

C. W. MACKIE PLC



INTERIM REPORT THREE MONTHS ENDED 30TH JUNE 2012

8th August 2012



C.W. Mackie PLC
Income Statement

Company

For the three months ended 30th June

	2012 Unaudited Rs. 000's	2011 Unaudited Rs.000's	Variance %
Revenue	1,666,538	1,594,297	4.53
Cost of sales	(1,455,896)	<u>(1,437,295)</u>	1.29
Gross profit	210,642	157,002	34.17
Other operating income	30,931	26,324	17.50
Distribution expenses	(92,030)	(79,628)	15.57
Administrative expenses	(39,176)	<u>(32,613)</u>	20.12
Profit from operations	110,367	71,085	55.26
Net financing costs	(3,217)	<u>(9,556)</u>	(66.34)
Profit before taxation	107,150	61,529	74.15
Taxation	(13,000)	<u>(10,500)</u>	23.81
Profit for the year	94,150	<u>51,029</u>	84.50
Basic Earnings per share (Rupees)	2.62	<u>1.42</u>	
Dividend per share (Rupees)	-	<u>1.00</u>	

Group

For the three months ended 30th June

	2012 Unaudited Rs. 000's	2011 Unaudited Rs.000's	Variance %
Revenue	2,013,493	2,396,003	(15.96)
Cost of sales	(1,767,097)	<u>(2,131,832)</u>	(17.11)
Gross profit	246,396	264,171	(6.73)
Other operating income	13,240	8,787	50.68
Distribution expenses	(91,767)	(80,964)	13.34
Administrative expenses	(52,882)	<u>(44,173)</u>	19.72
Profit from operations	114,987	147,821	(22.21)
Net financing costs	(11,483)	<u>(21,622)</u>	(46.89)
Profit before taxation	103,504	126,199	(17.98)
Taxation	(14,000)	<u>(23,150)</u>	(39.52)
Profit for the year	89,504	<u>103,049</u>	(13.14)
Attributable to:			
Equity holders of the parent company	85,921	102,321	(16.03)
Minority interests	3,583	728	392.17
	89,504	<u>103,049</u>	
Basic Earnings per share (Rupees)	2.39	<u>2.84</u>	
Dividend per share (Rupees)	-	<u>1.00</u>	

Figures in brackets indicate deductions.



C.W. Mackie PLC
Balance Sheet

As at	Company		Group	
	30 th June 2012 Unaudited Rs.000's	31 st March 2012 Audited Rs.000's	30 th June 2012 Unaudited Rs.000's	31 st March 2012 Audited Rs.000's
Assets				
Non-current assets				
Property, plant and equipment	320,548	319,947	796,398	790,456
Leasehold property	97,672	99,796	97,672	99,796
Investments property	45,724	46,729	45,724	46,729
Investments in subsidiaries	525,976	535,175	-	-
Other investments	327	327	327	327
Deferred tax asset	-	-	4,652	4,652
Retirement benefit asset	-	-	74	149
Total non-current assets	990,247	1,001,974	944,847	942,109
Current assets				
Inventories	494,151	512,932	673,307	651,352
Trade and other receivables	963,553	1,372,437	1,223,745	1,741,034
Amount due from related parties	175,059	154,811	25,000	-
Cash and cash equivalents	25,986	43,987	27,565	48,084
Total current assets	1,658,749	2,084,167	1,949,617	2,440,470
Total assets	2,648,996	3,086,141	2,894,464	3,382,579
Equity and liabilities				
Equity and liabilities				
Stated capital	507,047	507,047	507,047	507,047
Capital reserves	733,789	758,501	546,803	562,316
Revenue reserves	462,111	388,437	650,822	585,377
Total capital and reserves	1,702,947	1,653,985	1,704,672	1,654,740
Minority interests	-	-	33,251	29,778
	1,702,947	1,653,985	1,737,923	1,684,518
Liabilities				
Non-current liabilities				
Interest bearing long term borrowings	-	-	-	-
Lease payable after one year	2,206	4,254	104,894	98,816
Retirement benefit obligation	3,663	2,418	13,095	11,549
Deferred tax liability	35,524	35,524	50,976	50,976
Total non-current liabilities	41,393	42,196	168,965	161,341
Current liabilities				
Current portion of long term borrowings	31,876	32,114	31,876	32,114
Lease payable within one year	6,039	4,590	30,277	35,068
Interest bearing short term borrowings	351,170	731,190	361,170	806,190
Income tax payable	80,342	85,686	96,088	101,807
Trade and other payables / provisions	335,120	457,890	382,559	504,027
Dividend payable	35,989	-	35,989	-
Amount due to related parties	47,692	45,065	14,787	8,782
Bank overdrafts	16,428	33,425	34,830	48,732
Total current liabilities	904,656	1,389,960	987,576	1,536,720
Total equity and liabilities	2,648,996	3,086,141	2,894,464	3,382,579
Net asset value per share (Rs.)	47.32	45.96	47.37	45.98

Note : The above figures are subject to audit.

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Signed

A. I. Piyadigama
Chief Financial Officer

The Board of Directors are responsible for preparation and presentation of these financial statements.

Signed

W. T. Ellawala
Director
8th August 2012

Signed

C. R. Ranasinghe
Director



C.W. Mackie PLC
Statement of Changes in Equity

For the three months ended 30th June

Company	Accumulated				
	Stated capital Rs.000's	Capital reserves Rs.000's	General reserve Rs.000's	loss/ retained earnings Rs.000's	Total equity Rs.000's
Balance as at 1st April 2011	507,047	655,571	7,000	173,242	1,342,860
Adjustment due to change in fair value	-	51,159	-	-	51,159
Transfer from revaluation reserve to retained earnings (Note A)	-	(15,513)	-	15,513	-
Profit for the period	-	-	-	51,029	51,029
Interim Dividends 2010/11	-	-	-	(35,989)	(35,989)
Balance as at 30th June 2011	<u>507,047</u>	<u>691,217</u>	<u>7,000</u>	<u>203,795</u>	<u>1,409,059</u>
Balance as at 1st April 2012	507,047	758,501	7,000	381,437	1,653,985
Adjustment due to change in fair value	-	(9,199)	-	-	(9,199)
Transfer from revaluation reserve to retained earnings (Note A)	-	(15,513)	-	15,513	-
Profit for the period	-	-	-	94,150	94,150
Final Dividends 2011/12	-	-	-	(35,989)	(35,989)
Balance as at 30th June 2012	<u>507,047</u>	<u>733,789</u>	<u>7,000</u>	<u>455,111</u>	<u>1,702,947</u>

For the three months ended 30th June

Attributable to equity holders of the parent company

Group	Attributable to equity holders of the parent company						
	Stated capital Rs.000's	Capital reserves Rs.000's	General reserve Rs.000's	Retained earnings Rs.000's	Total Rs.000's	Minority interests Rs.000's	Total equity Rs.000's
Balance as at 1st April 2011	507,047	577,829	7,000	251,739	1,343,615	27,545	1,371,160
Transfer from revaluation reserve to retained earnings (Note A)	-	(15,513)	-	15,513	-	-	-
Profit for the period	-	-	-	102,321	102,321	728	103,049
Interim Dividends 2010/11	-	-	-	(35,989)	(35,989)	-	(35,989)
Balance as at 30th June 2011	<u>507,047</u>	<u>562,316</u>	<u>7,000</u>	<u>333,584</u>	<u>1,409,947</u>	<u>28,273</u>	<u>1,438,220</u>
Balance as at 1st April 2012	507,047	562,316	7,000	578,377	1,654,740	29,778	1,684,518
Transfer from revaluation reserve to retained earnings (Note A)	-	(15,513)	-	15,513	-	-	-
Profit for the year	-	-	-	85,921	85,921	3,583	89,504
Subsidiary company dividend to minority shareholders	-	-	-	-	-	(110)	(110)
Final Dividends 2011/12	-	-	-	(35,989)	(35,989)	-	(35,989)
Balance as at 30th June 2012	<u>507,047</u>	<u>546,803</u>	<u>7,000</u>	<u>643,822</u>	<u>1,704,672</u>	<u>33,251</u>	<u>1,737,923</u>

Figures in brackets indicate deductions.

Note A

The revaluation surplus relating to buildings on leasehold land is transferred to retained earnings over the remaining lease period of the land.



C.W. Mackie PLC
Cash Flow Statement

	Company		Group	
	2012 Rs. 000's	2011 Rs.000's	2012 Rs. 000's	2011 Rs.000's
For the three months ended 30th June				
Cash flows from operating activities				
Profit before taxation	107,150	61,529	103,504	126,199
<i>Adjustments for :</i>				
Depreciation	11,116	9,360	16,982	15,150
Profit on disposal of property, plant and equipment	(131)	-	(3,164)	(3,715)
Provision for retirement benefit	1,245	372	1,620	781
Interest cost	34,962	21,695	27,730	26,091
Interest income	(17,858)	(9,141)	(125)	(106)
Dividend income	(8,502)	(19)	-	(19)
Operating profit before working capital changes	127,982	83,796	146,547	164,381
Changes in working capital				
(Increase)/decrease in trade and other receivables	408,884	213,303	519,021	272,413
(Increase)/decrease in amount due from related parties	(20,248)	47,006	(25,000)	-
(Increase)/decrease in inventories	18,781	17,593	(21,955)	39,409
Increase/(decrease) in trade and other payables/provisions	(122,872)	(169,662)	(121,468)	(174,706)
Increase/(decrease) in amount due to related parties	2,627	17,226	6,005	-
Cash generated from operations	415,154	209,262	503,150	301,497
Interest paid	(33,994)	(21,198)	(23,630)	(22,887)
Income tax/ESC paid	(18,344)	(4,838)	(19,719)	(4,838)
Net cash flows from operating activities	362,816	183,226	459,801	273,772
Cash flows from investing activities				
Purchase of property, plant and equipment	(8,611)	(945)	(16,536)	(1,108)
Proceeds from disposal of property, plant and equipment	156	-	3,189	3,715
Dividend received	8,502	19	-	19
Net cash flows from investing activities	47	(926)	(13,347)	2,626
Cash flows from financing activities				
Long term borrowings/(repayments)	-	-	-	-
Short term borrowings obtained/(repayments)	(380,020)	(114,338)	(445,020)	(217,554)
Lease rental paid	(1,705)	(1,705)	(8,176)	(8,964)
Interest received	17,858	9,141	125	106
Dividend paid	-	(35,989)	-	(35,989)
Net cash flows from financing activities	(363,867)	(142,891)	(453,071)	(262,401)
Net changes in cash and cash equivalents	(1,004)	39,409	(6,617)	13,997
Cash and cash equivalents at beginning of the year	10,562	(29,752)	(648)	(26,491)
Cash and cash equivalents at the end of the year (Note A)	9,558	9,657	(7,265)	(12,494)
Note A				
Cash and cash equivalents	25,986	47,526	27,565	50,934
Bank overdrafts	(16,428)	(37,869)	(34,830)	(63,428)
	9,558	9,657	(7,265)	(12,494)

Figures in brackets indicate deductions.



C.W. Mackie PLC
Notes to the Interim Financial Statements

1 Segmental Information – Group

	Revenue		Segmental Profit	
	2012	2011	2012	2011
(Rs.000's)				
For the three months ended 30th June				
Export trading	613,357	708,724	53,436	34,501
Manufacture for export	357,354	792,333	44,008	93,531
Domestic trading	1,042,095	894,259	148,465	135,652
Other	687	687	487	487
	<u>2,013,493</u>	<u>2,396,003</u>	<u>246,396</u>	<u>264,171</u>
Other operating income			13,240	8,787
Operating overheads			(144,649)	(125,137)
Net financing costs			(11,483)	(21,622)
Income tax			(14,000)	(23,150)
Net profit for the period			<u>89,504</u>	<u>103,049</u>

2 Basis of Preparation

The Company and its subsidiaries follow the same accounting policies as in the Annual Report for the year ended 31st March 2012.

Income Statement for the quarter ended 30th June 2012 and the Balance Sheets as at 30th June 2012 have been drawn up from unaudited accounts of the Company and its subsidiary companies and prepared in accordance with Sri Lanka Accounting Standards (SLAS 35). These provide the information required by the Listing Rules of the Colombo Stock Exchange.

The presentation and classification of the financial statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

3 Contingent Liabilities and Capital Commitments

There has not been a significant change neither in the nature of the contingent liabilities nor in the capital commitments, which were disclosed in the Annual Report for the year ended 31st March 2012.

4 Events After the Balance Sheet Date

Subsequent to the date of the balance sheet no circumstances have arisen that would require adjustment or disclosure in the financial statements.

5 Effect of New Accounting Standards issued

Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, all existing Sri Lanka Accounting Standards will be prefixed as SLFRS or LKAS which refers to Sri Lanka Accounting Standards corresponding to IFRS or IAS respectively.

In accordance with the ruling issued by the Institute of Chartered Accountants of Sri Lanka on "Comparative figures in the interim financial statements", the Group has adopted option 2 as given in such ruling, in terms of which these interim financial statements were prepared in accordance with the Sri Lanka Accounting Standards (SLAS) that existed immediately prior to 1st January 2012. The Group is currently in the process of evaluating the potential effects of these standards on its financial statements.

Financial Statements for the year ending 31st March 2013 will be based on Sri Lanka Accounting Standards (SLFRS/LKAS).



C.W. Mackie PLC
Notes to the Interim Financial Statements (Contd.)

6 Share Information

6.1 Twenty Largest Shareholders as at 30th June 2012

	Name of Shareholder	No. of Ordinary Shares (Voting)	%
1	Lankem Ceylon PLC	12,267,423	34.09
2	Seylan Bank PLC/Dr. T. Senthilveri	10,765,575	29.91
3	Kotagala Plantations PLC	7,157,857	19.89
4	Pan Asia Banking Corporation PLC/Lankem Ceylon PLC	1,777,235	4.94
5	Navara Capital Limited	305,100	0.85
6	Mr.H.N. De Silva	175,000	0.49
7	Mr. P.Anandarajah	160,200	0.45
8	Mr. M.A. Lukmanjee	155,000	0.43
9	Mr. T.L.M. Imtiaz	139,499	0.39
10	Nuwara Eliya Property Developers (Pvt.) Ltd.	138,900	0.39
11	Mr. M.M. Fuad	135,101	0.38
12	Mr. M. Radhakrishnan	130,000	0.36
13	Mr. M.M. Mohamed Makeen	109,920	0.31
14	Mr. M.M.M. Mizver	100,700	0.28
15	Sir F.I. Rahimtoola	90,000	0.25
16	Employees Provident Fund	89,700	0.25
17	Amana Bank Limited	72,200	0.20
18	Mr. C.R.D. Fernando	65,558	0.18
19	Mr. Z.G. Carimjee	57,000	0.16
20	Mr. R.A. Rishard	54,100	0.15

6.2 Percentage of public holding as at 30th June 2012 is 11.17%

6.3 Directors' Holding in Shares

Name of Director	No. of Shares As at 30th June 2012	No. of Shares As at 30th June 2011
W.T. Ellawala (Chairman/CEO)	500	500
Ms. C.R. Ranasinghe	100	100
A.M. de S. Jayaratne	Nil	Nil
R. C. Peries	Nil	Nil
Anushman Rajaratnam	Nil	Nil
S. D. R. Arudpragasam	Nil	Nil
Dr. T. Senthilveri	10,765,575	10,204,075
H. D. S. Amarasuriya	Nil	Nil
K.T.A. Mangala Perera (from 2 nd April 2012)	Nil	N/A
Alagarajah Rajaratnam (from 27 th June 2012)	Nil	N/A

6.4 Share Price

	3 months to 30th June 2012 Rs.	3 months to 30th June 2011 Rs.
Highest Price	77.90	99.90
Lowest Price	51.70	80.00
Last Traded Price	60.00	88.50

6.5 Stated Capital of the Company represents 35,988,556 ordinary shares.

Signed
W. T. Ellawala
Chairman/Chief Executive Officer

Signed
C. R. Ranasinghe
Director/Company Secretary

Colombo, 8th August 2012

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DIRECTORS

W. T. Ellawala, Ms. C. R. Ranasinghe, A.M. de S. Jayaratne
R. C. Peries, Anushman Rajaratnam, S. D. R. Arudpragasam, Dr. T. Senthilveri
H. D. S. Amarasuriya, K.T.A. Mangala Perera (from 2nd April 2012), Alagarajah Rajaratnam (from 27th June 2012)