

C. W. MACKIE PLC



**INTERIM REPORT
SIX MONTHS ENDED 30TH SEPTEMBER 2014**

13th November 2014



C. W. Mackie PLC
Statement of Comprehensive Income

Group

For the

Three months ended 30th September

Six months ended 30th September

	2014 Rs. 000's (Unaudited)	2013 Rs. 000's (Unaudited)	Variance %	2014 Rs. 000's (Unaudited)	2013 Rs. 000's (Unaudited)	Variance %
Revenue	1,964,054	1,599,744	22.77	3,844,121	3,062,775	25.51
Cost of sales	(1,705,453)	(1,393,372)	22.40	(3,358,874)	(2,662,293)	26.16
Gross profit	258,601	206,372	25.31	485,247	400,482	21.17
Other operating income	23,229	23,464	(1.00)	45,497	47,953	(5.12)
Distribution expenses	(116,721)	(83,407)	39.94	(216,758)	(158,937)	36.38
Administrative expenses	(94,036)	(75,545)	24.48	(185,260)	(148,556)	24.71
Results from operating activities	71,073	70,884	0.27	128,726	140,942	(8.67)
Finance income	229	119	92.44	612	256	139.06
Finance costs	(12,668)	(10,258)	23.49	(31,932)	(27,280)	17.05
Net financing costs	(12,439)	(10,139)	22.68	(31,320)	(27,024)	15.90
Profit before taxation	58,634	60,745	(3.48)	97,406	113,918	(14.49)
Income tax expense	(16,413)	(13,800)	18.93	(27,413)	(27,500)	(0.32)
Profit for the period	42,221	46,945	(10.06)	69,993	86,418	(19.01)
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	212	(91)	332.97	230	(26)	984.62
Other comprehensive income for the period, net of tax	212	(91)	332.97	230	(26)	984.62
Total comprehensive income for the period	42,433	46,854	(9.44)	70,223	86,392	(18.72)
Profit attributable to:						
Equity holders of the parent company	45,796	45,828	(0.07)	75,702	84,804	(10.73)
Non-controlling interests	(3,575)	1,117	(420.05)	(5,709)	1,614	(453.72)
Profit for the period	42,221	46,945	(10.06)	69,993	86,418	(19.01)
Total comprehensive income attributable to:						
Equity holders of the parent company	46,008	45,737	0.59	75,932	84,778	(10.43)
Non-controlling interests	(3,575)	1,117	(420.05)	(5,709)	1,614	(453.72)
Total comprehensive income for the period	42,433	46,854	(9.44)	70,223	86,392	(18.72)
Basic earnings per share (Rupees)	1.27	1.27		2.10	2.36	
Dividend per share (Rupees)	-	-		3.00	3.00	

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

	2014	2013	Variance	2014	2013	Variance
	Rs. 000's	Rs. 000's	%	Rs. 000's	Rs. 000's	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	1,688,874	1,378,889	22.48	3,370,319	2,641,020	27.61
Cost of sales	(1,460,445)	(1,181,524)	23.61	(2,920,949)	(2,252,970)	29.65
Gross profit	228,429	197,365	15.74	449,370	388,050	15.80
Other operating income	38,986	25,532	52.69	61,560	45,309	35.87
Distribution expenses	(104,411)	(87,684)	19.08	(200,371)	(167,509)	19.62
Administrative expenses	(78,462)	(66,763)	17.52	(152,672)	(127,349)	19.88
Results from operating activities	84,542	68,450	23.51	157,887	138,501	14.00
Finance income	1,842	2,680	(31.27)	2,212	6,398	(65.43)
Finance costs	(9,780)	(6,276)	55.83	(24,665)	(19,932)	23.75
Net financing costs	(7,938)	(3,596)	120.75	(22,453)	(13,534)	65.90
Profit before taxation	76,604	64,854	18.12	135,434	124,967	8.38
Tax expense	(14,500)	(12,800)	13.28	(25,500)	(26,500)	(3.77)
Profit for the period	62,104	52,054	19.31	109,934	98,467	11.65
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	212	(91)	332.97	230	(26)	984.62
Other comprehensive income for the period, net of tax	212	(91)	332.97	230	(26)	984.62
Total comprehensive income for the period	62,316	51,963	19.92	110,164	98,441	11.91
Profit attributable to:						
Equity holders of the parent company	62,104	52,054		109,934	98,467	
Profit for the period	62,104	52,054	19.31	109,934	98,467	11.65
Total comprehensive income attributable to:						
Equity holders of the parent company	62,316	51,963		110,164	98,441	
Total comprehensive income for the period	62,316	51,963	19.92	110,164	98,441	11.91
Basic earnings per share (Rupees)	1.73	1.45		3.05	2.74	
Dividend per share (Rupees)	-	-		3.00	3.00	

Figures in brackets indicate deductions.



C. W. Mackie PLC
Statement of Financial Position

As at	Group		Company	
	30 th September 2014 Rs.000's (Unaudited)	31 st March 2014 Rs.000's (Audited)	30 th September 2014 Rs.000's (Unaudited)	31 st March 2014 Rs.000's (Audited)
Assets				
Non-current assets				
Property, plant and equipment	819,301	832,173	307,161	314,644
Investments property	45,607	48,050	45,607	48,050
Investments in subsidiaries	-	-	612,197	612,156
Available-for-sale investments	1,401	1,171	1,401	1,171
Deferred tax asset	4,885	4,885	-	-
Total non-current assets	871,194	886,279	966,366	976,021
Current assets				
Inventories	563,807	656,934	488,709	537,985
Trade and other receivables	1,394,712	1,787,354	1,130,948	1,462,421
Related party receivables	507	398	33,293	116,727
Held to maturity investments	510	3,010	-	-
Cash and cash equivalents	52,869	66,542	37,227	36,659
Total current assets	2,012,405	2,514,238	1,690,177	2,153,792
Total assets	2,883,599	3,400,517	2,656,543	3,129,813
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	1,215,287	1,247,551	1,252,238	1,250,270
Available-for-sale reserve	1,324	1,094	1,324	1,094
Equity attributable to equity holders of the Company	1,732,392	1,764,426	1,775,518	1,773,320
Non-controlling interests	38,764	46,190	-	-
Total equity	1,771,156	1,810,616	1,775,518	1,773,320
Liabilities				
Non-current liabilities				
Lease payable after one year	30,440	60,506	3,276	3,301
Employee benefit obligation	45,561	45,877	21,894	21,604
Deferred tax liability	44,162	44,162	37,396	37,396
Total non-current liabilities	120,163	150,545	62,566	62,301
Current liabilities				
Lease payable within one year	39,754	31,316	706	2,208
Interest bearing short term borrowings	442,271	780,240	353,271	691,240
Income tax payable	13,611	43,905	12,481	42,714
Trade and other payables	358,630	468,487	293,086	405,430
Related party payables	17,546	1,978	80,032	67,646
Bank overdrafts	120,468	113,430	78,883	84,954
Total current liabilities	992,280	1,439,356	818,459	1,294,192
Total Liabilities	1,112,443	1,589,901	881,025	1,356,493
Total equity and liabilities	2,883,599	3,400,517	2,656,543	3,129,813
Net asset value per share (Rs.)	48.14	49.03	49.34	49.27

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
Gerard Soares
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

13th November 2014



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

For the period ended 30th September 2014

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 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
Balance as at 1st April 2014	507,047	8,734	1,094	7,000	1,240,551	1,764,426	46,190	1,810,616
<u>Total comprehensive income for the period</u>								
Net profit/(loss) for the period	-	-	-	-	75,702	75,702	(5,709)	69,993
Other comprehensive income, net of tax	-	-	230	-	-	230	-	230
Total comprehensive income for the period	-	-	230	-	75,702	75,932	(5,709)	70,223
<u>Contributions by and distributions to equity holders</u>								
First and final dividend 2013/14	-	-	-	-	(107,966)	(107,966)	-	(107,966)
Purchase of subsidiary shares from non-controlling interests	-	-	-	-	-	-	(41)	(41)
Subsidiary dividend to non-controlling interests	-	-	-	-	-	-	(1,676)	(1,676)
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)	(1,717)	(109,683)
Balance as at 30th September 2014	507,047	8,734	1,324	7,000	1,208,287	1,732,392	38,764	1,771,156

Figures in brackets indicate deductions.



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

For the period ended 30th September 2014

	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 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
Balance as at 1st April 2014	507,047	14,909	1,094	7,000	1,243,270	1,773,320
<u>Total comprehensive income for the period</u>						
Net profit for the period	-	-	-	-	109,934	109,934
Other comprehensive income, net of tax	-	-	230	-	-	230
Total comprehensive income for the period	-	-	230	-	109,934	110,164
<u>Contributions by and distributions to equity holders</u>						
First and final dividend 2013/14	-	-	-	-	(107,966)	(107,966)
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)
Balance as at 30th September 2014	507,047	14,909	1,324	7,000	1,245,238	1,775,518

Figures in brackets indicate deductions.



C. W. Mackie PLC
Cash Flow Statement

	Group		Company	
<i>For the period ended 30th September</i>	2014 Rs. 000's	2013 Rs. 000's	2014 Rs. 000's	2013 Rs. 000's
Cash flows from operating activities				
Profit before taxation	97,406	113,918	135,434	124,967
<i>Adjustments for :</i>				
Depreciation	41,397	41,545	16,121	15,868
Profit on disposal of property, plant and equipment	(3,667)	(10,029)	(818)	(2,294)
Profit on disposal of available-for-sale investment	-	(76)	-	(76)
Provision for retirement benefit	3,451	2,775	2,040	2,025
Compensation under voluntary resignation scheme	11,832	-	-	-
Finance income	(612)	(256)	(2,212)	(6,398)
Finance costs	30,115	26,000	24,484	19,325
Dividend received/ receivable from subsidiaries	-	-	(14,185)	-
Operating profit before working capital changes	179,922	173,877	160,864	153,417
Changes in working capital				
Change in inventories	93,127	(50,264)	49,276	(6,627)
Change in trade and other receivables	392,642	406,003	345,658	386,279
Change in related party receivables	(109)	298	83,434	1,038
Change in trade and other payables	(111,533)	(88,265)	(112,344)	(112,251)
Change in related party payables	15,568	(1,365)	12,386	(11,254)
Cash generated from operations	569,617	440,284	539,274	410,602
Interest paid	(24,416)	(17,967)	(24,127)	(18,777)
Payments to gratuity fund	(3,450)	(1,805)	(2,200)	(1,691)
Compensation paid under voluntary resignation scheme	(11,832)	-	-	-
Income tax/ESC paid	(56,780)	(46,504)	(55,733)	(44,499)
Net cash flows from operating activities	473,139	374,008	457,214	345,635
Cash flows from/(used in) investing activities				
Purchase of property, plant and equipment	(33,483)	(12,829)	(7,307)	(11,395)
Proceeds from disposal of property, plant and equipment	11,047	13,725	918	2,967
Profit on disposal of available-for-sale investment	-	76	-	76
Net investments in short term investments	2,500	-	-	-
Purchase of subsidiary shares from non-controlling interests	-	-	(41)	-
Dividend received	1	-	1,621	-
Net cash flows from/(used in) investing activities	(19,935)	972	(4,809)	(8,352)
Cash flows used in financing activities				
Repayment of short term borrowings	(337,969)	(162,366)	(337,969)	(175,958)
Lease rental paid	(28,592)	(26,042)	(2,043)	(2,047)
Interest received	612	256	2,212	6,398
Dividend paid	(107,966)	(107,966)	(107,966)	(107,966)
Net cash flows used in financing activities	(473,915)	(296,118)	(445,766)	(279,573)
Net changes in cash and cash equivalents	(20,711)	78,862	6,639	57,710
Cash and cash equivalents at beginning of the period	(46,888)	(46,070)	(48,295)	(32,618)
Cash and cash equivalents at the end of the period (Note A)	(67,599)	32,792	(41,656)	25,092
Note A				
Cash and cash equivalents	52,869	86,073	37,227	62,573
Bank overdrafts	(120,468)	(53,281)	(78,883)	(37,481)
	(67,599)	32,792	(41,656)	25,092

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 30th September</i>				
Commodity trading	1,220,498	761,875	81,422	41,878
Rubber based products manufacturing	416,481	422,280	73,698	47,957
Industrial products	283,240	244,506	72,721	77,103
Consumer goods	1,923,756	1,632,741	272,296	253,665
Other	146	1,373	(14,890)	(20,121)
	3,844,121	3,062,775	485,247	400,482
Other operating income			45,497	47,953
Operating overheads			(402,018)	(307,493)
Finance income			612	256
Finance costs			(31,932)	(27,280)
Income tax expense			(27,413)	(27,500)
Profit for the period			69,993	86,418

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.

The Company and its subsidiaries follow the same accounting policies as in the Annual Report for the year ended 31st March 2014.

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 2014.

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 2014 authorised for distribution by the Directors was approved by the shareholders of the Company at the Annual General Meeting held on 27th June 2014 and was paid to the Shareholders on 8th July 2014.

6. Group Administrative Expenses

Group administrative expenses include compensation paid to employees, amounting to Rs. 11.8 Mn under a Voluntary Resignation Scheme (VRS) by Ceytra Limited (subsidiary of C.W.Mackie PLC) during the quarter ended 30th September 2014.



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

7. Share Information

7.1 Twenty Largest Shareholders as at 30th September 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	738,799	2.05
6	Mr. T. L. M. Imtiaz	179,424	0.50
7	Mr. P. Anandarajah	155,100	0.43
8	Mr. M. A. Lukmanjee	155,000	0.43
9	Navara Capital Limited	147,100	0.41
10	Employees Provident Fund	139,740	0.39
11	Mr. M. Radhakrishnan (Deceased)	130,000	0.36
12	Mr. H. N. de Silva	105,000	0.29
13	Mr. M. M. M. Milfer	97,335	0.27
14	Sir F. I. Rahimtoola	90,000	0.25
15	Mr. M. M. M. Mizver	83,168	0.23
16	Mr. R. A. Rishard	72,580	0.20
17	Mr. M. Z. Rasheed	63,433	0.18
18	Mr. Z. G. Carimjee	57,000	0.16
19	Mr. I. M. Rishard	57,000	0.16
20	Macksons Holdings (Private) Limited	53,304	0.15

7.2 Public Holding

	As at 30th September 2014
Percentage of public holding	11.17%
Number of public shareholders	1,846

7.3 Directors' Holding in Shares

Name of Director	No. of Shares As at 30th September 2014	No. of Shares As at 30th September 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



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

7. Share Information (Continued)

7.4 Share Price

	3 months to 30 th September 2014	3 months to 30 th September 2013
	Rs.	Rs.
Highest Price	68.20	72.50
Lowest Price	56.30	55.10
Last Traded Price	63.40	60.00

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, 13th November 2014

REGISTERED OFFICE

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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