2.6 Changes in accounting policies

SLFRS 10 - Consolidated financial statements

With the adoption of SLFRS 10 in Sri Lanka with effect from 1st January 2014, the Group changed its accounting policy for determining whether an investee is a subsidiary based on the definition of control. The Group considers that control exists when the Company has power over an investee; has exposure or rights to variable returns from its involvement with the investee and when it has ability to use its power over the investee to affect the amount of the Company's returns.

With the adoption of SLFRS 10, the Group reassessed the control conclusion for its investees and the application of this standard has not materially impacted the fair value measurements carried out by the Group.

Haycarb PLC

Notes

As at 31st March 2015

2.6 Changes in accounting policies (Continued)

SLFRS 11 - Joint arrangements

With the adoption of SLFRS 11 in Sri Lanka, the Group changed its accounting policy for its interests in joint arrangements. Under SLFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The Group re-evaluated its involvement in its joint arrangements and identified the investment in Lakdiyatha (Pvt) Limited as a joint venture. Application of this standard impacted the Group financial statements by replacing proportionate consolidation of this company with the equity method of accounting.

Changes to the basis of accounting of the Lakdiyatha (Pvt) Ltd. was applied with retrospective effect as per the transitional provisions under the relevant standards.

SLFRS 12 - Disclosure of interests in other entities

SLFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Non of these disclosure requirements are applicable for interim financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

SLFRS 13 - Fair value measurement

SLFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other SLASs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Application of this standard has not materially impacted the fair value measurements carried out by the Group.

HAYCARB PLC**FIRST TWENTY SHAREHOLDERS AS AT 31.03.2015**

	Name of the Shareholder	No.of Shares as at 31/03/2015	%
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	447,491	1.51
5	Promar Overseas SA	397,682	1.34
6	Mr. T. Ueda	357,206	1.20
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. Jayantha	151,600	0.51
11	Dr. H. S. M. Singh & Mrs. J. K. P. Singh	150,000	0.50
12	E.W. Balasuriya & Co. (Pvt) Ltd	139,149	0.47
13	Mr. S. Krishnananthan	128,717	0.43
14	Mr. H. S. Gill	123,000	0.41
15	Hallsville Trading Group Inc.	120,000	0.40
16	Commercial Bank of Ceylon PLC A/C No.04	107,100	0.36
17	Mr. J. S. A. B. Singh & Mrs. G. K. A. H. Singh	100,000	0.34
18	Mr. M.A.H. Esufally	72,747	0.24
19	Mr. H.N. Esufally	72,290	0.24
20	Mr. A. Arulthakshanan	71,078	0.24
	TOTAL	25,425,196	85.57

DIRECTORS SHAREHOLDING AS AT 31.03.2015

<u>Name of the Director</u>	No. of Shares as at 31.03.2015
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
Mr. M.S.P. Udaya Kumara	462
Total	30,156

* Shares held jointly with Mrs. K. H. S. Kariyawasan

PERCENTAGE OF PUBLIC HOLDING AS AT 31.03.2015	32.17
Total Number of shareholders representing the public holding	1,974

* Mr.K.D.D.Perera holds directly and indirectly 49.71% of the total issued shares of Hayleys PLC which holds 20,125,103 shares in Haycarb PLC.