

C. W. MACKIE PLC



**INTERIM REPORT
SIX MONTHS ENDED 30TH SEPTEMBER 2013**

8th November 2013



C.W. Mackie PLC
Statement of Comprehensive Income

Group

For the

Three months ended 30th September

Six months ended 30th September

	2013			2012		
	Rs. 000's (Unaudited)	Rs. 000's (Unaudited)	Variance %	Rs. 000's (Unaudited)	Rs. 000's (Unaudited)	Variance %
Revenue	1,599,744	1,772,622	-9.75	3,062,775	3,786,115	-19.11
Cost of sales	(1,393,372)	(1,609,165)	-13.41	(2,662,293)	(3,376,262)	-21.15
Gross profit	206,372	163,457	26.25	400,482	409,853	-2.29
Other operating income	23,464	24,331	-3.56	47,953	44,698	7.28
Distribution expenses	(83,407)	(80,088)	4.14	(158,937)	(166,808)	-4.72
Administrative expenses	(75,545)	(66,866)	12.98	(148,556)	(129,977)	14.29
Results from operating activities	70,884	40,834	73.59	140,942	157,766	-10.66
Finance income	119	6,119	-98.06	256	22,368	-98.86
Finance costs	(10,258)	(17,293)	-40.68	(27,280)	(45,116)	-39.53
Net financing costs	(10,139)	(11,174)	-9.26	(27,024)	(22,748)	18.80
Profit before taxation	60,745	29,660	104.80	113,918	135,018	-15.63
Tax expense	(13,800)	(16,278)	-15.22	(27,500)	(30,278)	-9.17
Profit for the period	46,945	13,382	250.81	86,418	104,740	-17.49
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	(91)	228	-139.91	(26)	198	-113.13
Other comprehensive income for the period, net of tax	(91)	228	-139.91	(26)	198	-113.13
Total comprehensive income for the period	46,854	13,610	244.26	86,392	104,938	-17.67
Profit attributable to:						
Equity holders of the parent company	45,828	13,483	239.89	84,804	101,288	-16.27
Non-controlling interests	1,117	(101)	1205.94	1,614	3,452	-53.24
Profit for the period	46,945	13,382	250.81	86,418	104,740	-17.49
Total comprehensive income attributable to:						
Equity holders of the parent company	45,737	13,711	233.58	84,778	101,486	-16.46
Non-controlling interests	1,117	(101)	1205.94	1,614	3,452	-53.24
Total comprehensive income for the period	46,854	13,610	244.26	86,392	104,938	-17.67
Basic earnings per share (Rupees)	1.27	0.37		2.36	2.81	
Dividend per share (Rupees)	-	-		3.00	1.00	

Figures in brackets indicate deductions.



C.W. Mackie PLC
Statement of Comprehensive Income

Company

For the

Three months ended 30th September

Six months ended 30th September

	2013 Rs. 000's (Unaudited)	2012 Rs. 000's (Unaudited)	Variance %	2013 Rs. 000's (Unaudited)	2012 Rs. 000's (Unaudited)	Variance %
Revenue	1,378,889	1,543,553	-10.67	2,641,020	3,210,091	-17.73
Cost of sales	(1,181,524)	(1,378,001)	-14.26	(2,252,970)	(2,821,675)	-20.15
Gross profit	197,365	165,552	19.22	388,050	388,416	-0.09
Other operating income	25,532	23,189	10.10	45,309	51,310	-11.70
Distribution expenses	(87,684)	(85,189)	2.93	(167,509)	(172,172)	-2.71
Administrative expenses	(66,763)	(52,609)	26.90	(127,349)	(104,299)	22.10
Results from operating activities	68,450	50,943	34.37	138,501	163,255	-15.16
Finance income	2,680	18,354	-85.40	6,398	50,101	-87.23
Finance costs	(6,276)	(21,368)	-70.63	(19,932)	(56,330)	-64.62
Net financing costs	(3,596)	(3,014)	19.31	(13,534)	(6,229)	117.27
Profit before taxation	64,854	47,929	35.31	124,967	157,026	-20.42
Tax expense	(12,800)	(15,640)	-18.16	(26,500)	(28,640)	-7.47
Profit for the period	52,054	32,289	61.21	98,467	128,386	-23.30
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	(91)	228	-139.91	(26)	198	-113.13
Other comprehensive income for the period, net of tax	(91)	228	-139.91	(26)	198	-113.13
Total comprehensive income for the period	51,963	32,517	59.80	98,441	128,584	-23.44
Profit attributable to:						
Equity holders of the parent company	52,054	32,289		98,467	128,386	
Profit for the period	52,054	32,289	61.21	98,467	128,386	-23.30
Total comprehensive income attributable to:						
Equity holders of the parent company	51,963	32,517		98,441	128,584	
Total comprehensive income for the period	51,963	32,517	59.80	98,441	128,584	-23.44
Basic earnings per share (Rupees)	1.45	0.90		2.74	3.57	
Dividend per share (Rupees)	-	-		3.00	1.00	

Figures in brackets indicate deductions.



C.W. Mackie PLC
Statement of Financial Position

As at	Group		Company	
	30 th September 2013 Rs.000's (Unaudited)	31 st March 2013 Rs.000's (Audited)	30 th September 2013 Rs.000's (Unaudited)	31 st March 2013 Rs.000's (Audited)
Assets				
Non-current assets				
Property, plant and equipment	769,313	790,406	316,183	318,298
Investments property	50,450	52,856	50,450	52,856
Investments in subsidiaries	-	-	485,282	485,282
Available-for-sale investments	1,166	1,192	1,166	1,192
Deferred tax asset	7,774	7,774	-	-
Total non-current assets	828,703	852,228	853,081	857,628
Current assets				
Inventories	586,916	536,652	479,388	472,761
Trade and other receivables	954,818	1,316,012	788,989	1,121,986
Related party receivables	25,207	25,505	98,595	99,633
Other current assets	109,159	153,968	60,698	113,980
Cash and cash equivalents	86,073	70,106	62,573	57,929
Total current assets	1,762,173	2,102,243	1,490,243	1,866,289
Total assets	2,590,876	2,954,471	2,343,324	2,723,917
Equity and liabilities				
Equity				
Stated capital	507,047	507,047	507,047	507,047
Capital reserves	8,734	8,734	14,909	14,909
Revenue reserves	1,121,821	1,144,983	1,130,495	1,139,994
Available-for-sale reserve	1,089	1,115	1,089	1,115
Equity attributable to equity holders of the Company	1,638,691	1,661,879	1,653,540	1,663,065
Non-controlling interests	31,431	29,817	-	-
Total equity	1,670,122	1,691,696	1,653,540	1,663,065
Liabilities				
Non-current liabilities				
Lease payable after one year	56,955	76,290	3,339	5,512
Employee benefit obligation	40,673	39,236	23,283	22,483
Deferred tax liability	43,567	43,567	35,210	35,210
Total non-current liabilities	141,195	159,093	61,832	63,205
Current liabilities				
Lease payable within one year	47,076	37,304	3,678	2,845
Interest bearing short term borrowings	358,831	521,197	273,831	449,789
Income tax payable	29,793	48,797	28,977	46,976
Trade and other payables	197,751	277,369	168,387	267,353
Related party payables	8,357	9,722	47,855	59,109
Other current liabilities	84,470	93,117	67,743	81,028
Bank overdrafts	53,281	116,176	37,481	90,547
Total current liabilities	779,559	1,103,682	627,952	997,647
Total Liabilities	920,754	1,262,775	689,784	1,060,852
Total equity and liabilities	2,590,876	2,954,471	2,343,324	2,723,917
Net asset value per share (Rs.)	45.53	46.18	45.95	46.21

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

Signed

A. M. De S. Jayarathne
Director

8th November 2013



C.W. Mackie PLC
Statement of Changes in Equity - Group

For the period ended 30th September 2013

Attributable to equity holders of the parent company

	Stated capital Rs.000's	Capital reserves Rs.000's	Available for sale reserve Rs.000's	General reserve Rs.000's	Retained earnings Rs.000's	Total Rs.000's	Non-controlling Interests Rs.000's	Total equity Rs.000's
Balance as at 1st April 2012	507,047	8,734	1,014	7,000	1,011,527	1,535,322	28,397	1,563,719
<u>Total comprehensive income for the period</u>								
Net profit for the period	-	-	-	-	101,288	101,288	3,452	104,740
Other comprehensive income, net of tax	-	-	198	-	-	198	-	198
Total comprehensive income for the period	-	-	198	-	101,288	101,486	3,452	104,938
<u>Contributions by and distributions to equity holders</u>								
Final dividend 2011/12	-	-	-	-	(35,989)	(35,989)	-	(35,989)
Subsidiary dividend to non-controlling interests	-	-	-	-	-	-	(110)	(110)
Total distributions to equity holders	-	-	-	-	(35,989)	(35,989)	(110)	(36,099)
Balance as at 30th September 2012	507,047	8,734	1,212	7,000	1,076,826	1,600,819	31,739	1,632,558
Balance as at 1st April 2013	507,047	8,734	1,115	7,000	1,137,983	1,661,879	29,817	1,691,696
<u>Total comprehensive income for the period</u>								
Net profit for the period	-	-	-	-	84,804	84,804	1,614	86,418
Other comprehensive income, net of tax	-	-	(26)	-	-	(26)	-	(26)
Total comprehensive income for the period	-	-	(26)	-	84,804	84,778	1,614	86,392
<u>Contributions by and distributions to equity holders</u>								
First and final dividend 2012/13	-	-	-	-	(107,966)	(107,966)	-	(107,966)
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)	-	(107,966)
Balance as at 30th September 2013	507,047	8,734	1,089	7,000	1,114,821	1,638,691	31,431	1,670,122

Figures in brackets indicate deductions.



C.W. Mackie PLC
Statement of Changes in Equity - Company

For the period ended 30th September 2013

	Stated capital Rs.000's	Capital reserves Rs.000's	Available for sale reserve Rs.000's	General reserve Rs.000's	Retained earnings Rs.000's	Total equity Rs.000's
Balance as at 1st April 2012	507,047	14,909	1,014	7,000	957,864	1,487,834
<u>Total comprehensive income for the period</u>						
Net profit for the period	-	-	-	-	128,386	128,386
Other comprehensive income, net of tax	-	-	198	-	-	198
Total comprehensive income for the period	-	-	198	-	128,386	128,584
<u>Contributions by and distributions to equity holders</u>						
Final dividend 2011/12	-	-	-	-	(35,989)	(35,989)
Total distributions to equity holders	-	-	-	-	(35,989)	(35,989)
Balance as at 30th September 2012	507,047	14,909	1,212	7,000	1,050,261	1,580,429
Balance as at 1st April 2013	507,047	14,909	1,115	7,000	1,132,994	1,663,065
<u>Total comprehensive income for the period</u>						
Net profit for the period	-	-	-	-	98,467	98,467
Other comprehensive income, net of tax	-	-	(26)	-	-	(26)
Total comprehensive income for the period	-	-	(26)	-	98,467	98,441
<u>Contributions by and distributions to equity holders</u>						
First and final dividend 2012/13	-	-	-	-	(107,966)	(107,966)
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)
Balance as at 30th September 2013	507,047	14,909	1,089	7,000	1,123,495	1,653,540

Figures in brackets indicate deductions.



**C.W. Mackie PLC
Cash Flow Statement**

	Group		Company	
For the period ended 30 th September 2013	2013 Rs. 000's	2012 Rs. 000's	2013 Rs. 000's	2012 Rs. 000's
Cash flows from operating activities				
Profit before taxation	113,918	135,018	124,967	157,026
<i>Adjustments for :</i>				
Depreciation	41,545	39,762	15,868	15,130
Profit on disposal of property, plant and equipment	(10,029)	(9,723)	(2,294)	(3,226)
Profit on disposal of available-for-sale investment	(76)	-	(76)	-
Provision for retirement benefit	2,775	1,966	2,025	1,915
Finance income	(256)	(589)	(6,398)	(30,936)
Finance costs	26,000	45,116	19,325	56,330
Dividend received from subsidiaries	-	-	-	(8,502)
Operating profit before working capital changes	173,877	211,550	153,417	187,737
Changes in working capital				
Change in inventories	(50,264)	49,530	(6,627)	62,357
Change in trade and other receivables	361,194	493,218	332,997	319,159
Change in related party receivables	298	(26,181)	1,038	95,918
Change in other current assets	44,809	206,761	53,282	203,672
Change in trade and other payables	(79,618)	(238,368)	(98,966)	(204,462)
Change in related party payables	(1,365)	15,254	(11,254)	(24,705)
Change in other current liabilities	(8,647)	(34,202)	(13,285)	(30,907)
Cash generated from operations	440,284	677,562	410,602	608,769
Interest paid	(17,967)	(35,388)	(18,777)	(55,336)
Payments to gratuity fund	(1,805)	(4,415)	(1,691)	(2,726)
Income tax/ESC paid	(46,504)	(99,948)	(44,499)	(92,108)
Net cash flows from operating activities	374,008	537,811	345,635	458,599
Cash flows from/(used in) investing activities				
Purchase of property, plant and equipment	(12,829)	(21,293)	(11,395)	(8,267)
Proceeds from disposal of property, plant and equipment	13,725	9,747	2,967	3,250
Profit on disposal of available-for-sale investment	76	-	76	-
Dividend received	-	32	-	8,534
Net cash flows from/(used in) investing activities	972	(11,514)	(8,352)	3,517
Cash flows used in financing activities				
Repayment of short term borrowings	(162,366)	(481,928)	(175,958)	(482,128)
Lease rental paid	(26,042)	(24,819)	(2,047)	(3,411)
Interest received	256	557	6,398	30,904
Dividend paid	(107,966)	(35,989)	(107,966)	(35,989)
Net cash flows used in financing activities	(296,118)	(542,179)	(279,573)	(490,624)
Net changes in cash and cash equivalents	78,862	(15,882)	57,710	(28,508)
Cash and cash equivalents at beginning of the period	(46,070)	(648)	(32,618)	10,562
Cash and cash equivalents at the end of the period (Note A)	32,792	(16,530)	25,092	(17,946)
Note A				
Cash and cash equivalents	86,073	66,465	62,573	47,963
Bank overdrafts	(53,281)	(82,995)	(37,481)	(65,909)
	32,792	(16,530)	25,092	(17,946)

Figures in brackets indicate deductions.



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

1. Segmental Information – Group

	Revenue		Segmental Profit	
	2013 Rs.000's	2012 Rs.000's	2013 Rs.000's	2012 Rs.000's
For the period ended 30th September				
Commodity trading	761,875	1,081,421	41,878	78,213
Rubber based products manufacturing	422,280	576,181	47,957	64,748
Industrial products	244,506	194,282	77,103	58,300
Consumer goods	1,632,741	1,932,858	253,665	228,867
Other	1,373	1,373	(20,121)	(20,275)
	3,062,775	3,786,115	400,482	409,853
Other operating income			47,953	44,698
Operating overheads			(307,493)	(296,785)
Finance income			256	22,368
Finance costs			(27,280)	(45,116)
Tax expense			(27,500)	(30,278)
Profit for the period			86,418	104,740

2. Basis of Preparation

The interim financial statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting and provide the information required by the Listing Rules of the Colombo Stock Exchange.

These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2013. The Company and its subsidiaries follow the same accounting policies as in the Annual Report for the year ended 31st March 2013.

The presentation and classification of the interim 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 2013.

4. Events After the Reporting Date

Subsequent to the date of the reporting, no circumstances have arisen that would require adjustment to or disclosure in the interim financial statements.

5. Dividend

First and final dividend of Rs.3/- per share amounting to Rs.107,965,668/- for the financial year ended 31st March 2013 authorised for distribution by the Directors was approved by the shareholders of the Company at the Annual General Meeting held on 27th June 2013 and was paid to the Shareholders on 9th July 2013.

6. Share Information

6.1 Twenty Largest Shareholders as at 30th September 2013

	Name of Shareholder	No. of Ordinary Shares (Voting)	%
1	Lankem Ceylon PLC	12,267,526	34.09
2	Seylan Bank PLC/Dr. T. Senthilvel	10,765,575	29.91
3	Kotagala Plantations PLC	7,157,857	19.89
4	Pan Asia Banking Corporation PLC/Lankem Ceylon PLC	1,779,285	4.94
5	Amana Bank Limited	740,372	2.06
6	Mr. P. Anandarajah	160,200	0.45
7	Mr. M. A. Lukmanjee	155,000	0.43
8	Navara Capital Limited	147,100	0.41
9	Employees Provident Fund	139,740	0.39
10	Nuwara Eliya Property Developers (Pvt.) Ltd.	138,900	0.39
11	Mr. T. L. M. Imtiaz	135,901	0.38
12	Est. M. Radhakrishnan (Deceased)	130,000	0.36
13	Mr.H. N. De Silva	125,000	0.35
14	Sir F. I. Rahimtoola	90,000	0.25
15	Mr. M. M. M. Mizver	81,719	0.23
16	Mr. C. R. D. Fernando	65,558	0.18
17	Mr. Z.G. Carimjee	57,000	0.16
18	Mr. R. A. Rishard	54,100	0.15
19	Andaradeniya Estate Private Limited	50,000	0.14
20	Pan Asia Banking Corporation PLC/Nuwara Eliya Property Developers (Pvt.) Ltd	49,200	0.14



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

6. Share Information (Contd.)

6.2 Percentage of public holding as at 30th September 2013 is 11.17%

6.3 Directors' Holding in Shares

Name of Director	No. of Shares As at 30th September 2013	No. of Shares As at 30th September 2012
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. Senthilverl	10,765,575	10,765,575
H. D. S. Amarasuriya	Nil	Nil
K. T. A. Mangala Perera	Nil	N/A
Alagarajah Rajaratnam	Nil	N/A

6.4 Share Price

	3 months to 30th September 2013	3 months to 30th September 2012
	Rs.	Rs.
Highest Price	72.50	80.00
Lowest Price	55.10	55.00
Last Traded Price	60.00	76.60

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 November 2013

REGISTERED OFFICE

36, D. R. Wijewardena Mawatha, Colombo 10.
Telephone : 2423554 - 62 Fax: 2440228
E-mail : info@cwmackie.com
website : www.cwmackie.com

DIRECTORS

W. T. Ellawala, Ms. C. R. Ranasinghe, A. M. de S. Jayaratne
R. C. Peries, Anushman Rajaratnam, S. D. R. Arudpragasam, Dr. T. Senthilverl
H. D. S. Amarasuriya, K. T. A. Mangala Perera, Alagarajah Rajaratnam