

HAYCARB PLC

Co. Reg. No. PQ 59

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



Interim Report

Twelve months ended 31st March 2014

**Quarter-4
(2013/14)**

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

A M Pandithage (Chairman)

H S R Kariyawasan (Managing Director)

A M Senaratna

R Seevaratnam

K D D Perera

S C Ganegoda

Ms M J A S Abeyratne

D E Ranaraja

W D N H Perera

Dr S A K Abayawardana

S Rajapakse

Ms D S N Weerasooriya (Alternate director to Mr. K D D Perera) - Appointed w.e f. 01/12/2013)

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)

Haymark Inc. (Woodlands, Texas, U.S.A)

Kinetics (Private)Limited

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 (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 2696335

Fax:2627645

E-mail: info.sec@hayleys.com

REGISTERED OFFICE

Hayley Building

400, Deans Road, Colombo 10, Sri Lanka.

Telephone: 2677364, 2687565, 2691289, 2677363

Fax: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	
	31.03.14 Rs.'000	31.03.13 Rs.'000	Change % +/(-)	31.03.14 Rs.'000	31.03.13 Rs.'000
CONSOLIDATED					
Revenue	10,348,066	10,149,637	2	2,719,397	2,106,989
Cost of sales	<u>(7,608,179)</u>	<u>(7,585,349)</u>	0	<u>(1,941,048)</u>	<u>(1,404,647)</u>
Gross profit	2,739,887	2,564,288	7	778,349	702,342
Other operating income	27,921	56,800	(51)	(49,757)	32,286
Selling & distribution expenses	(123,081)	(84,005)	47	(29,442)	(30,526)
Administrative expenses	(1,369,753)	(1,232,314)	11	(337,088)	(342,122)
Finance income	104,326	177,831	(41)	81,108	149,042
Finance cost	(347,631)	(255,759)	36	(163,773)	(149,895)
Net finance income/ (cost)	(243,305)	(77,928)	212	(82,665)	(853)
Share of profit of equity accounted investee (net of tax)	1,761	866	103	2,449	(5,772)
Profit before income tax	1,033,430	1,227,707	(16)	281,846	355,355
Income tax expense	(141,453)	(192,708)	(27)	(19,295)	(70,525)
Profit for the period	891,977	1,034,999	(14)	262,551	284,830
Attributable to:					
Equity holders of the company	787,780	945,308	(17)	236,155	259,130
Minority interest	104,197	89,691	16	26,396	25,700
	891,977	1,034,999	(14)	262,551	284,830
Earnings per share					
Basic earnings per share (Rs.)	26.51	31.82		7.95	8.72
COMPANY					
Revenue	5,271,186	5,139,223	3	1,233,299	1,196,162
Cost of sales	<u>(4,243,455)</u>	<u>(4,015,194)</u>	6	<u>(980,236)</u>	<u>(958,825)</u>
Gross profit	1,027,731	1,124,029	(9)	253,063	237,337
Other operating income	227,063	214,011	6	122,920	181,650
Selling & distribution expenses	(52,693)	(25,456)	107	(16,277)	(5,333)
Administrative expenses	(584,085)	(550,458)	6	(107,043)	(142,519)
Finance income	73,325	162,992	(55)	54,867	134,267
Finance cost	(140,478)	(184,594)	(24)	(35,583)	(138,536)
Net finance income/(cost)	(67,153)	(21,602)	211	19,284	(4,269)
Profit before income tax	550,863	740,524	(26)	271,947	266,866
Income tax expense	(27,630)	(54,938)	(50)	370	(9,938)
Profit for the period	523,233	685,586	(24)	272,317	256,928
Basic earnings per ordinary share (Rs.)	17.61	23.07		9.17	8.65

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

For the year ended 31st March	Group		Company	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
Profit for the Period	891,977	1,034,999	523,233	685,586
Other comprehensive income				
Net Exchange differences on translation of foreign entities	(144,675)	131,227	-	-
Net gain/(loss) on available-for-sale financial assets	(97,243)	44,349	(97,243)	44,349
Actuarial gains and (losses) on defined benefit plans	(18,001)	(10,593)	(18,022)	(10,554)
Revaluation of land and buildings	-	82,534	-	48,859
Tax effect on OCI Adjustments	2,148	1,277	2,169	1,266
Other comprehensive income (loss) for the year (net of tax)	(257,771)	248,794	(113,096)	83,920
Total comprehensive income for the period (net of tax)	634,206	1,283,793	410,137	769,506
Attributable to:				
Equity holders of the parent	562,709	1,127,862	410,137	769,506
Non-controlling interests	71,497	155,931	-	-
	634,206	1,283,793	410,137	769,506

Haycarb PLC

STATEMENTS OF FINANCIAL POSITION

As at 31st March	Consolidated		Company	
	Un audited 2014 Rs.'000	Audited 2013 Rs.'000	Un audited 2014 Rs.'000	Audited 2013 Rs.'000
ASSETS				
Non-Current Assets				
Property, plant & equipment	3,474,558	2,802,119	956,028	825,352
Investment property	36,846	37,001	36,845	37,001
Intangible assets	251,223	240,018	38,841	37,976
Investments in subsidiaries	-	-	1,341,765	1,023,497
Investment in equity accounted investee	328,000	324,682	92,903	92,903
Non-current receivables from related parties	-	8,686	-	8,686
Non-current receivables from subsidiaries	-	-	33,446	33,446
Other non-current financial assets	445,516	541,271	354,878	452,120
Deferred tax assets	31,889	11,172	-	-
	4,568,032	3,964,949	2,854,706	2,510,981
Current Assets				
Inventories	2,123,407	2,178,045	1,019,656	1,044,516
Trade & other receivables	1,899,386	1,437,412	1,073,519	815,935
Amounts due from subsidiaries	-	-	524,324	335,864
Amounts due from related parties	17,969	36,226	9,908	31,342
Other financial assets	-	125	-	125
Other current assets	230,042	405,097	65,701	108,572
Cash and cash equivalents	730,867	409,535	381,030	161,558
	5,001,671	4,466,440	3,074,138	2,497,912
Total Assets	9,569,703	8,431,389	5,928,844	5,008,893
EQUITY & LIABILITIES				
Equity				
Stated capital	331,774	331,774	331,774	331,774
Capital reserves	373,907	373,907	208,009	208,009
Revenue reserves	4,061,796	3,675,876	2,753,566	2,521,756
Total equity attributable to equity holders of the co	4,767,477	4,381,557	3,293,349	3,061,539
Non-controlling interests	468,418	344,247	-	-
Total equity	5,235,895	4,725,804	3,293,349	3,061,539
Non-Current Liabilities				
Interest bearing loans & borrowings	732,717	624,614	559,329	361,022
Deferred tax liability	21,219	19,632	8,100	5,700
Retirement benefit obligations	187,013	153,493	186,739	153,246
Total non-current liabilities	940,949	797,739	754,168	519,968
Current Liabilities				
Trade & other payables	619,961	530,512	175,601	212,151
Interest bearing loans & borrowings	1,782,152	1,423,461	1,446,122	1,046,568
Other current liabilities	262,133	107,258	223,574	98,024
Amounts due to subsidiaries	-	-	36,030	46,168
Amounts due to related parties	661,244	720,209	-	203
Income tax payable	67,369	126,406	-	24,272
Total current liabilities	3,392,859	2,907,846	1,881,327	1,427,386
Total liabilities	4,333,808	3,705,585	2,635,495	1,947,354
Total equity and liabilities	9,569,703	8,431,389	5,928,844	5,008,893
Net assets per share (Rs.)	160.45	147.47	110.84	103.04

"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
12th May 2014

Sgd.

H S R Kariyawasan
Managing Director

STATEMENT OF CHANGES IN EQUITY

For the Twelve months ended 31th March

	Attributable to equity holders of the parent						Total	Non controlling interest	Total equity
	Stated capital	Capital reserves	Other Reserves			Retained earnings			
			Available -for-sale reserve	Exchange fluctuation on reserve	General reserve				
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
CONSOLIDATED									
Balance as at 01.04.2012	331,774	296,706	367,111	306,690	519,353	1,767,907	3,589,542	270,721	3,860,263
Profit for the period	-	-	-	-	-	945,308	945,308	89,691	1,034,999
Other comprehensive income for the period	-	70,034	44,349	77,487	-	(9,316)	182,554	66,240	248,794
Cost on share issue	-	-	-	-	-	(2,250)	(2,250)	-	(2,250)
Changes in holding	-	2,127	-	6,301	-	(65,481)	(57,053)	(41,389)	(98,442)
Movement in reserve in equity accounted investee	-	5,039	-	-	-	685	5,724	-	5,724
Dividends	-	-	-	-	-	(282,268)	(282,268)	(41,016)	(323,284)
Balance as at 31.03.2013	331,774	373,906	411,460	390,478	519,353	2,354,585	4,381,557	344,247	4,725,804
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	278,503	519,353	2,949,723	4,767,477	468,418	5,235,895

COMPANY	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
Balance as at 01.04.2012	331,774	159,150	519,353	367,111	1,196,913	2,574,301
Profit for the year	-	-	-	-	685,586	685,586
Other comprehensive income for the period	-	48,859	-	44,349	(9,288)	83,920
Dividends	-	-	-	-	(282,268)	(282,268)
Balance as at 31.03.2013	331,774	208,009	519,353	411,460	1,590,943	3,061,539
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

Haycarb PLC
Haycarb PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Group		Company	
	2013/14	2012/13	2013/14	2012/13
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit before tax	1,033,430	1,227,707	550,863	740,524
Non-cash adjustment to reconcile profit before tax to net cash flows:				
Depreciation and impairment of property, plant and equipments	227,897	184,000	62,679	50,175
Amortisation of non current financial assets	(1,487)	(3,559)	-	-
Finance income on leased hold assets (Lakdiyatha)	11,577	11,621	-	-
Amortisation and impairment of intangible assets	7,956	30,577	7,881	30,577
Gain on disposal of property, plant and equipment	1,836	(2,360)	-	16
Gain/(loss) on translation of foreign currencies	(123,809)	(97,524)	(5,325)	(70,916)
Exchange difference on translation of foreign entities	(29,228)	63,789	-	-
Amortisation of deferred revenue	-	(98)	-	-
Finance income	(104,326)	(177,831)	(73,325)	(162,992)
Finance costs	347,631	255,759	140,478	184,594
Dividend income - subsidiaries	-	-	(124,655)	(140,447)
Share of profit of an associate	(1,761)	(866)	-	-
Provision for slow moving inventory	(915)	1,800	(724)	1,800
Provision for unrealized profit on inventories	10,812	5,363	-	-
Provision/(reversal) for bad and doubtful debts	3,351	(3,728)	-	-
Provision for retiring gratuity	30,153	28,238	30,051	28,186
Cash generated from operations before working capital changes	1,413,117	1,522,888	587,923	661,517
Working capital adjustments:				
(Increase)/decrease in trade and other receivables and prepayments	(284,324)	(359,680)	(208,766)	(298,545)
(Increase)/decrease in amounts receivable from related parties	26,943	12,425	(158,340)	(75,834)
(Increase)/decrease in inventories	44,741	(190,007)	25,584	224,269
Increase/(decrease) in trade and other payables	244,324	89,558	89,000	199,151
Increase/(decrease) in amounts due to related parties	(58,965)	197,362	(10,341)	(3,661)
	1,385,836	1,272,546	325,060	706,897
Interest paid	(141,650)	(106,865)	(74,213)	(62,308)
Income tax paid	(223,295)	(122,303)	(53,156)	(30,559)
Retiring gratuity paid	(14,633)	(18,722)	(14,633)	(18,722)
Net cash flows from operating activities	1,006,258	1,024,656	183,058	595,308
Investing activities				
Proceeds from sale of property, plant and equipment	6,204	12,934	-	5,195
Purchase of property, plant and equipment	(1,023,667)	(659,933)	(193,199)	(235,775)
Invest in subsidiary Shares	-	(98,443)	(318,268)	(329,905)
Acquisition of intangible assets	(19,161)	-	(8,746)	-
Acquisition of a subsidiary, net of cash acquired	-	(98,341)	-	-
Interest received	12,915	6,556	10,545	3,338
Dividend received from equity accounted investee	929	2,536	929	2,536
Other dividends received	22,381	36,129	146,104	176,576
Net cash flows used in investing activities	(1,000,399)	(798,562)	(362,635)	(378,035)
Net cash inflow/(outflow) before financing activities	5,859	226,094	(179,577)	217,273
Financing activities				
Transaction costs on issue of shares	(1,001)	(2,250)	-	-
Investment made by minority shareholders	110,388	-	-	-
Proceeds from borrowings	384,607	480,150	384,607	391,501
Repayment of borrowings	(222,221)	(203,702)	(122,942)	(163,504)
Dividends paid to equity holders of the parent	(178,274)	(282,268)	(178,274)	(282,268)
Dividends paid to non-controlling interests	(57,714)	(41,016)	-	-
Net cash flows from/(used in) financing activities	35,785	(49,086)	83,390	(54,271)
Net increase/(decrease) in cash and cash equivalents	41,643	177,008	(96,186)	163,002
Cash and cash equivalents at the beginning of period	(820,882)	(997,890)	(799,036)	(962,038)
Cash and cash equivalents at the end of period	(779,239)	(820,882)	(895,222)	(799,036)
Analysis of cash and cash equivalents as at 31st March				
B) Bank and cash balances	627,541	272,450	253,647	159,121
Short term deposits	103,326	137,085	127,382	2,437
	730,867	409,535	381,029	161,558
Bank overdrafts & short term loans	(1,510,106)	(1,230,417)	(1,276,251)	(960,594)
Cash and cash equivalents	(779,239)	(820,882)	(895,222)	(799,036)

Haycarb PLC SEGMENT ANALYSIS

INDUSTRY SEGMENTS

Turnover-Net

	External Rs.'000	Intra-group Rs.'000	Consolidated	
			31.03.2014 Rs.'000	31.03.2013 Rs.'000
Activated carbon	9,984,100	2,627,680	12,611,780	12,549,132
Environmental engineering	363,966	21,388	385,354	239,133
	<u>10,348,066</u>	<u>2,649,068</u>	<u>12,997,134</u>	<u>12,788,265</u>
Intra-group sales			(2,649,068)	(2,638,628)
			<u>10,348,066</u>	<u>10,149,637</u>

Industry segment results

Profit before tax

	Consolidated	
	31.03.2014 Rs.'000	31.03.2013 Rs.'000
Activated carbon	1,105,610	1,334,004
Environmental engineering	67,610	51,886
Leisure-associate	1,761	866
	<u>1,174,981</u>	<u>1,386,756</u>
Consolidation adjustments	(126,172)	(140,493)
Unrealised profit on intra-group sales	(15,379)	(18,556)
	<u>1,033,430</u>	<u>1,227,707</u>

INVESTOR INFORMATION

	Twelve months ended		Three months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Market value of shares				
Closing price	181.00	176.00	181.00	176.00
Highest price recorded for the period (Rs.)	215.00	185.00	190.00	185.00
		(31/01/2013 & 20/09/12)	(31/01/2014)	(31/01/2013)
Lowest price recorded for the period (Rs.)	170.00	140.00	170.00	170.00
	(05/03/2014)	(06/06/2012)	(05/03/2014)	(27/03/2013)
Market capitalisation (Rs.)	5,377,939,875	5,229,378,000	5,377,939,875	5,229,378,000
P/E ratio			6.83	5.53
Dividend payments				
Interim dividend 2013/14 Rs. 3.00 per share (2012/13 Rs. 4.00 per share)	89,137,125	118,849,500		
Proposed 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	1,335	1,121	219	233
No of shares traded	1,739,286	1,338,008	262,120	191,063
Value of shares traded (Rs.)	338,289,042	227,608,950	47,819,212	33,968,840

Haycarb PLC

Notes

As at 31st March	2014 Rs.'000	2013 Rs.'000
1. Issued and fully paid ordinary shares		
At the beginning of the year-29,712,375 (01.04.12 - 29,712,375)	331,774	331,774
As at 31st March	331,774	331,774

2. Disclosures

2.1 These interim financial statements which have not been audited, prepared in accordance with the accounting policies set out in the Annual report for the year ended 31 March 2013 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.

The effect of the transition to SLFRS/LKAS on previously reported financial positions, financial performances and cash flows of the Group and the Company is given in Notes to the financial statements.

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 2013

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 31.03.2014

	Name of the Shareholder	No.of Shares as at 31.03.2014	%
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	Promar Overseas SA	397,682	1.34
5	National Savings Bank	391,366	1.32
6	Bank of Ceylon No.1 Account	251,067	0.84
7	Mr. T. Ueda	250,000	0.84
8	Mr. D. F. G. Dalpethado	221,513	0.75
9	Mrs. J. K. P. Singh	214,700	0.72
10	M. Radhakrishnan (Deceased)	201,000	0.68
11	Dr. H. S. M. Singh & Mrs. J. K. P. Singh	160,000	0.54
12	Mr. J. S. A. B. Singh & Mrs. G. K. A. H. Singh	150,000	0.50
13	Mr. S. Krishnananthan	128,717	0.43
14	Mr. H. S. Gill	123,000	0.41
15	Dr. D. Jayantha	119,500	0.40
16	Commercial Bank of Ceylon PLC A/C No.04	107,100	0.36
17	Deutsche Bank AG-Comtrust Equity Fund	103,191	0.35
18	Waldock Mackenzie Ltd/Mr.C.D.Kohombanwickramage	93,685	0.32
19	E.W. Balasuriya & Co. (Pvt) Ltd	77,393	0.26
20	Mr. A. Arulthakshanan	71,078	0.24
	TOTAL	25,381,361	85.42

DIRECTORS SHAREHOLDING AS AT 31.03.2014

Name of the Director	No. of Shares as at 31.03.2014
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 31.03.2014

32.17

* 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.