

Hayleys records post-tax profit of Rs 1.3 bn

The Hayleys Group has achieved significant growth in profits at the end of the first nine months of 2009-10, with its businesses in Global Markets and Manufacturing continuing their strong performance in the third quarter.

In results released to the Colombo Stock Exchange, Hayleys PLC reported this week that profit after tax more than doubled to Rs 1.3 billion, and that profit attributable to shareholders increased four and a half times to Rs 832 million over the corresponding nine months of last year.

Pre-tax profit for the period reviewed was up 61 per cent to Rs 1.7 billion, while turnover increased by 10 per cent to Rs 27.2 billion, the blue chip conglomerate said.

In a statement accompanying the figures for the nine months, Hayleys Chairman Mohan Pandithage said Hand Protection, Purification Products and the Fibre sectors had improved performances. The contribution from Textiles to profits had risen consequent to the Group's increased shareholding in Hayleys MGT Knitting Mills, although the latter's profits were slightly lower in the



Mohan Pandithage

period under review. In the Agri Sector, Agri Products showed improved results, Pandithage said. Agri Inputs continued to perform strongly, and the Consumer Sector recorded an improvement over the first nine months of the previous year.

Pandithage stated that portfolio realignment initiatives also contributed to the profit achieved. The overall improved performance from the Group has resulted in a marked increase in cash flow from operating activities.

Looking ahead, he affirmed that "Our optimism for the Group's outlook for this financial year is endorsed by the result for the nine months ending 31st December 2009. We remain committed to seeking new business opportunities in agriculture, transportation, power and leisure, while other businesses will continue to explore avenues of expansion locally and overseas".

The Group's Income Statement for the nine

months ending 31st December 2009 indicates that net finance costs were reduced by 31 per cent to Rs 564 million.

The Group's Earnings per Share increased from Rs 2.46 a year earlier to Rs 11.09 for the period under review, an improvement of 351 per cent.

Among the principal contributors to Group performance, Hand Protection accounted for Rs 6.7 billion in turnover and Rs 646 million in operating profit; Purification Products Rs 3.7 billion and Rs 518 million in turnover and operating profit respectively and Agri Inputs Rs 3.4 billion in turnover and Rs 311 million in operating profit.

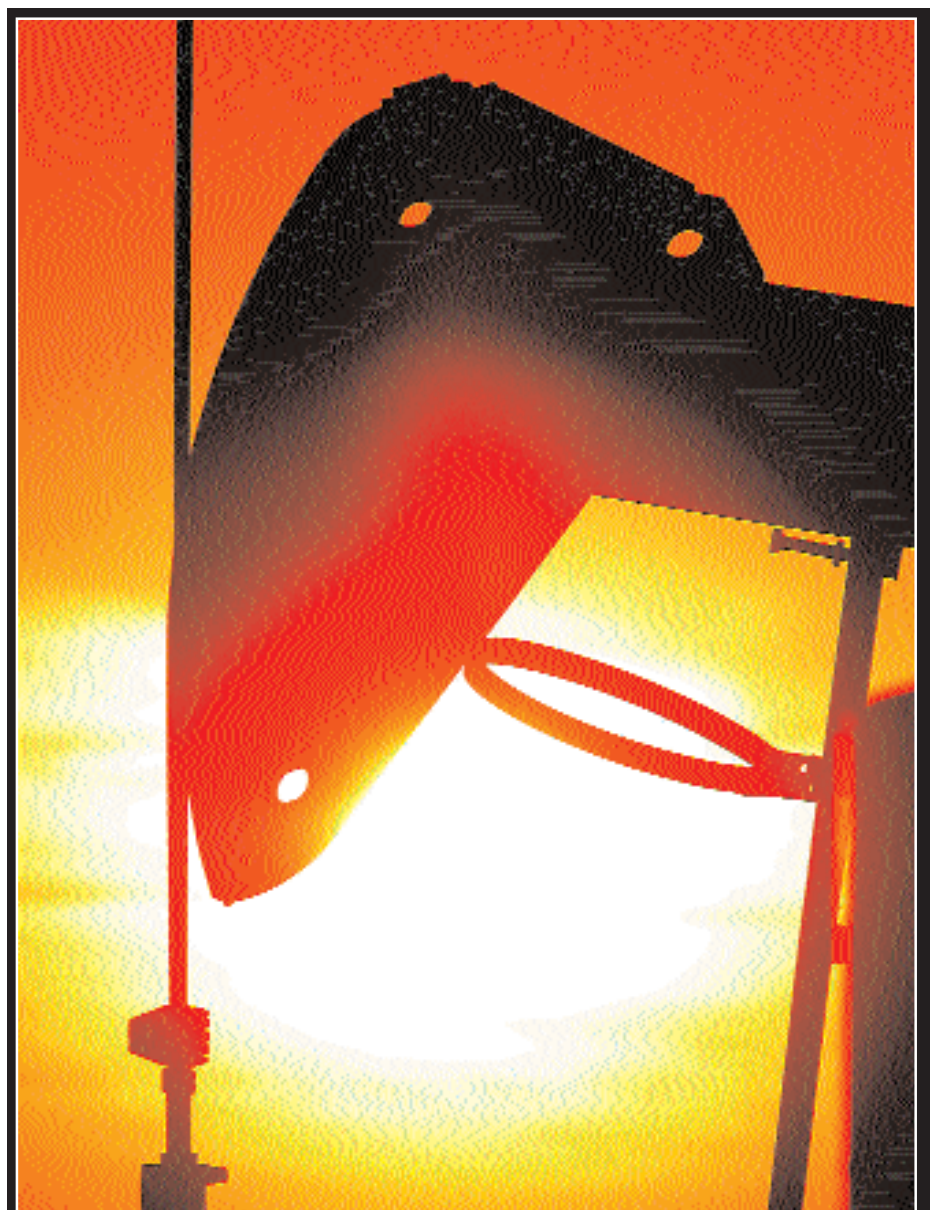
The textiles sector, with Hayleys MGT Knitting Mills now accounted for as a subsidiary business, contributed Rs 2.4 billion to turnover and Rs 172 million to operating profit. Fibre, with a 47 per cent improvement in its contribution to operating profit (Rs 113 million) and Agri Products which converted a loss of Rs 17 million at the end of the third quarter of the previous year to an operating profit of Rs 117 million, were among other noteworthy contributors to the Group's

results. The Plantation sector, handicapped by a mandatory wage increase of over 40 per cent, managed a remarkable turnaround on improved crop yields and higher auction prices during the latter part of the year, Pandithage commented.

He said results in the Transportation sector though positive, performed below expectation due to the lingering effects of the global recession on some of the sector's new business initiatives, particularly in the fields of international freight and logistics.

Rated a Business-to-Business (B2B) Superbrand among Sri Lanka's diversified conglomerates, the Hayleys Group employs more than 33,000 people, and accounts for 2.3 per cent of Sri Lanka's export income.

The board of directors of Hayleys PLC comprises Messrs A. M. Pandithage (Chairman/CEO), L. K. B. Godamunne, J. D. Bandaranayake, A. Hettiarachchy, M. R. Zaheed, A. M. Senaratna, J. A. G. Anandarajah, T. L. F. Jayasekera, K. D. D. Perera, W.D.N.H. Perera and S. C. Ganegoda.



In this file photo, an oil pump works during sunset in the Arabian Gulf desert oil field of Sakhr, Bahrain. Energy prices dropped last week as dismal job news, a sinking stock market and a lower-than-expected draw on natural gas supplies dimmed hopes for stronger energy demand.

- AP

Stock investors see threats from all directions

NEW YORK (AP) — The threats seem to be coming from all directions.

Jittery stock traders react to each day's news as if it could be the start of Financial Crisis 2.0. On Thursday, the Standard & Poor's 500 index suffered its biggest one-day drop in more than nine months because of worries about debt problems in Greece, Portugal and Spain. Concerns about China's plans to limit economic growth and proposed regulatory bank changes from Washington also have pummeled the market.

The fears aren't as intense as in 2008, when the S&P 500 fell 38.5 percent. But January was the worst month for the market since it began its recovery last March. And the S&P 500 has fallen 7.3 percent from the high of 1,150.23 it reached Jan. 19.

It's not as if something devastating has happened, either in Europe, where economies have been struggling for some time, or in Washington. It was expected that the Obama administration would try to restrict big banks. What's different now is that investors have much more to lose than they did a year ago, so they sell at the first whiff of a problem. Even with its recent losses, the S&P 500 is still up 58 percent since hitting bottom March 9.

Investors are linking financial problems in Europe with the US economic recovery. Some worry that governments' debt problems will spread in the same way that bad mortgages in the US took down economies here and abroad in 2008.

"They are shell-shocked because

they've seen a similar movie before and they didn't like the ending," said Anthony Chan, chief economist at J.P. Morgan Private Wealth Management. "They're wondering whether this is the sequel or not."

Chan said investors are probably overreacting to the problems in Europe. But, he said, they are more demanding about what they want to see from the world's economies.

"The market is going not going to be allayed by signs of recovery, they're going to be looking for signs of sustainability," Chan said.

Fourth-quarter earnings reports bear that out. Profits have come in stronger than expected but still left stocks sputtering.

Even a supporting hand from the

Federal Reserve hasn't given the market new oomph. The Dow Jones industrial average rose a modest 42 points on Jan. 27 after the Federal Reserve issued a more upbeat assessment of the economy and pledged to keep interest rates low to help fan a recovery.

On Friday, the stock market drew little support from the government's surprise announcement that the nation's unemployment rate fell in January to 9.7 percent from 10 percent. Investors also seemed unimpressed by two signs that the labor market is improving — increases in the number of hours worked and in the number of temporary workers hired.

Instead, the market focused on the fact that employers cut 20,000 jobs in January. Analysts had forecast that employers created 5,000 jobs.

Geithner says US credit rating safe despite debt

WASHINGTON (AP) — Treasury Secretary Timothy Geithner (D-N.Y.) says the US government "will never" lose its sterling credit rating despite big budget deficits and a newly increased debt limit that now tops \$14 trillion.

Geithner says in an interview broadcast Sunday that in times of economic crisis, international investors will continue to buy US Treasury



Geithner

bonds because the bonds are a safe investment. Moody's Investors

Service recently issued a warning that the government's credit rating could eventually be in jeopardy if nation's finances don't improve.

The cost of borrowing would increase significantly if the ratings service lowered the credit rating, also known as a bond rating, for US Treasuries.

Geithner tells ABC's "This Week" that will never happen.

PEOPLE & EVENTS

L. G. Perera retires from DFCC Vardhana Bank

L.G. Perera who served as the Managing Director/CEO of DFCC Vardhana Bank almost from its inception retired from service at the end of December 2009. Lakshman Silva who was the Chief Operating Officer of the bank assumed duties as the CEO from January 1st, 2010.

L.G. Perera who is affectionately known in the banking and business circles as Elgee, had completed 40 years of banking service at the time of retiring from DFCC Vardhana Bank. Elgee started his banking career at the tender age of 19 years at the Central Bank of Sri Lanka whilst he was still



L.G. Perera

a university undergraduate following an honors degree in Economics. On completion of his first degree he continued at the Central Bank for some time and moved out to join the DFCC Bank in 1977. Whilst working at DFCC, Elgee completed his post graduate studies in

accounting, statistics and business management. He climbed the ladder at DFCC to progressively become its Deputy General Manager - Operations in 1997 and finally headed its lending division as Executive Vice President before taking up the position as the Managing Director/CEO of DFCC's commercial banking arm, DFCC Vardhana Bank in 2004.

SLID targets change for SL Business Culture

The Sri Lanka Institute of Directors launched the first module in their training programme on Corporate Stewardship and Board Room Governance on a very successful note on 21st of January at the Cinnamon Grand. It was a full house that interacted enthusiastically with the panelists on the topic of "Structuring of a Dynamic Board of Directors."

Mr Chandra Jayaratne, former CEO Eagle Insurance and former Chairman, Ceylon Chamber of Commerce, quoted off a paper from the Harvard Business School on "What Makes Great Boards Great." References were made to the negligence of the board room that led to the fall of former corporate giants such as Enron and WorldCom. He posed questions to the five senior corporate directors to give off their experiences on the essential elements on ethical and efficient board room management, and the elements that need to be avoided to avert a disaster.

Vice President of SLID Mr. Ronnie Peiris opened the discussion to the floor which included directors and senior managers of Colombo's largest and most powerful firms who participated actively with the panelists. What emerged was the necessity for independence amongst the board members and the importance of encouraging criticism and voicing of independent ideas without fear in the board room.

The powerful personalities that formed the panel were, Dr Rohan Fernando Director Aitken Spence, Mr. Kumar Jayasuriya Chairman Finlays Group of Companies, Hussein Eusufally CEO Hemas Holdings,

Mr. Ranjit Gunasekera Non Executive Director of NDB Bank and John Keells City Hotels, and Mr. Pravir Samarasinghe, COO Richard Peiris and Company.

The President of SLID, Mahen Dayananda said "this series of training programmes, spread over a period of 6 months, is part of a well planned strategy to carry Sri Lanka forward in to a new era of economic prosperity, building a business culture that is world class. We have opened it to guests from the private and public sector as well giving the participants an opportunity to interact with the top business professionals of Sri Lanka who would share their business experiences and expertise".

The 2nd module in this programme of 6 modules is scheduled for 12th February and will discuss "Making your Audit Committee more Effective." This will be facilitated by Ranel Wijesinha International Management Consultant formerly of PriceWaterHouse Coopers. Mr Wijesinha will challenge his highly experienced senior panel of professionals: Ms. Nianthi Sivapragasam Chief Financial Officer Aitken Spence, Ms. Lakmal Nanayakkara Partner Tax at Ernest & Young, Messrs. Vijaya Malalasekera former Legal Director at Ceylon Tobacco Company, R. Rashed Director Nations Trust Bank, Asite Talwatt Managing Director Ernest & Young and Suresh Shah CEO Lion Brewery.

The caliber of professionals handling each module will not only add value through their knowledge and experience but will also act as inspirational role models to participants to demonstrate independence, accountability, and transparency.

New CEO at Total Media Direction

Shivanka De Zoysa is now the CEO at Total Media Direction (TMD), the Media outfit of the TAL Group. He has just returned to Sri Lanka after an eight year stint of working out of Fiji in the South Pacific.

A member of the Chartered Institute of Marketing (UK), he also has a MBA from the Post Graduate Institute of Management (PIM) in the University of Sri Jayewardenepura.

He had his grounding at Ceylon Tobacco Company and also held senior management positions at Shaw Wallace & Hedges, Aitken Spence Group and Richard Peiris & Company.

His experience transcends the FMCG, Consumer Durables and the Service industries both in Sri Lanka and overseas.



Shivanka De Zoysa

Looking at the Sri Lankan economy, De Zoysa is confident that there will be significant growth during the next few years and says, "that is one of the reasons I decided to relocate myself in Sri Lanka".

In addition to his experience in the South Pacific, he has also accumulated over five years experience in the airline industry through his employment at DNATA / Emirates Group in Dubai.

Looking at the Sri Lankan economy, he is confident that there will be significant growth during the next few years and says, "that is one of the reasons I decided to relocate myself in Sri Lanka".

HATTON NATIONAL BANK PLC
(Formerly known as Hatton National Bank Ltd.)

Resolution adopted by the Board of Directors of Hatton National Bank PLC under Section 4 of the Recovery of Loans by Banks (Special Provisions) Act No. 04 of 1990.

Branch : DEMATA GODA

FATHIMA FAZEENA SITHEEKSEYED NABEEL and MOHAMMED ISMAIL ALIM SIDDHEEKSEYED NABEEL

At a meeting of the Board of Directors of Hatton National Bank PLC held on 02nd December 2009 it was resolved especially and unanimously:

"Whereas FATHIMA FAZEENA SITHEEKSEYED NABEEL as the Obligor and MOHAMMED ISMAIL ALIM SIDDHEEKSEYED NABEEL as the Obligor and Mortgagee have made default in payment due on Bond No. 1615 dated 15th May 2007 attested by S. D. N. S. M. Aranyake Notary Public of Colombo in favour of Hatton National Bank PLC and there is now due and owing to the Hatton National Bank PLC as at 16th October 2009 a sum of Rupees One Million Nine Hundred and Sixty Eight and Cents Seventeen (Rs. 1,094,968/17) on the said Bond and the Board of Directors of Hatton National Bank PLC under the powers vested by the Recovery of Loans by Banks (Special Provisions) Act No. 4 of 1990, do hereby resolve that the property and premises more fully described in the Schedule, here to and to be mortgaged to Hatton National Bank PLC by the said Bond No. 1615 be sold by Public Auction by S. S. Ramaniyake Licensed Auctioneer of Colombo for recovery of the said sum of Rs. 1,094,968/17 together with further interest from 17th October 2009 to date of sale together with costs of advertising and other charges incurred (less payments (if any) since received).

THE SCHEDULE ABOVE REFERRED TO

All that divided and defined allotment of land marked Lot 1 depicted in Plan No. 758 dated 1st April 1995 made by P.A. K. J. Perera Licensed Surveyor of the land called MEEGA HAWWATTA bearing Assessment No. 43/19, Brandywatta Road situated at Wennewatta within the Pradeshiya Sabha Limits of Kotikawatta-Mulieniyawa in the Ambalalen Pahala Aluth Kuru Korale South in the District of Colombo Western Province and which said Lot 1 is bounded on the NORTH by portion of Meegahawatta on the EAST by Road (12-13 feet wide) on the SOUTH by Meegahawatta Kumbara and on the WEST by portion of Meegahawatta and containing in extent Ten Perches (40:00:P10) according to the said Plan No. 758 and registered in B1012/179 at the Colombo Land Registry.

By Order of the Board
INDRANI GOONASEKERA
DGM (LEGAL) & BOARD SECRETARY

HATTON NATIONAL BANK PLC
(Formerly known as Hatton National Bank Ltd.)

Resolution adopted by the Board of Directors of Hatton National Bank PLC under Section 4 of the Recovery of Loans by Banks (Special Provisions) Act No. 04 of 1990.

Branch : HULFTSOORP

PALLEMULLE LEKAMRALA LAGESIRIRATNE BANDARA & WAKKULU ARACHCHIGE CHAMPIKA SHYAMALI BANDARA

At a meeting of the Board of Directors of Hatton National Bank PLC held on 02nd December 2009 it was resolved especially and unanimously:

"Whereas PALLEMULLE LEKAMRALA LAGESIRIRATNE BANDARA & WAKKULU ARACHCHIGE CHAMPIKA SHYAMALI BANDARA as the Obligors have made default in payment due on Bond No. 1536 dated 20th February 2004 attested by U. S. K. Herath Notary Public of Colombo in favour of Hatton National Bank PLC and there is now due and owing to the Hatton National Bank PLC as at 24th July 2009 a sum of Rupees Three Million Six Hundred Thirty Two Thousand Seven Hundred and Cents Forty Four Only (Rs. 3,632,073.44) on the said Bond and the Board of Directors of Hatton National Bank PLC under the powers vested by the Recovery of Loans by Banks (Special Provisions) Act No. 4 of 1990, do hereby resolve that the land and premises more fully described in the Schedule, here to and to be mortgaged to Hatton National Bank PLC by the said Bond No. 1536 be sold by Public Auction by L. B. Senaranyake Licensed Auctioneer of Colombo for recovery of the said sum of Rs. 3,632,073.44 together with further interest from 25th July 2009 to date of sale together with costs of advertising and other charges incurred (less payments (if any) since received).

THE SCHEDULE ABOVE REFERRED TO

All that divided and defined allotment of land marked Lot 2 depicted in Plan No. 1475A dated 04th January 1999 made by P. F. Dias, Licensed Surveyor, from and out of the land called Pelangahawatta bearing Assessment No. 94B, Alaksewara Road, together with everything standing thereon situated at Etal Kotte within the Municipal Council Limits of Sri Jayawardenepura Kotte in the Palle Pattu of Salpiti Korale in the District of Colombo Western Province and which said Lot 2 is bounded on the NORTH by Alaksewara Road, on the EAST by Lot 4 (Reservation for road 10 feet wide) on the SOUTH by Lot 3 and on the WEST by Lot 1 and containing in extent Eight Decimal Nine Nought Perches (40:00:P9.90) according to the said Plan No. 1475A and registered under title M 1977:244 at the District Land Registry of Colombo.

By Order of the Board
INDRANI GOONASEKERA
DGM (LEGAL) & BOARD SECRETARY

