

C. W. MACKIE PLC



**INTERIM REPORT
NINE MONTHS ENDED 31ST DECEMBER 2014**

9th February 2015



C. W. Mackie PLC
Statement of Comprehensive Income

Group

For the

Three months ended 31st December

Nine months ended 31st December

	2014	2013	Variance	2014	2013	Variance
	Rs. 000's	Rs. 000's	%	Rs. 000's	Rs. 000's	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	1,775,270	1,885,428	(5.84)	5,619,391	4,948,203	13.56
Cost of sales	(1,514,869)	(1,660,659)	(8.78)	(4,873,743)	(4,322,952)	12.74
Gross profit	260,401	224,769	15.85	745,648	625,251	19.26
Other operating income	22,032	22,840	(3.54)	67,529	70,793	(4.61)
Distribution expenses	(108,165)	(87,811)	23.18	(324,923)	(246,748)	31.68
Administrative expenses	(98,516)	(81,474)	20.92	(283,776)	(230,030)	23.36
Results from operating activities	75,752	78,324	(3.28)	204,478	219,266	(6.74)
Finance income	608	137	343.80	1,220	393	210.43
Finance costs	(10,716)	(14,269)	(24.90)	(42,648)	(41,549)	2.65
Net financing costs	(10,108)	(14,132)	(28.47)	(41,428)	(41,156)	0.66
Profit before taxation	65,644	64,192	2.26	163,050	178,110	(8.46)
Tax expense	(33,409)	(12,599)	165.17	(60,822)	(40,099)	51.68
Profit for the period	32,235	51,593	(37.52)	102,228	138,011	(25.93)
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	(118)	(19)		112	(45)	
Other comprehensive income for the period, net of tax	(118)	(19)		112	(45)	
Total comprehensive income for the period	32,117	51,574		102,340	137,966	
Profit attributable to:						
Equity holders of the parent company	34,529	50,393		110,231	135,197	
Non-controlling interests	(2,294)	1,200		(8,003)	2,814	
Profit for the period	32,235	51,593		102,228	138,011	
Total comprehensive income attributable to:						
Equity holders of the parent company	34,411	50,374		110,343	135,152	
Non-controlling interests	(2,294)	1,200		(8,003)	2,814	
Total comprehensive income for the period	32,117	51,574		102,340	137,966	
Basic earnings per share (Rupees)	0.96	1.40		3.06	3.76	
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 31st December

Nine months ended 31st December

	2014	2013	Variance	2014	2013	Variance
	Rs. 000's	Rs. 000's	%	Rs. 000's	Rs. 000's	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	1,531,872	1,588,112	(3.54)	4,902,191	4,229,132	15.91
Cost of sales	(1,298,907)	(1,383,392)	(6.11)	(4,219,856)	(3,636,362)	16.05
Gross profit	232,965	204,720	13.80	682,335	592,770	15.11
Other operating income	24,277	22,197	9.37	85,837	67,506	27.15
Distribution expenses	(100,201)	(91,001)	10.11	(300,572)	(258,510)	16.27
Administrative expenses	(79,278)	(71,229)	11.30	(231,950)	(198,578)	16.81
Results from operating activities	77,763	64,687	20.21	235,650	203,188	15.98
Finance income	1,066	1,234	(13.61)	3,278	7,632	(57.05)
Finance costs	(7,954)	(10,319)	(22.92)	(32,619)	(30,251)	7.83
Net financing costs	(6,888)	(9,085)	(24.18)	(29,341)	(22,619)	29.72
Profit before taxation	70,875	55,602	27.47	206,309	180,569	14.25
Tax expense	(30,508)	(11,500)	165.29	(56,008)	(38,000)	47.39
Profit for the period	40,367	44,102	(8.47)	150,301	142,569	5.42
Other comprehensive income, net of income tax						
Fair value gain/(loss) on available-for-sale investments	(118)	(19)		112	(45)	
Other comprehensive income for the period, net of tax	(118)	(19)		112	(45)	
Total comprehensive income for the period	40,249	44,083		150,413	142,524	
Profit attributable to:						
Equity holders of the parent company	40,367	44,102		150,301	142,569	
Profit for the period	40,367	44,102		150,301	142,569	
Total comprehensive income attributable to:						
Equity holders of the parent company	40,249	44,083		150,413	142,524	
Total comprehensive income for the period	40,249	44,083		150,413	142,524	
Basic earnings per share (Rupees)	1.12	1.23		4.18	3.96	
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	
	31 st December 2014 Rs.000's (Unaudited)	31 st March 2014 Rs.000's (Audited)	31 st December 2014 Rs.000's (Unaudited)	31 st March 2014 Rs.000's (Audited)
Assets				
Non-current assets				
Property, plant and equipment	824,191	832,173	316,162	314,644
Investment property	44,407	48,050	44,407	48,050
Investments in subsidiaries	-	-	612,197	612,156
Available-for-sale investments	1,283	1,171	1,283	1,171
Deferred tax asset	4,885	4,885	-	-
Total non-current assets	874,766	886,279	974,049	976,021
Current assets				
Inventories	532,323	656,934	457,040	537,985
Trade and other receivables	1,365,054	1,787,354	1,117,920	1,462,421
Related party receivables	612	398	25,406	116,727
Held to maturity investments	360	3,010	-	-
Cash and cash equivalents	59,824	66,542	39,060	36,659
Total current assets	1,958,173	2,514,238	1,639,426	2,153,792
Total assets	2,832,939	3,400,517	2,613,475	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	1,249,816	1,247,551	1,292,605	1,250,270
Available-for-sale reserve	1,206	1,094	1,206	1,094
Equity attributable to equity holders of the Company	1,766,803	1,764,426	1,815,767	1,773,320
Non-controlling interest	36,470	46,190	-	-
Total equity	1,803,273	1,810,616	1,815,767	1,773,320
Liabilities				
Non-current liabilities				
Lease payable after one year	29,423	60,506	2,901	3,301
Employee benefit obligation	42,810	45,877	19,722	21,604
Deferred tax liability	46,163	44,162	38,396	37,396
Total non-current liabilities	118,396	150,545	61,019	62,301
Current liabilities				
Lease payable within one year	34,684	31,316	726	2,208
Interest bearing short term borrowings	385,631	780,240	305,710	691,240
Income tax payable	23,480	43,905	22,000	42,714
Trade and other payables	346,291	468,487	288,026	405,430
Related party payables	15,594	1,978	61,150	67,646
Bank overdrafts	105,590	113,430	59,077	84,954
Total current liabilities	911,270	1,439,356	736,689	1,294,192
Total Liabilities	1,029,666	1,589,901	797,708	1,356,493
Total equity and liabilities	2,832,939	3,400,517	2,613,475	3,129,813
Net asset value per share (Rs.)	49.09	49.03	50.45	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

9th February 2015



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

For the period ended 31st December 2014

Attributable to equity holders of the parent company

	Stated capital Rs.000's	Capital reserve 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 interest 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	-	-	-	-	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
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	-	-	-	-	110,231	110,231	(8,003)	102,228
Other comprehensive income, net of tax	-	-	112	-	-	112	-	112
Total comprehensive income for the period	-	-	112	-	110,231	110,343	(8,003)	102,340
<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 31st December 2014	507,047	8,734	1,206	7,000	1,242,816	1,766,803	36,470	1,803,273

Figures in brackets indicate deductions.



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

For the period ended 31st December 2014

	Stated capital Rs.000's	Capital reserve 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	-	-	-	-	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
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	-	-	-	-	150,301	150,301
Other comprehensive income, net of tax	-	-	112	-	-	112
Total comprehensive income for the period	-	-	112	-	150,301	150,413
<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 31st December 2014	507,047	14,909	1,206	7,000	1,285,605	1,815,767

Figures in brackets indicate deductions.



C. W. Mackie PLC
Cash Flow Statement

	Group		Company	
<i>For the period ended 31st December 2014</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	163,050	178,110	206,309	180,569
<i>Adjustments for :</i>				
Depreciation	66,001	62,637	27,057	22,224
Profit on disposal of property, plant and equipment	(4,021)	(13,887)	(1,205)	(2,961)
Profit on disposal of available-for-sale investment	-	(76)	-	(76)
Provision for retirement benefit	6,251	4,170	3,735	3,045
Compensation under voluntary resignation scheme	17,059	-	-	-
Finance income	(1,220)	(393)	(2,998)	(7,632)
Finance costs	39,670	39,800	32,619	29,379
Dividend received/ receivable from subsidiaries	-	-	(14,185)	-
Operating profit before working capital changes	286,790	270,361	251,332	224,548
Changes in working capital				
Change in inventories	124,611	(48,944)	80,945	(21,585)
Change in trade and other receivables	422,300	72,738	357,066	103,063
Change in related party receivables	(214)	(38,782)	91,321	(60,076)
Change in trade and other payables	(122,196)	79,956	(117,404)	56,123
Change in related party payables	13,616	(9,498)	(6,496)	(2,413)
Cash generated from operations	724,907	325,831	656,764	299,660
Interest paid	(31,221)	(28,091)	(32,117)	(28,591)
Payments to gratuity fund	(9,454)	(1,805)	(5,617)	(1,691)
Compensation paid under voluntary resignation scheme	(17,059)	-	-	-
Income tax/ESC paid	(78,246)	(68,319)	(75,722)	(64,500)
Net cash flows from operating activities	588,927	227,616	543,308	204,878
Cash flows from/(used in) investing activities				
Purchase of property, plant and equipment	(62,263)	(27,612)	(24,886)	(16,193)
Proceeds from disposal of property, plant and equipment	11,888	18,586	1,276	3,073
Profit on disposal of available-for-sale investment	-	76	-	76
Net investments in short term investments	2,650	-	-	-
Purchase of subsidiary shares from non-controlling interests	-	-	(41)	-
Dividend received	1	-	1,621	-
Net cash flows from/(used in) investing activities	(47,724)	(8,950)	(22,030)	(13,044)
Cash flows used in financing activities				
Repayment of short term borrowings	(394,609)	(87,798)	(385,530)	(105,390)
Lease rental paid	(36,868)	(38,268)	(2,502)	(3,135)
Interest received	1,220	393	2,998	7,632
Dividend paid	(109,824)	(107,966)	(107,966)	(107,966)
Net cash flows used in financing activities	(540,081)	(233,639)	(493,000)	(208,859)
Net changes in cash and cash equivalents	1,122	(14,973)	28,278	(17,025)
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)	(45,766)	(61,043)	(20,017)	(49,643)
Note A				
Cash and cash equivalents	59,824	26,340	39,060	22,724
Bank overdrafts	(105,590)	(87,383)	(59,077)	(72,367)
	(45,766)	(61,043)	(20,017)	(49,643)

Figures in brackets indicate deductions.



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

1. Segmental Information – Group

<i>For the period ended 31st December</i>	Revenue		Segmental Profit	
	2014 Rs.000's	2013 Rs.000's	2014 Rs.000's	2013 Rs.000's
Commodity trading	1,612,571	1,226,445	108,154	61,396
Rubber based products manufacturing	630,821	718,909	89,590	88,369
Industrial products	424,361	375,756	110,366	114,845
Consumer goods	2,951,493	2,625,033	460,436	390,875
Other	145	2,060	(22,898)	(30,234)
	5,619,391	4,948,203	745,648	625,251
Other operating income			67,529	70,793
Operating overheads			(608,699)	(476,778)
Finance income			1,220	393
Finance costs			(42,648)	(41,549)
Tax expense			(60,822)	(40,099)
Profit for the period			102,228	138,011

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 that for 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.17 million under a Voluntary Resignation Scheme (VRS) by Ceytra (Pvt) Limited (a subsidiary company of C.W. Mackie PLC) during the period ended 31st December 2014.



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

7. Share Information

7.1 Twenty Largest Shareholders as at 31st December 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	824,331	2.29
6	Mr. P. Anandarajah	155,100	0.43
7	Mr. M. A. Lukmanjee	155,000	0.43
8	Mr. T. L. M. Imtiaz	152,084	0.42
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	Pan Asia Banking Corporation PLC/Mr. V. P. K. A. Palpita	65,871	0.18
17	Mr. R. A. Rishard	60,000	0.17
18	Mr. Z. G. Carimjee	57,000	0.16
19	Mr. I. M. Rishard	56,900	0.16
20	Macksons Holdings (Private) Limited	53,304	0.15

7.2 Public Holding

	As at 31st December 2014
Percentage of public holding	11.17%
Number of public shareholders	1,939

7.3 Directors' Holding in Shares

Name of Director	No. of Shares As at 31st December 2014	No. of Shares As at 31st December 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 31 st December 2014	3 months to 31 st December 2013
	Rs.	Rs.
Highest Price	65.00	65.40
Lowest Price	56.70	51.10
Last Traded Price	59.00	60.80

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, 9th February 2015

Co. Reg. No - PQ 47
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. Senthilvel
H. D. S. Amarasuriya, K. T. A. Mangala Perera, Alagarajah Rajaratnam