



Interim Report

First quarter, 3 months ended 30th June 2013

Hayleys MGT Knitting Mills PLC

Corporate Information

Name of Company

Hayleys- MGT Knitting Mills 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*
R.Seevaratnam
K.D.D.Perera
S.C.Ganegoda
H.Somashantha
R.N.Somaratne
R.P. Pathirana
J.A.S. Piyawardena

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.
Seylan Bank
Deutsche Bank
Citibank, N.A.

Auditors

Ernst & Young
Chartered Accountants,
201, De Saram Place,
Colombo 10.

Investor Information

Market value of shares	30.06.2013	30.06.2012
	(Rs.)	(Rs.)
Closing Price	9.90	7.90
Highest price recorded for the period ending	12.00	14.00
Lowest price recorded for the period ending	9.00	7.10

Share Trading

No. of transactions	555	603
No. of shares traded	1,442,295	1,004,509
Value of shares traded (Rs.)	15,171,855	9,910,642

First twenty Shareholders as at 30.06.2013

Name of Shareholder	No. of Shares	%
Hayleys PLC	119,683,817	78.56
Employees Provident Fund	4,063,200	2.67
Hayleys Advantis Limited	3,693,690	2.42
MAS Holdings (Pvt) Limited	3,011,364	1.98
Equity Investments Lanka Limited	2,637,364	1.73
Hayleys Agriculture Holdings Limited	2,546,322	1.67
National Savings Bank	1,202,700	0.79
Shantiro Proprietary Limited	1,170,848	0.77
Freudenberg Shipping Agencies Limited	606,300	0.40
Mr.B.C.Tay	603,000	0.40
Waldock Mackenzie Limited/Mr.L.P.Hapangama	600,000	0.39
L.P. Hapangama	53,500	0.04
Hayleys Group Services (Pvt) Ltd.	508,933	0.33
Mr.C.R.D.Fernando	450,000	0.30
Elgin Investments Limited	392,789	0.26
Dee Investments (Pvt) Ltd	348,600	0.23
Pan Asia Banking Corporation PLC/Nawaloka Constructions Company (Pvt) Ltd	317,772	0.21
National Development Bank PLC/Mr.C.N.Rajahmoney	300,000	0.20
South Asian Investment (Pvt) Limited	299,300	0.20
J.B.Cocoshell (Pvt) Ltd	263,594	0.17
Mr.T.L.M.Imtiaz	229,057	0.15
Total	142,982,150	93.86

The percentage of shares held by public as at 30th June, 2013 was 17%.

DIRECTORS' SHAREHOLDING AS AT 30.06.2013

Director	Direct holding
	No. of Shares
*Mr.K.D.D.Perera	3,000
Mr.R.P.Pathirana	2,500

* Mr.K.D.D.Perera holds 48.38% directly and indirectly of the total issued shares of Hayleys PLC which has 119,683,817 shares in Hayleys - M G T Knitting Mills PLC.

Net assets per share	30.06.2013	31.03.2013
	USD	0.07
LKR	9.83	10.17

Hayleys MGT Knitting Mills PLC

STATEMENT OF FINANCIAL POSITION

As at 31.03.13		As at 30.06.13	As at 30.06.12
USD		USD	USD
Audited		Unaudited	Unaudited
ASSETS			
Non-Current Assets			
23,636,523	Property, plant and equipment	23,184,612	25,504,185
668,461	Intangible assets	629,952	4,607
24,304,984		23,814,564	25,508,792
Current Assets			
7,630,359	Inventories	9,632,779	9,559,525
2,438,827	Trade receivables	5,239,415	4,499,696
1,024,391	Other receivables	1,080,296	891,966
188,852	Advances and prepayments	299,363	475,065
471,086	Cash and cash equivalents	932,363	5,748,796
11,753,515		17,184,216	21,175,048
36,058,499	Total Assets	40,998,780	46,683,840
EQUITY AND LIABILITIES			
Capital and Reserves			
13,563,304	Stated capital	13,563,304	13,563,304
6,203,893	Reserve on amalgamation	6,203,893	6,203,893
1,141,605	Revaluation reserve	1,141,605	1,128,083
(8,853,893)	Revenue reserves	(9,567,029)	(5,459,685)
12,054,909	Total Equity	11,341,773	15,435,595
Non-Current Liabilities			
94,399	Interest bearing loans and borrowings	718,758	367,608
1,497,420	Deferred tax liabilities	1,501,943	1,304,093
1,217,815	Retirement benefit obligations	1,246,135	1,290,339
2,809,634		3,466,836	2,962,040
Current Liabilities			
5,963,856	Trade and other payables	10,155,891	9,360,576
430,858	Current portion of interest bearing loans and borrowings	590,630	1,164,304
2,014,073	Amounts due to Hayleys PLC	2,736,732	1,446,472
21,222	Income tax payable	21,222	-
633,353	Other current non financial liabilities	734,998	174,042
12,130,594	Short term interest bearing loans and borrowings	11,950,698	16,140,811
21,193,956		26,190,171	28,286,205
36,058,499	Total Equity and Liabilities	40,998,780	46,683,840

The Statement of Financial Position as at 30th June 2013 and Statements of Comprehensive Income, Changes in Equity and Cash Flow 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.

The Notes on page 7 form an integral part of these financial statements.

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
Chief Financial Officer

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
7th August 2013

Sgd.

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E.R.P.Goonetilleke
Managing Director

Hayleys MGT Knitting Mills PLC
STATEMENT OF COMPREHENSIVE INCOME

year ended		3 months to	3 months to	
31.03.13		30.06.13	30.06.12	variance
USD		USD	USD	%
Audited		Unaudited	Unaudited	
44,193,490	Revenue	12,998,137	12,281,716	+6
(41,628,272)	Cost of Sales	(12,316,598)	(10,722,867)	+15
2,565,218	Gross Profit	681,539	1,558,849	-56
35,092	Other Operating Income		-	
(716,091)	Distribution Expenses	(42,829)	(112,996)	-62
(3,888,190)	Administrative Expenses	(1,079,279)	(1,146,042)	-7
(1,450,528)	Net Financing Costs	(268,044)	(562,402)	-52
(3,454,499)	Loss Before Tax	(708,613)	(262,591)	+151
(40,043)	Income Tax Expense	(4,523)	162,256	-103
(3,494,542)	Loss for the Year	(713,136)	(100,334)	+491
Other Comprehensive Income				
13,522	- Surplus on revaluation of land		-	
(3,481,020)	Total Comprehensive Income, Net of Tax	(713,136)	(100,334)	
(0.024)	Loss per Share	(0.005)	(0.001)	

Hayleys MGT Knitting Mills PLC
STATEMENT OF CHANGES IN EQUITY

	Stated capital USD	Reserve on amalgamation USD	Revaluation reserve USD	Retained earnings USD	Total USD
For the period ended 30th June 2013					
Balance as at 31st March 2013	13,563,304	6,203,893	1,141,605	(8,853,893)	12,054,909
Loss for the period	-	-	-	(713,136)	(713,136)
Balance as at 30th June 2013	13,563,304	6,203,893	1,141,605	(9,567,029)	11,341,773
For the period ended 30th June 2012					
Balance as at 31st March 2012	6,534,102	6,203,893	1,128,083	(5,319,343)	8,546,735
Issue of shares	7,029,202	-	-	-	7,029,202
Direct cost on issue of shares	-	-	-	(40,008)	(40,008)
Loss for the year	-	-	-	(100,334)	(100,334)
Balance as at 30th June 2012	13,563,304	6,203,893	1,128,083	(5,459,685)	15,435,595

Hayleys MGT Knitting Mills PLC

STATEMENT OF CASH FLOW

year ended		3 months to	3 months to
31.03.13	Cash flows from / (used in) operating activities	30.06.13	30.06.12
	USD	USD	USD
	Audited	Unaudited	Unaudited
(3,454,499)	Loss before Income tax expense	(708,613)	(262,591)
	Adjustments for		
1,914,058	Depreciation on property, plant and equipment	474,570	473,638
100,862	Amortization of Intangible Assets	38,510	294
91,073	Provision for retiring gratuity	65,049	96,966
96,179	Net unrealised gain on translation of foreign currency	36,065	(189,560)
1,172,112	Net finance costs	268,044	562,402
(35,092)	Profit on disposal of property, plant and equipment	-	-
146,556	Loss on write down of Property, Plant and Equipment	-	-
(254,670)	Reversal of provision for bad and doubtful debts	(19,002)	(70,282)
189,183	Provision for slow moving inventories	124,410	212,695
118,586	Loss On Devaluation of Inventories	-	-
84,348	Operating profit before working capital changes	279,033	823,562
(621,929)	(Increase)/Decrease in trade and other receivables	(2,837,491)	(2,700,204)
41,820	Decrease in advances and prepayments	(110,511)	(252,428)
1,483,710	Decrease in inventories	(2,126,830)	(350,381)
1,029,645	Increase in trade and other payables and other non financial liabilities	5,093,335	3,527,617
2,017,594	Cash generated from operations	297,536	1,048,165
(178,213)	Retiring gratuity paid	(2,211)	(14,268)
(1,214,037)	Interest paid	(342,461)	(452,411)
(35,934)	Economic service charge paid	(76,996)	(12,249)
589,410	Net cash flows from / (used in) operating activities	(124,132)	569,237
	Cash flows from / (used in) investing activities		
(131,473)	Purchase and construction of property, plant and equipment	(22,660)	(232,434)
35,092	Proceeds from disposal of property, plant and equipment	-	-
(519,128)	Purchase of Intangible Assets	-	-
108,049	Interest received	47	17,060
(507,460)	Net cash flows used in investing activities	(22,613)	(215,374)
	Cash flows from / (used in) financing activities		
-	Proceeds from long term loans	1,000,000	-
(1,334,547)	Repayment of term loans	(212,082)	(318,723)
6,989,194	Right Issue of Shares	-	6,989,194
5,654,647	Net cash flows from financing activities	787,918	6,670,471
5,736,597	Net increase in cash and cash equivalents	641,173	7,024,334
(17,396,105)	Cash and cash equivalents at the beginning of the year	(11,659,508)	(17,396,105)
(11,659,508)	Cash and cash equivalents at the end of the period	(11,018,335)	(10,371,771)
	Note A		
	Analysis of cash and cash equivalents		
471,086	Cash and bank balances	932,363	5,748,796
(12,130,594)	Short term borrowings	(11,950,698)	(16,140,811)
(11,659,508)		(11,018,335)	(10,392,015)

Hayleys MGT Knitting Mills PLC

Notes to the Financial Statements

1. These interim financial statements which have not been audited, comply with the Sri Lanka Accounting Standard 35-Interim financial reporting and they also provide the information required by the Colombo Stock Exchange.
2. The accounting policies adopted in these financial statements are consistent with the Accounting policies set out in the Annual Report for the year ended 31.03.2013.
3. Contingent liability as at 30th June, 2013 on bills discounted amounted to USD 897,052.
4. There were no material events that took place subsequent to the reporting date, which require disclosure in this Financial Statements.

Hayleys MGT Knitting Mills PLC

Reconciliation of statement of financial position as at 30th June 2012.

	SLAS 30.06.2012	Re-measurement	LKAS/ SLFRS 30.06.2012
	USD	USD	USD
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	25,053,244	450,941	25,504,185
Intangible Assets	-	4,607	4,607
	25,053,244	455,548	25,508,792
Current Assets			
Inventories	9,559,525	-	9,559,525
Trade receivables	4,499,696	-	4,499,696
Other Receivables	1,367,031	(475,065)	891,966
Advances and Prepayments	-	475,065	475,065
Cash and cash equivalents	5,748,796	-	5,748,796
	21,175,048	-	21,175,048
Total Assets	46,228,292	455,548	46,683,840
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated capital	13,563,304	-	13,563,304
Reserve on amalgamation	6,203,893	-	6,203,893
Revaluation reserve	1,128,083	-	1,128,083
Revenue reserves	(6,037,394)	577,709	(5,459,685)
Total Equity	14,857,886	577,709	15,435,595
Non-Current Liabilities			
Interest bearing loans and borrowings	367,608	-	367,608
Deferred tax liabilities	1,426,254	(122,161)	1,304,093
Retirement benefit obligations	1,290,339	(0)	1,290,339
	3,084,201	(122,161)	2,962,040
Current Liabilities			
Trade and other payables	9,534,618	(174,042)	9,360,576
Current portion of interest bearing loans and borrowings	1,164,304	-	1,164,304
Amounts due to Hayleys PLC	1,446,472	-	1,446,472
Income tax payable	-	-	-
Other current non financial liabilities	-	174,042	174,042
Short term interest bearing loans and borrowings	16,140,811	-	16,140,811
	28,286,205	-	28,286,205
Total Equity and Liabilities	46,228,292	455,547	46,683,840

Hayleys MGT Knitting Mills PLC

Reconciliation of total comprehensive income for the period ended 30th June 2012

	SLAS 31.03.2012 USD	Re-measurement USD	LKAS/ SLFRS 31.03.2012 USD
Revenue	12,281,716	-	12,281,716
Cost of Sales	(10,737,688)	14,821	(10,722,867)
Gross Profit	1,544,028	14,821	1,558,849
Distribution expenses	(112,996)	-	(112,996)
Administrative Expenses	(1,145,052)	(990)	(1,146,042)
Net financing costs	(562,402)	-	(562,402)
Loss Before Tax	(276,422)	13,831	(262,591)
Income tax (expense) / reversal	(34,494)	196,750	162,256
Loss for the Year	(310,916)	210,582	(100,334)

Hayleys MGT Knitting Mills PLC

STATEMENT OF FINANCIAL POSITION TRANSLATED INTO LKR

As at 31.03.13		As at 30.06.13	As at 30.06.12
LKR '000		LKR '000	LKR '000
Audited		Unaudited	Unaudited
ASSETS			
Non-Current Assets			
3,036,584	Property, plant and equipment	3,062,224	3,454,797
85,877	Intangible assets	83,204	624
3,122,461		3,145,428	3,455,421
Current Assets			
980,272	Inventories	1,272,297	1,294,933
313,316	Trade receivables	692,022	609,529
131,604	Other receivables	142,685	120,826
24,262	Advances and prepayments	39,540	64,352
60,520	Cash and cash equivalents	123,147	778,732
1,509,974		2,269,691	2,868,372
4,632,435	Total Assets	5,415,119	6,323,793
EQUITY AND LIABILITIES			
Capital and Reserves			
1,441,916	Stated capital	1,441,916	1,441,916
797,014	Reserve on amalgamation	819,410	840,379
146,662	Revaluation reserve	150,783	152,810
(1,052,238)	Revenue reserves	(1,144,570)	(606,593)
215,340	Exchange fluctuation reserve	230,482	262,393
1,548,694	Total Equity	1,498,021	2,090,906
Non-Current Liabilities			
12,127	Interest bearing loans and borrowings	94,934	49,796
192,374	Deferred tax liabilities	198,377	176,652
156,453	Retirement benefit obligations	164,590	174,789
360,954		457,900	401,238
Current Liabilities			
766,177	Trade and other payables	1,341,390	1,267,984
55,352	Current portion of interest bearing loans and borrowings	78,010	157,717
258,748	Amounts due to Hayleys PLC	361,468	195,939
2,726	Income tax payable	2,803	-
81,367	Other current non financial liabilities	97,079	23,576
1,558,417	Short term interest bearing loans and borrowings	1,578,448	2,186,434
2,722,788		3,459,198	3,831,649
4,632,435	Total Equity and Liabilities	5,415,119	6,323,793

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 the International Accounting Standards Board Interpretation LKAS 21 for the translation of financial statements to a presentation currency from a measurement 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 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 its original SL Rupee value.

Hayleys MGT Knitting Mills PLC

STATEMENT OF COMPREHENSIVE INCOME TRANSLATED INTO LKR

year ended 31.03.13 LKR '000 Audited		3 months to 30.06.13 LKR '000 Unaudited	3 months to 30.06.12 LKR '000 Unaudited	variance %
5,812,328	Revenue	1,682,912	1,645,381	+2
(5,474,950)	Cost of Sales	(1,594,671)	(1,436,542)	*11
337,378	Gross Profit	88,241	208,839	-58
4,615	Other Operating Income	-	-	
(94,180)	Distribution Expenses	(5,545)	(15,138)	-63
(511,375)	Administrative Expenses	(139,738)	(153,535)	-9
(190,773)	Net Financing Costs	(34,705)	(75,345)	-54
(454,335)	Loss Before Tax	(91,746)	(35,179)	+161
(5,266)	Income Tax Expense	(586)	21,737	-103
(459,601)	Loss for the Year	(92,332)	(13,442)	+587

Other Comprehensive Income

1,778	- Surplus on revaluation of land	1,778	-	
(457,823)	Total Comprehensive Income, Net of Tax	(90,554)	(13,442)	

(3.17)	Loss per Share	(0.61)	(0.09)	
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