

C. W. MACKIE PLC



**INTERIM REPORT
NINE MONTHS ENDED 31ST DECEMBER 2013**

7th February 2014



C.W. Mackie PLC
Statement of Comprehensive Income

Group

For the

Three months ended 31st December

Nine months ended 31st December

	2013	2012	Variance	2013	2012	Variance
	Rs. 000's	Rs. 000's	%	Rs. 000's	Rs. 000's	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	1,885,428	1,737,272	8.53	4,948,203	5,523,387	-10.41
Cost of sales	(1,660,659)	(1,554,868)	6.80	(4,322,952)	(4,931,130)	-12.33
Gross profit	224,769	182,404	23.23	625,251	592,257	5.57
Other operating income	22,840	17,997	26.91	70,793	62,695	12.92
Distribution expenses	(87,811)	(78,955)	11.22	(246,748)	(245,763)	0.40
Administrative expenses	(81,474)	(69,695)	16.90	(230,030)	(199,672)	15.20
Results from operating activities	78,324	51,751	51.35	219,266	209,517	4.65
Finance income	137	5,145	-97.34	393	27,513	-98.57
Finance costs	(14,269)	(17,256)	-17.31	(41,549)	(62,372)	-33.39
Net financing costs	(14,132)	(12,111)	16.69	(41,156)	(34,859)	18.06
Profit before taxation	64,192	39,640	61.94	178,110	174,658	1.98
Tax expense	(12,599)	(19,225)	-34.47	(40,099)	(49,503)	-19.00
Profit for the period	51,593	20,415	152.72	138,011	125,155	10.27
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	(19)	(16)	18.75	(45)	182	-124.73
Other comprehensive income for the period, net of tax	(19)	(16)	18.75	(45)	182	-124.73
Total comprehensive income for the period	51,574	20,399	152.83	137,966	125,337	10.08
Profit attributable to:						
Equity holders of the parent company	50,393	20,445	146.48	135,197	121,733	11.06
Non-controlling interests	1,200	(30)	4100.00	2,814	3,422	-17.77
Profit for the period	51,593	20,415	152.72	138,011	125,155	10.27
Total comprehensive income attributable to:						
Equity holders of the parent company	50,374	20,429	146.58	135,152	121,915	10.86
Non-controlling interests	1,200	(30)	4100.00	2,814	3,422	-17.77
Total comprehensive income for the period	51,574	20,399	152.83	137,966	125,337	10.08
Basic earnings per share (Rupees)	1.40	0.57		3.76	3.38	
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 31st December

Nine months ended 31st December

	2013 Rs. 000's (Unaudited)	2012 Rs. 000's (Unaudited)	Variance %	2013 Rs. 000's (Unaudited)	2012 Rs. 000's (Unaudited)	Variance %
Revenue	1,588,112	1,343,477	18.21	4,229,132	4,553,568	-7.12
Cost of sales	(1,383,392)	(1,172,153)	18.02	(3,636,362)	(3,993,828)	-8.95
Gross profit	204,720	171,324	19.49	592,770	559,740	5.90
Other operating income	22,197	20,323	9.22	67,506	71,633	-5.76
Distribution expenses	(91,001)	(83,522)	8.95	(258,510)	(255,694)	1.10
Administrative expenses	(71,229)	(56,968)	25.03	(198,578)	(161,267)	23.14
Results from operating activities	64,687	51,157	26.45	203,188	214,412	-5.23
Finance income	1,234	10,085	-87.76	7,632	60,186	-87.32
Finance costs	(10,319)	(13,085)	-21.14	(30,251)	(69,415)	-56.42
Net financing costs	(9,085)	(3,000)	202.83	(22,619)	(9,229)	145.09
Profit before taxation	55,602	48,157	15.46	180,569	205,183	-12.00
Tax expense	(11,500)	(18,841)	-38.96	(38,000)	(47,481)	-19.97
Profit for the period	44,102	29,316	50.44	142,569	157,702	-9.60
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	(19)	(16)	18.75	(45)	182	-124.73
Other comprehensive income for the period, net of tax	(19)	(16)	18.75	(45)	182	-124.73
Total comprehensive income for the period	44,083	29,300	50.45	142,524	157,884	-9.73
Profit attributable to:						
Equity holders of the parent company	44,102	29,316		142,569	157,702	
Profit for the period	44,102	29,316	50.44	142,569	157,702	-9.60
Total comprehensive income attributable to:						
Equity holders of the parent company	44,083	29,300		142,524	157,884	
Total comprehensive income for the period	44,083	29,300	50.45	142,524	157,884	-9.73
Basic earnings per share (Rupees)	1.23	0.81		3.96	4.38	
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	
	31 st December 2013 Rs.000's (Unaudited)	31 st March 2013 Rs.000's (Audited)	31 st December 2013 Rs.000's (Unaudited)	31 st March 2013 Rs.000's (Audited)
Assets				
Non-current assets				
Property, plant and equipment	765,091	790,406	314,022	318,298
Investments property	49,250	52,856	49,250	52,856
Investments in subsidiaries	-	-	485,282	485,282
Available-for-sale investments	1,147	1,192	1,147	1,192
Deferred tax asset	7,774	7,774	-	-
Total non-current assets	823,262	852,228	849,701	857,628
Current assets				
Inventories	585,596	536,652	494,346	472,761
Trade and other receivables	1,225,066	1,316,012	996,122	1,121,986
Related party receivables	64,287	25,505	159,709	99,633
Other current assets	172,176	153,968	136,781	113,980
Cash and cash equivalents	26,340	70,106	22,724	57,929
Total current assets	2,073,465	2,102,243	1,809,682	1,866,289
Total assets	2,896,727	2,954,471	2,659,383	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	1,172,214	1,144,983	1,174,597	1,139,994
Available-for-sale reserve	1,070	1,115	1,070	1,115
Equity attributable to equity holders of the Company	1,689,065	1,661,879	1,697,623	1,663,065
Non-controlling interests	32,631	29,817	-	-
Total equity	1,721,696	1,691,696	1,697,623	1,663,065
Liabilities				
Non-current liabilities				
Lease payable after one year	58,090	76,290	3,339	5,512
Employee benefit obligation	38,165	39,236	21,814	22,483
Deferred tax liability	43,567	43,567	35,210	35,210
Total non-current liabilities	139,822	159,093	60,363	63,205
Current liabilities				
Lease payable within one year	43,184	37,304	2,954	2,845
Interest bearing short term borrowings	433,399	521,197	344,399	449,789
Income tax payable	20,577	48,797	20,477	46,976
Trade and other payables	388,146	277,369	341,785	267,353
Related party payables	224	9,722	56,696	59,109
Other current liabilities	62,296	93,117	62,719	81,028
Bank overdrafts	87,383	116,176	72,367	90,547
Total current liabilities	1,035,209	1,103,682	901,397	997,647
Total Liabilities	1,175,031	1,262,775	961,760	1,060,852
Total equity and liabilities	2,896,727	2,954,471	2,659,383	2,723,917
Net asset value per share (Rs.)	46.93	46.18	47.17	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. Jayaratne
Director

7th February 2014



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

For the period ended 31st December 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	-	-	-	-	121,733	121,733	3,422	125,155
Other comprehensive income, net of tax	-	-	182	-	-	182	-	182
Total comprehensive income for the period	-	-	182	-	121,733	121,915	3,422	125,337
<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 31st December 2012	507,047	8,734	1,196	7,000	1,097,271	1,621,248	31,709	1,652,957
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	-	-	-	-	135,197	135,197	2,814	138,011
Other comprehensive income, net of tax	-	-	(45)	-	-	(45)	-	(45)
Total comprehensive income for the period	-	-	(45)	-	135,197	135,152	2,814	137,966
<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 31st December 2013	507,047	8,734	1,070	7,000	1,165,214	1,689,065	32,631	1,721,696

Figures in brackets indicate deductions.



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

For the period ended 31st December 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	-	-	-	-	157,702	157,702
Other comprehensive income, net of tax	-	-	182	-	-	182
Total comprehensive income for the period	-	-	182	-	157,702	157,884
<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 31st December 2012	507,047	14,909	1,196	7,000	1,079,577	1,609,729
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	-	-	-	-	142,569	142,569
Other comprehensive income, net of tax	-	-	(45)	-	-	(45)
Total comprehensive income for the period	-	-	(45)	-	142,569	142,524
<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 31st December 2013	507,047	14,909	1,070	7,000	1,167,597	1,697,623

Figures in brackets indicate deductions.



C.W. Mackie PLC
Cash Flow Statement

	Group		Company	
For the period ended 31 st December 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	178,110	174,658	180,569	205,183
<i>Adjustments for :</i>				
Depreciation	62,637	48,970	22,224	22,451
Profit on disposal of property, plant and equipment	(13,887)	(9,468)	(2,961)	(2,971)
(Profit)/loss on disposal of available-for-sale investment	(76)	250	(76)	250
Provision for retirement benefit	4,170	4,322	3,045	3,198
Finance income	(393)	(2,627)	(7,632)	(37,852)
Finance costs	39,800	62,372	29,379	69,415
Dividend received from subsidiaries	-	-	-	(8,502)
Operating profit before working capital changes	270,361	278,477	224,548	251,172
Changes in working capital				
Change in inventories	(48,944)	92,565	(21,585)	102,309
Change in trade and other receivables	90,946	204,949	125,864	260,430
Change in related party receivables	(38,782)	(27,126)	(60,076)	837
Change in other current assets	(18,208)	312,256	(22,801)	180,963
Change in trade and other payables	110,777	(97,373)	74,432	(145,033)
Change in related party payables	(9,498)	14,904	(2,413)	(13,622)
Change in other current liabilities	(30,821)	(105,386)	(18,309)	(36,276)
Cash generated from operations	325,831	673,266	299,660	600,780
Interest paid	(28,091)	(50,154)	(28,591)	(67,929)
Payments to gratuity fund	(1,805)	(8,488)	(1,691)	(4,700)
Income tax/ESC paid	(68,319)	(129,677)	(64,500)	(111,977)
Net cash flows from operating activities	227,616	484,947	204,878	416,174
Cash flows from/(used in) investing activities				
Purchase of property, plant and equipment	(27,612)	(44,784)	(16,193)	(15,066)
Proceeds from disposal of property, plant and equipment	18,586	9,492	3,073	2,995
Profit on disposal of available-for-sale investment	76	-	76	-
Dividend received	-	95	-	8,597
Net cash flows from/(used in) investing activities	(8,950)	(35,197)	(13,044)	(3,474)
Cash flows used in financing activities				
Long term borrowings/(repayments)	-	(32,114)	-	(32,114)
Repayment of short term borrowings	(87,798)	(341,190)	(105,390)	(371,190)
Lease rental paid	(38,268)	(33,903)	(3,135)	(5,107)
Interest received	393	2,532	7,632	37,820
Dividend paid	(107,966)	(35,989)	(107,966)	(35,989)
Net cash flows used in financing activities	(233,639)	(440,664)	(208,859)	(406,580)
Net changes in cash and cash equivalents	(14,973)	9,086	(17,025)	6,120
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)	(61,043)	8,438	(49,643)	16,682
Note A				
Cash and cash equivalents	26,340	61,526	22,724	50,768
Bank overdrafts	(87,383)	(53,088)	(72,367)	(34,086)
	(61,043)	8,438	(49,643)	16,682

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
<i>For the period ended 31st December</i>				
Commodity trading	1,226,445	1,367,254	61,396	88,056
Rubber based products manufacturing	718,909	981,139	88,369	101,215
Industrial products	375,756	295,373	114,845	90,215
Consumer goods	2,625,033	2,877,561	390,875	343,829
Other	2,060	2,060	(30,234)	(31,058)
	4,948,203	5,523,387	625,251	592,257
Other operating income			70,793	62,695
Operating overheads			(476,778)	(445,435)
Finance income			393	27,513
Finance costs			(41,549)	(62,372)
Tax expense			(40,099)	(49,503)
Profit for the period			138,011	125,155

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 31st December 2013

	Name of Shareholder	No. of Ordinary Shares (Voting)	%
1	Lankem Ceylon PLC	12,267,526	34.09
2	Seylan Bank PLC/Dr. T. Senthilverl	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.)	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 31st December 2013 is 11.17%

6.3 Directors' Holding in Shares

Name of Director	No. of Shares As at 31 st December 2013	No. of Shares As at 31 st December 2012
	W. T. Ellawala (Chairman/CEO)	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	Nil
Alagarajah Rajaratnam	Nil	Nil

6.4 Share Price

	3 months to 31 st December 2013	3 months to 31 st December 2012
	Rs.	Rs.
Highest Price	65.40	79.80
Lowest Price	51.10	65.00
Last Traded Price	60.80	77.80

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, 7th February 2014

REGISTERED OFFICE

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Telephone : 2423554 - 62 Fax: 2440228
E-mail : info@cwmmackie.com
website : www.cwmmackie.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