

C. W. MACKIE PLC



**INTERIM REPORT
YEAR ENDED 31ST MARCH 2014**

12th May 2014



C.W. Mackie PLC
Statement of Comprehensive Income

Group

For the

Three months ended 31st March

Year ended 31st March

	Three months ended 31 st March			Year ended 31 st March		
	2014 Rs. 000's (Unaudited)	2013 Rs. 000's (Unaudited)	Variance %	2014 Rs. 000's (Unaudited)	2013 Rs. 000's (Audited)	Variance %
Revenue	2,395,538	2,123,821	12.79	7,343,741	7,647,208	-3.97
Cost of sales	(2,078,098)	(1,881,819)	10.43	(6,401,050)	(6,812,949)	-6.05
Gross profit	317,440	242,002	31.17	942,691	834,259	13.00
Other operating income	24,911	27,122	-8.15	95,704	89,817	6.55
Distribution expenses	(78,509)	(75,329)	4.22	(325,257)	(321,092)	1.30
Administrative expenses	(108,507)	(96,376)	12.59	(338,537)	(296,048)	14.35
Results from operating activities	155,335	97,419	59.45	374,601	306,936	22.05
Finance income	130	(2,195)	-105.92	523	25,318	-97.93
Finance costs	(21,120)	(21,782)	-3.04	(62,669)	(84,154)	-25.53
Net financing costs	(20,990)	(23,977)	-12.46	(62,146)	(58,836)	5.63
Profit before taxation	134,345	73,442	82.93	312,455	248,100	25.94
Tax expense	(63,055)	(35,084)	79.73	(103,154)	(84,587)	21.95
Profit for the period	71,290	38,358	85.85	209,301	163,513	28.00
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	24	(81)	129.63	(21)	101	-120.79
Actuarial gains and losses on defined benefit plans	2,376	494	380.97	2,376	494	380.97
Other comprehensive income for the period, net of tax	2,400	413	481.11	2,355	595	295.80
Total comprehensive income for the period	73,690	38,771	90.06	211,656	164,108	28.97
Profit attributable to:						
Equity holders of the parent company	73,091	40,277	81.47	208,288	162,010	28.56
Non-controlling interests	(1,801)	(1,919)	6.15	1,013	1,503	-32.60
Profit for the period	71,290	38,358	85.85	209,301	163,513	28.00
Total comprehensive income attributable to:						
Equity holders of the parent company	75,333	40,631	85.41	210,485	162,546	29.49
Non-controlling interests	(1,643)	(1,919)	14.38	1,171	1,562	-25.03
Total comprehensive income for the period	73,690	38,771	90.06	211,656	164,108	28.97
Basic earnings per share (Rupees)	2.03	1.12		5.79	4.50	
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 March

Year ended 31st March

	2014 Rs. 000's (Unaudited)	2013 Rs. 000's (Unaudited)	Variance %	2014 Rs. 000's (Unaudited)	2013 Rs. 000's (Audited)	Variance %
Revenue	2,037,650	1,726,000	18.06	6,266,782	6,279,568	-0.20
Cost of sales	(1,732,094)	(1,466,398)	18.12	(5,368,456)	(5,460,226)	-1.68
Gross profit	305,556	259,602	17.70	898,326	819,342	9.64
Other operating income	23,382	24,234	-3.52	90,888	95,867	-5.19
Distribution expenses	(102,234)	(98,733)	3.55	(360,744)	(354,427)	1.78
Administrative expenses	(80,734)	(75,622)	6.76	(279,312)	(236,889)	17.91
Results from operating activities	145,970	109,481	33.33	349,158	323,893	7.80
Finance income	(655)	4,158	-115.75	6,977	37,786	-81.54
Finance costs	(13,533)	(18,548)	-27.04	(43,784)	(61,405)	-28.70
Net financing costs	(14,188)	(14,390)	-1.40	(36,807)	(23,619)	55.84
Profit before taxation	131,782	95,091	38.59	312,351	300,274	4.02
Tax expense	(58,859)	(42,431)	38.72	(96,859)	(89,912)	7.73
Profit for the period	72,923	52,660	38.48	215,492	210,362	2.44
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	24	(81)	129.63	(21)	101	-120.79
Actuarial gains and losses on defined benefit plans	2,750	757	263.28	2,750	757	263.28
Other comprehensive income for the period, net of tax	2,774	676	310.36	2,729	858	218.07
Total comprehensive income for the period	75,697	53,336	41.92	218,221	211,220	3.31
Profit attributable to:						
Equity holders of the parent company	72,923	52,660		215,492	210,362	
Profit for the period	72,923	52,660	38.48	215,492	210,362	2.44
Total comprehensive income attributable to:						
Equity holders of the parent company	75,697	53,336		218,221	211,220	
Total comprehensive income for the period	75,697	53,336	41.92	218,221	211,220	3.31
Basic earnings per share (Rupees)	2.03	1.46		5.99	5.85	
Dividend per share (Rupees)	-	-		3.00	1.00	

Figures in brackets indicate deductions.



C.W. Mackie PLC
Statement of Financial Position

As at 31 st March	Group		Company	
	2014 Rs.000's (Unaudited)	2013 Rs.000's (Audited)	2014 Rs.000's (Unaudited)	2013 Rs.000's (Audited)
Assets				
Non-current assets				
Property, plant and equipment	832,173	790,406	314,644	318,298
Investment property	48,050	52,856	48,050	52,856
Investments in subsidiaries	-	-	612,156	485,282
Available-for-sale investments	1,171	1,192	1,171	1,192
Deferred tax asset	4,885	7,774	-	-
Total non-current assets	886,279	852,228	976,021	857,628
Current assets				
Inventories	656,934	536,652	537,985	472,761
Trade and other receivables	1,623,929	1,341,517	1,456,292	1,221,619
Other current assets	159,459	153,968	118,524	113,980
Held to maturity investments	3,010	-	-	-
Cash and cash equivalents	66,542	70,106	36,659	57,929
Total current assets	2,509,874	2,102,243	2,149,460	1,866,289
Total assets	3,396,153	2,954,471	3,125,481	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	1,247,523	1,144,983	1,250,270	1,139,994
Available-for-sale reserve	1,094	1,115	1,094	1,115
Equity attributable to equity holders of the Company	1,764,398	1,661,879	1,773,320	1,663,065
Non-controlling interests	46,186	29,817	-	-
Total equity	1,810,584	1,691,696	1,773,320	1,663,065
Liabilities				
Non-current liabilities				
Lease payable after one year	60,506	76,290	3,301	5,512
Employee benefit obligation	45,877	39,236	21,604	22,483
Deferred tax liability	44,162	43,567	37,396	35,210
Total non-current liabilities	150,545	159,093	62,301	63,205
Current liabilities				
Lease payable within one year	31,316	37,304	2,208	2,845
Interest bearing short term borrowings	780,240	521,197	691,240	449,789
Income tax payable	43,905	48,797	42,714	46,976
Trade and other payables	373,074	287,091	382,332	326,462
Other current liabilities	93,059	93,117	86,412	81,028
Bank overdrafts	113,430	116,176	84,954	90,547
Total current liabilities	1,435,024	1,103,682	1,289,860	997,647
Total Liabilities	1,585,569	1,262,775	1,352,161	1,060,852
Total equity and liabilities	3,396,153	2,954,471	3,125,481	2,723,917
Net asset value per share (Rupees)	49.03	46.18	49.27	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
12th May 2014

Signed
A. M. De S. Jayaratne
Director



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

Attributable to equity holders of the parent company

For the year ended 31st March 2014

	Stated capital Rs.000's	Capital reserves Rs.000's	Revaluation 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 year</u>									
Net profit for the year	-	-	-	-	-	162,010	162,010	1,503	163,513
Other comprehensive income, net of tax	-	-	-	101	-	435	536	59	595
Total comprehensive income for the year	-	-	-	101	-	162,445	162,546	1,562	164,108
<u>Transactions with equity holders, recognised directly in equity</u>									
<u>Contributions by and distributions to equity holders</u>									
Dividends	-	-	-	-	-	(35,989)	(35,989)	-	(35,989)
Purchase of subsidiary shares from non-controlling interests	-	-	-	-	-	-	-	(32)	(32)
Subsidiary dividend to non-controlling interests	-	-	-	-	-	-	-	(110)	(110)
Total distributions to equity holders	-	-	-	-	-	(35,989)	(35,989)	(142)	(36,131)
Balance as at 31st March 2013	<u>507,047</u>	<u>8,734</u>	<u>-</u>	<u>1,115</u>	<u>7,000</u>	<u>1,137,983</u>	<u>1,661,879</u>	<u>29,817</u>	<u>1,691,696</u>
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 year</u>									
Net profit for the year	-	-	-	-	-	208,288	208,288	1,013	209,301
Other comprehensive income, net of tax	-	-	-	(21)	-	2,218	2,197	158	2,355
Total comprehensive income for the year	-	-	-	(21)	-	210,506	210,485	1,171	211,656
<u>Transactions with equity holders, recognised directly in equity</u>									
<u>Contributions by and distributions to equity holders</u>									
Dividends	-	-	-	-	-	(107,966)	(107,966)	-	(107,966)
Acquisition of subsidiary	-	-	-	-	-	-	-	15,198	15,198
Total distributions to equity holders	-	-	-	-	-	(107,966)	(107,966)	15,198	(92,768)
Balance as at 31st March 2014	<u>507,047</u>	<u>8,734</u>	<u>-</u>	<u>1,094</u>	<u>7,000</u>	<u>1,240,523</u>	<u>1,764,398</u>	<u>46,186</u>	<u>1,810,584</u>

Figures in brackets indicate deductions.



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

For the year ended 31st March 2014

	Stated capital Rs.000's	Capital reserves Rs.000's	Revaluation reserves Rs.000's	Available for sale reserve Rs.000's	General reserve Rs.000's	Accumulated loss/ 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 year</u>							
Net profit for the year	-	-	-	-	-	210,362	210,362
Other comprehensive income, net of tax	-	-	-	101	-	757	858
Total comprehensive income for the year	-	-	-	101	-	211,119	211,220
<u>Transactions with equity holders, recognised directly in equity</u>							
<u>Contributions by and distributions to equity holders</u>							
Dividends	-	-	-	-	-	(35,989)	(35,989)
Total distributions to equity holders	-	-	-	-	-	(35,989)	(35,989)
Balance as at 31st March 2013	<u>507,047</u>	<u>14,909</u>	<u>-</u>	<u>1,115</u>	<u>7,000</u>	<u>1,132,994</u>	<u>1,663,065</u>
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 year</u>							
Net profit for the year	-	-	-	-	-	215,492	215,492
Other comprehensive income, net of tax	-	-	-	(21)	-	2,750	2,729
Total comprehensive income for the year	-	-	-	(21)	-	218,242	218,221
<u>Transactions with equity holders, recognised directly in equity</u>							
<u>Contributions by and distributions to equity holders</u>							
Dividends	-	-	-	-	-	(107,966)	(107,966)
Total distributions to equity holders	-	-	-	-	-	(107,966)	(107,966)
Balance as at 31st March 2014	<u>507,047</u>	<u>14,909</u>	<u>-</u>	<u>1,094</u>	<u>7,000</u>	<u>1,243,270</u>	<u>1,773,320</u>

Figures in brackets indicate deductions.



C.W. Mackie PLC
Cash Flow Statement

	Group		Company	
For the year ended 31 st March	2014 Rs. 000's	2013 Rs. 000's	2014 Rs. 000's	2013 Rs. 000's
Cash flows from operating activities				
Profit before taxation	312,455	248,100	312,351	300,274
Adjustments for :				
Depreciation	83,817	83,349	33,035	31,904
Profit on disposal of property, plant and equipment	(15,996)	(15,866)	(790)	(4,155)
Profit on disposal of long term investments	(76)	-	(76)	-
Write-off of investments	-	250	-	250
Impairment of goodwill	12,949	-	-	-
Provision for retirement benefit	11,124	10,349	6,276	5,829
Finance income	(523)	(679)	(6,977)	(16,117)
Finance cost	60,329	84,154	42,579	61,405
Dividend received from subsidiaries	-	-	-	(8,501)
Write-off of expenses capitalised	-	1,411	-	-
Provision for slow moving stocks	36,289	30,413	36,039	27,216
Provision for trade receivables	9,645	3,033	8,710	3,033
Provision for other receivables	7,794	5,398	5,850	3,560
Operating profit before working capital changes	517,807	449,912	436,997	404,698
Changes in working capital				
Change in inventories	(135,661)	75,027	(101,263)	3,695
Change in trade and other receivables	(231,032)	80,927	(243,383)	37,108
Change in other current assets	(6,407)	152,890	(10,394)	147,948
Change in trade and other payables	54,063	(117,031)	55,870	(85,203)
Change in other current liabilities	(3,792)	(12,269)	5,384	(10,262)
Cash generated from operations	194,978	629,456	143,211	497,984
Interest paid	(45,019)	(64,710)	(41,575)	(59,421)
Payments to gratuity fund	(5,931)	(9,399)	(4,405)	(5,242)
Income tax/ESC paid	(104,562)	(144,561)	(98,935)	(126,305)
Net cash flows from operating activities	39,466	410,786	(1,704)	307,016
Cash flows from investing activities				
Purchase of property, plant and equipment	(30,100)	(63,836)	(24,649)	(23,050)
Proceeds from disposal of property, plant and equipment	22,785	22,970	864	4,351
Proceeds from disposal of long term investments	76	-	76	-
Investment in long term investments	(129,444)	-	(126,874)	-
Purchase of subsidiary shares from non-controlling interests	-	(32)	-	(32)
Dividend received	2	98	2	8,599
Net cash flows from investing activities	(136,681)	(40,800)	(150,581)	(10,132)
Cash flows from financing activities				
Long term borrowings/(repayments)	-	(32,114)	-	(32,114)
Short term borrowings obtained/(repayments)	259,048	(284,993)	241,453	(281,401)
Lease rental paid	(55,206)	(62,783)	(3,854)	(6,579)
Interest received	521	581	6,975	16,019
Dividend paid	(107,966)	(36,099)	(107,966)	(35,989)
Net cash flows from financing activities	96,397	(415,408)	136,608	(340,064)
Net changes in cash and cash equivalents	(818)	(45,422)	(15,677)	(43,180)
Cash and cash equivalents at beginning of the year	(46,070)	(648)	(32,618)	10,562
Cash and cash equivalents at the end of the year	(46,888)	(46,070)	(48,295)	(32,618)

Figures in brackets indicate deductions.



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

1. Segmental Information – Group

	Revenue		Segmental Profit	
	2014 Rs.000's	2013 Rs.000's	2014 Rs.000's	2013 Rs.000's
<i>For the period ended 31st March</i>				
Commodity trading	1,928,472	1,866,644	151,503	158,078
Rubber based products manufacturing	1,078,238	1,376,741	83,863	48,466
Industrial products	507,850	412,403	147,994	121,416
Consumer goods	3,826,434	3,988,672	589,149	536,989
Other	2,747	2,748	(29,818)	(30,690)
	7,343,741	7,647,208	942,691	834,259
Other operating income			95,704	89,817
Operating overheads			(663,794)	(617,140)
Finance income			523	25,318
Finance costs			(62,669)	(84,154)
Tax expense			(103,154)	(84,587)
Profit for the period			209,301	163,513

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. New Subsidiary - Kelani Valley Canneries Ltd

The Company, in terms of Share Sale and Purchase Agreement dated 31st March 2014, acquired 30,351,222 ordinary shares (88.23%) held by CIC Agri Businesses (Pvt.) Ltd. in Kelani Valley Canneries Ltd. for a purchase consideration of Rs 126.9 Mn.

Net assets of Kelani Valley Canneries Ltd. is Rs. 129 Mn and goodwill arising from the transaction amounting Rs. 12.9 Mn was written off against the group profit.

5. 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.

6. 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.



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

7. Share Information

7.1 Twenty Largest Shareholders as at 31st March 2014

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	730,570	2.03
6	Mr. P. Anandarajah	155,100	0.43
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	76,326	0.21
16	Mr. C. R. D. Fernando	65,558	0.18
17	Dr. M. A. M. Arafath Akram	58,220	0.16
18	Mr. Z.G. Carimjee	57,000	0.16
19	Mr. R. A. Rishard	54,100	0.15
20	Andaradeniya Estate Private Limited	50,000	0.14

7.2 Percentage of public holding as at 31st March 2014 is 11.17%

7.3 Directors' Holding in Shares

Name of Director	No. of Shares As at 31 st March 2014	No. of Shares As at 31 st March 2013
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	Nil
Alagarajah Rajaratnam	Nil	Nil

7.4 Share Price

	3 months to 31 st March 2014	3 months to 31 st March 2013
	Rs.	Rs.
Highest Price	68.00	79.00
Lowest Price	55.00	60.10
Last Traded Price	60.90	67.00

7.5 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, 12th May 2014

REGISTERED OFFICE

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