

# **C. W. MACKIE PLC**



**INTERIM REPORT  
THREE MONTHS ENDED 30<sup>TH</sup> JUNE 2016**

**15<sup>th</sup> August 2016**



**C. W. Mackie PLC**  
**Statement of Comprehensive Income**

Group

For the

Three months ended 30<sup>th</sup> June

	2016 Rs. 000's (Unaudited)	2015 Rs. 000's (Unaudited)	Variance %
<b>Revenue</b>	<b>2,089,271</b>	1,847,546	<b>13.08</b>
Cost of sales	<b>(1,789,584)</b>	<u>(1,562,189)</u>	<b>14.56</b>
<b>Gross profit</b>	<b>299,687</b>	285,357	<b>5.02</b>
Other operating income	<b>26,714</b>	23,942	<b>11.58</b>
Distribution expenses	<b>(133,959)</b>	(120,398)	<b>11.26</b>
Administrative expenses	<b>(106,684)</b>	<u>(99,129)</u>	<b>7.62</b>
<b>Results from operating activities</b>	<b>85,758</b>	89,772	<b>(4.47)</b>
Finance income	<b>244</b>	536	<b>(54.48)</b>
Finance costs	<b>(17,727)</b>	<u>(10,545)</u>	<b>68.11</b>
<b>Net financing costs</b>	<b>(17,483)</b>	<u>(10,009)</u>	<b>74.67</b>
<b>Profit before taxation</b>	<b>68,275</b>	79,763	<b>(14.40)</b>
Income tax expense	<b>(23,489)</b>	<u>(23,850)</u>	<b>(1.51)</b>
<b>Profit for the period</b>	<b>44,786</b>	<u>55,913</u>	<b>(19.90)</b>
<b>Other comprehensive income, net of income tax</b>			
Fair value gain on available-for-sale investments	-	16	
<b>Other comprehensive income for the period, net of tax</b>	-	<u>16</u>	
<b>Total comprehensive income for the period</b>	<b>44,786</b>	<u>55,929</u>	
<b>Profit/(loss) attributable to:</b>			
Equity holders of the parent company	<b>45,123</b>	56,084	
Non-controlling interests	<b>(337)</b>	(171)	
<b>Profit for the period</b>	<b>44,786</b>	<u>55,913</u>	
<b>Total comprehensive income/(expense) attributable to:</b>			
Equity holders of the parent company	<b>45,123</b>	56,100	
Non-controlling interests	<b>(337)</b>	(171)	
<b>Total comprehensive income for the period</b>	<b>44,786</b>	<u>55,929</u>	
<b>Basic earnings per share (Rupees)</b>	<b>1.25</b>	<u>1.56</u>	
<b>Dividend per share (Rupees)</b>	<b>3.50</b>	<u>3.00</u>	

Figures in brackets indicate deductions.



**C. W. Mackie PLC**  
**Statement of Comprehensive Income**

Company

For the

*Three months ended 30<sup>th</sup> June*

	<b>2016</b> <b>Rs. 000's</b> <b>(Unaudited)</b>	2015 Rs. 000's (Unaudited)	<b>Variance</b> <b>%</b>
<b>Revenue</b>	<b>1,945,925</b>	1,638,044	<b>18.80</b>
Cost of sales	<b>(1,670,890)</b>	(1,381,969)	<b>20.91</b>
<b>Gross profit</b>	<b>275,035</b>	256,075	<b>7.40</b>
Other operating income	<b>35,825</b>	32,352	<b>10.74</b>
Distribution expenses	<b>(126,419)</b>	(121,432)	<b>4.11</b>
Administrative expenses	<b>(95,515)</b>	(86,064)	<b>10.98</b>
<b>Results from operating activities</b>	<b>88,926</b>	80,931	<b>9.88</b>
Finance income	<b>266</b>	306	<b>(13.07)</b>
Finance costs	<b>(13,613)</b>	(7,154)	<b>90.29</b>
<b>Net financing costs</b>	<b>(13,347)</b>	(6,848)	<b>94.90</b>
<b>Profit before taxation</b>	<b>75,579</b>	74,083	<b>2.02</b>
Income tax expense	<b>(23,090)</b>	(23,000)	<b>0.39</b>
<b>Profit for the period</b>	<b>52,489</b>	51,083	<b>2.75</b>
<b>Other comprehensive income, net of income tax</b>			
Fair value gain on available-for-sale investments	-	16	
<b>Other comprehensive income for the period, net of tax</b>	-	16	
<b>Total comprehensive income for the period</b>	<b>52,489</b>	51,099	
<b>Profit attributable to:</b>			
Equity holders of the parent company	<b>52,489</b>	51,083	
<b>Profit for the period</b>	<b>52,489</b>	51,083	
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent company	<b>52,489</b>	51,099	
<b>Total comprehensive income for the period</b>	<b>52,489</b>	51,099	
<b>Basic earnings per share (Rupees)</b>	<b>1.46</b>	1.42	
<b>Dividend per share (Rupees)</b>	<b>3.50</b>	3.00	

Figures in brackets indicate deductions.



**C. W. Mackie PLC**  
**Statement of Financial Position**

As at	Group		Company	
	30 <sup>th</sup> June 2016 Rs.000's (Unaudited)	31 <sup>st</sup> March 2016 Rs.000's (Audited)	30 <sup>th</sup> June 2016 Rs.000's (Unaudited)	31 <sup>st</sup> March 2016 Rs.000's (Audited)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	801,430	811,985	375,595	376,995
Investment property	37,172	38,377	37,172	38,377
Intangible assets	6,901	5,097	6,901	5,097
Investments in subsidiaries	-	-	586,507	586,507
Deferred tax asset	9,395	9,395	-	-
<b>Total non-current assets</b>	<b>854,898</b>	<b>864,854</b>	<b>1,006,175</b>	<b>1,006,976</b>
<b>Current assets</b>				
Inventories	668,229	869,339	546,172	720,068
Trade and other receivables	1,349,698	1,855,768	1,200,377	1,748,748
Related party receivables	7,581	8,295	11,181	11,238
Held to maturity investments	360	360	-	-
Cash and cash equivalents	98,928	48,243	88,214	37,328
<b>Total current assets</b>	<b>2,124,796</b>	<b>2,782,005</b>	<b>1,845,944</b>	<b>2,517,382</b>
<b>Total assets</b>	<b>2,979,694</b>	<b>3,646,859</b>	<b>2,852,119</b>	<b>3,524,358</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Stated capital	507,047	507,047	507,047	507,047
Capital reserves	8,734	8,734	14,909	14,909
Revenue reserves	1,421,849	1,502,686	1,543,793	1,617,264
<b>Equity attributable to equity holders of the Company</b>	<b>1,937,630</b>	<b>2,018,467</b>	<b>2,065,749</b>	<b>2,139,220</b>
Non-controlling interests	27,694	28,031	-	-
<b>Total equity</b>	<b>1,965,324</b>	<b>2,046,498</b>	<b>2,065,749</b>	<b>2,139,220</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Interest bearing long term borrowings	1,792	1,960	-	-
Retirement benefit obligation	52,496	49,850	25,326	23,517
Deferred tax liability	40,228	40,228	35,676	35,676
<b>Total non-current liabilities</b>	<b>94,516</b>	<b>92,038</b>	<b>61,002</b>	<b>59,193</b>
<b>Current liabilities</b>				
Current portion of long term borrowings	672	672	-	-
Interest bearing short term borrowings	153,000	800,000	58,000	685,000
Income tax payable	58,045	55,855	57,945	55,855
Trade and other payables	516,797	504,338	433,227	410,556
Related party payables	8,313	20,683	8,313	69,508
Dividend payable	125,960	-	125,960	-
Bank overdrafts	57,067	126,775	41,923	105,026
<b>Total current liabilities</b>	<b>919,854</b>	<b>1,508,323</b>	<b>725,368</b>	<b>1,325,945</b>
<b>Total Liabilities</b>	<b>1,014,370</b>	<b>1,600,361</b>	<b>786,370</b>	<b>1,385,138</b>
<b>Total equity and liabilities</b>	<b>2,979,694</b>	<b>3,646,859</b>	<b>2,852,119</b>	<b>3,524,358</b>
Net asset value per share (Rs.)	53.84	56.09	57.40	59.44

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 Suares**  
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

15<sup>th</sup> August 2016



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

For the period ended 30<sup>th</sup> June 2016

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 interests Rs.000's	Total equity Rs.000's
<b>Balance as at 1<sup>st</sup> April 2015</b>	507,047	8,734	1,236	7,000	1,313,112	1,837,129	34,615	1,871,744
<b><u>Total comprehensive income for the period</u></b>								
Net profit/(loss) for the year	-	-	-	-	56,084	56,084	(171)	55,913
Other comprehensive income, net of tax	-	-	16	-	-	16	-	16
Total comprehensive income/(expense) for the year	-	-	16	-	56,084	56,100	(171)	55,929
<b><u>Contributions by and distributions to equity holders</u></b>								
First and final dividend 2014/15	-	-	-	-	(107,966)	(107,966)	-	(107,966)
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)	-	(107,966)
<b>Balance as at 30<sup>th</sup> June 2015</b>	<b>507,047</b>	<b>8,734</b>	<b>1,252</b>	<b>7,000</b>	<b>1,261,230</b>	<b>1,785,263</b>	<b>34,444</b>	<b>1,819,707</b>
<b>Balance as at 1<sup>st</sup> April 2016</b>	507,047	8,734	-	7,000	1,495,686	2,018,467	28,031	2,046,498
<b><u>Total comprehensive income for the period</u></b>								
Net profit/(loss) for the year	-	-	-	-	45,123	45,123	(337)	44,786
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income/(expense) for the year	-	-	-	-	45,123	45,123	(337)	44,786
<b><u>Contributions by and distributions to equity holders</u></b>								
First and final dividend 2015/16	-	-	-	-	(125,960)	(125,960)	-	(125,960)
Total distributions to equity holders	-	-	-	-	(125,960)	(125,960)	-	(125,960)
<b>Balance as at 30<sup>th</sup> June 2016</b>	<b>507,047</b>	<b>8,734</b>	<b>-</b>	<b>7,000</b>	<b>1,414,849</b>	<b>1,937,630</b>	<b>27,694</b>	<b>1,965,324</b>

Figures in brackets indicate deductions.



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

For the period ended 30<sup>th</sup> June 2016

	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
<b>Balance as at 1<sup>st</sup> April 2015</b>	507,047	14,909	1,236	7,000	1,364,377	1,894,569
<b><u>Total comprehensive income for the period</u></b>						
Net profit for the period	-	-	-	-	51,083	51,083
Other comprehensive income, net of tax	-	-	16	-	-	16
Total comprehensive income for the period	-	-	16	-	51,083	51,099
<b><u>Contributions by and distributions to equity holders</u></b>						
First and final dividend 2014/15	-	-	-	-	(107,966)	(107,966)
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)
<b>Balance as at 30<sup>th</sup> June 2015</b>	<b>507,047</b>	<b>14,909</b>	<b>1,252</b>	<b>7,000</b>	<b>1,307,494</b>	<b>1,837,702</b>
<b>Balance as at 1<sup>st</sup> April 2016</b>	507,047	14,909	-	7,000	1,610,264	2,139,220
<b><u>Total comprehensive income for the period</u></b>						
Net profit for the period	-	-	-	-	52,489	52,489
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	52,489	52,489
<b><u>Contributions by and distributions to equity holders</u></b>						
First and final dividend 2015/16	-	-	-	-	(125,960)	(125,960)
Total distributions to equity holders	-	-	-	-	(125,960)	(125,960)
<b>Balance as at 30<sup>th</sup> June 2016</b>	<b>507,047</b>	<b>14,909</b>	<b>-</b>	<b>7,000</b>	<b>1,536,793</b>	<b>2,065,749</b>

*Figures in brackets indicate deductions.*



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

	Group		Company	
<i>For the period ended 30<sup>th</sup> June</i>	2016 Rs. 000's	2015 Rs. 000's	2016 Rs. 000's	2015 Rs. 000's
<b>Cash flows from operating activities</b>				
Profit before taxation	68,275	79,763	75,579	74,083
<i>Adjustments for :</i>				
Depreciation	24,341	24,657	17,211	15,454
Profit on disposal of property, plant and equipment	(748)	(1,529)	(2,529)	(403)
Provision for retirement benefit	2,723	2,942	180	2,000
Finance income	(244)	(360)	(266)	(306)
Finance costs	16,987	10,545	13,264	7,148
Compensation under voluntary resignation scheme	500	2,202	-	-
<b>Operating profit before working capital changes</b>	<b>111,834</b>	<b>118,220</b>	<b>103,439</b>	<b>97,976</b>
<b>Changes in working capital</b>				
Change in inventories	201,110	97,219	173,896	52,995
Change in trade and other receivables	506,070	263,174	548,371	277,211
Change in related party receivables	714	5,276	57	58,429
Change in trade and other payables	12,459	(10,598)	22,671	(42,064)
Change in related party payables	(12,370)	4,422	(61,195)	27,325
Cash generated from operations	<b>819,817</b>	<b>477,713</b>	<b>787,239</b>	<b>471,872</b>
Interest paid	(16,987)	(8,595)	(13,264)	(7,025)
Compensation paid under voluntary resignation scheme	(500)	(2,202)	-	-
Income tax/ESC paid	(20,731)	(25,000)	(17,510)	(25,000)
<b>Net cash flows from operating activities</b>	<b>781,599</b>	<b>441,916</b>	<b>756,465</b>	<b>439,847</b>
<b>Cash flows from/(used in) investing activities</b>				
Purchase of property, plant and equipment	(18,514)	(4,466)	(18,346)	(4,303)
Proceeds from disposal of property, plant and equipment	4,232	2,200	2,604	530
Dividend received	-	64	-	64
<b>Net cash flows used in investing activities</b>	<b>(14,282)</b>	<b>(2,202)</b>	<b>(15,742)</b>	<b>(3,709)</b>
<b>Cash flows from/(used) in financing activities</b>				
Repayment of short term borrowings	(647,000)	(405,793)	(627,000)	(422,433)
Repayment of long term borrowings	(168)	-	-	-
Lease rental paid	-	(8,991)	-	(613)
Interest received	244	296	266	306
<b>Net cash flows used in financing activities</b>	<b>(646,924)</b>	<b>(414,488)</b>	<b>(626,734)</b>	<b>(422,740)</b>
<b>Net changes in cash and cash equivalents</b>	<b>120,393</b>	<b>25,226</b>	<b>113,989</b>	<b>13,398</b>
Cash and cash equivalents at beginning of the period	(78,532)	6,903	(67,698)	31,084
<b>Cash and cash equivalents at the end of the period (Note A)</b>	<b>41,861</b>	<b>32,129</b>	<b>46,291</b>	<b>44,482</b>
<b>Note A</b>				
Cash and cash equivalents	98,928	82,834	88,214	61,790
Bank overdrafts	(57,067)	(50,705)	(41,923)	(17,308)
	<b>41,861</b>	<b>32,129</b>	<b>46,291</b>	<b>44,482</b>

Figures in brackets indicate deductions.



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

**1. Segmental Information – Group**

<i>For the period ended 30<sup>th</sup> June</i>	Revenue		Segmental Profit	
	2016 Rs.000's	2015 Rs.000's	2016 Rs.000's	2015 Rs.000's
Commodity trading	972,560	846,576	61,554	51,144
Rubber based products manufacturing	127,218	181,869	22,861	30,952
Industrial products	191,972	146,591	46,194	39,157
Consumer goods	797,521	672,510	169,078	171,644
Other	-	-	-	(7,540)
	<b>2,089,271</b>	<b>1,847,546</b>	<b>299,687</b>	<b>285,357</b>
Other operating income			26,714	23,942
Operating overheads			(240,643)	(219,527)
Finance income			244	536
Finance costs			(17,727)	(10,545)
Income tax expense			(23,489)	(23,850)
<b>Profit for the period</b>			<b>44,786</b>	<b>55,913</b>

**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 31<sup>st</sup> March 2016.

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 31<sup>st</sup> March 2016.

**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.3.50 per share amounting to Rs.125,959,946/- for the financial year ended 31<sup>st</sup> March 2016 authorised for distribution by the Directors was approved by the shareholders of the Company at the Annual General Meeting held on 30<sup>th</sup> June 2016 and was paid to the Shareholders on 12<sup>th</sup> July 2016. This dividend has been recognised as a liability as at 30<sup>th</sup> June 2016.

**6. Share Information**

**6.1 Twenty Largest Shareholders as at 30<sup>th</sup> June 2016**

	Name of Shareholder	No. of Ordinary Shares (Voting)	%
1	Lankem Ceylon PLC	18,137,526	50.40
2	Seylan Bank PLC/Dr. T. Senthilvel	8,983,000	24.96
3	Sampath Bank PLC/Dr. T. Senthilvel	1,782,575	4.95
4	Pan Asia Banking Corporation PLC/Lankem Ceylon PLC	1,779,285	4.94
5	Kotagala Plantations PLC	1,021,504	2.84
6	Amana Bank PLC	883,039	2.45
7	Corporate Holdings (Private) Limited No.01 Account	200,000	0.56
8	Mr. P.P. Anandarajah	155,100	0.43
9	Mr. M.A. Lukmanjee	155,000	0.43
10	Employees Provident Fund	139,740	0.39
11	People's Leasing and Finance PLC/L.P. Hapangama	132,843	0.37
12	Harnam Holdings SDN BHD	100,000	0.28
13	Miss. N. Harnam	100,000	0.28
14	Mr. M.M.M. Milfer	90,935	0.25
15	Sir F.I. Rahimtoola	90,000	0.25
16	Mr. M.M.M. Mizver	83,168	0.23
17	Mr. Z.G. Carimjee	60,200	0.17
18	Union Investments (Private) Limited	60,000	0.17
19	Andaradeniya Estate (Private) Limited	50,000	0.14
20	Seylan Bank PLC/Mr. L.C.R. Pathirana	50,374	0.14





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

**6. Share Information (Contd.)**

**6.2 Public Holding**

	<b>As at 30<sup>th</sup> June 2016</b>
Percentage of public holding	11.91%
Number of public shareholders	1,995

**6.3 Directors' Holding in Shares**

<b>Name of Director</b>	<b>No. of Shares As at 30<sup>th</sup> June 2016</b>	<b>No. of Shares As at 30<sup>th</sup> June 2015</b>
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

**6.4 Share Price**

	<b>3 months to 30<sup>th</sup> June 2016 Rs.</b>	<b>3 months to 30<sup>th</sup> June 2015 Rs.</b>
Highest Price	64.00	64.40
Lowest Price	50.30	52.20
Last Traded Price	60.00	60.10

**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, 15<sup>th</sup> August 2016

**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