Regulatory Story

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Mortice Limited - MORT Interim Results
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Mortice Limited ("Mortice" or the "Company")

Interim Results

Mortice Limited (AIM: MORT), the AIM listed security and facilities management company with India focused operations, today announces its interim results for six months ended 30 September 2014.

Financial highlights:

	Six months to 30 Sept 2014 (US$ m) (Unaudited)	Six months to 30 Sept 2013 (US$ m) (Unaudited)	Year to 31 March 2014 (US$ m) (Audited)
Revenue	42.98	36.65	74.34
EBITDA	2.19	2.16	3.45
PBT	1.31	1.56	1.85
PBT% of revenue	3.1%	4.2%	2.5%
EBITDA%	5.1%	5.9%	4.6%

- Group revenues increased by 19.40% in INR terms to INR 2,583 million and 17.27% in US$ terms to US$ 42.98 million compared to the six months to 30 September 2013 ("H1 2013").
- Guarding services revenue has grown by 21.4% in INR terms to INR 184.56 million and 19.2% in US$ terms to US$ 30.66 million compared to H1 2013.
- Facilities Management services revenue has grown by 15% in INR terms to INR 730.10 million and 13% in US$ terms to US$ 12.13 million compared to H1 2013.
- EBITDA has increased by 2% in US$ terms compared to H1 2013.
- Compared to the financial year ended 31st March 2014, PBT as a percentage of revenue has increased from 2.5% to 3.1% (H1 2013: 4.2%).
- Profit before taxation reduced by 14.1% in INR terms to INR 79.01 million (H1 2013: INR 92.02 million) and 16% in USD terms to US$1.3 million (H1 2013: US$ 1.6 million)
- There was a reduction in the value of INR compared with US$. The average price of US$1 in the period was INR 60.19, whereas the previous half year it was INR 59.11 resulting in a currency devaluation of 1.8%. INR is our functional currency while US$ is our reporting currency.

The Directors are pleased by the overall operational performance achieved in the first half year. Once again, due to negative fluctuations in exchange rates, the performance in the reporting currency is more moderate compared to that reported under the functional currency. As was reported in the annual financial results published on 15 September 2014 the business was negatively impacted by a number of factors related to several client companies ceasing to trade and this has continued to affect the level of profits, however the PBT % of revenue has increased from 2.5% of revenue in the financial year ending 31 March 2014 to 3.1% of revenue in this half year. With the improving business climate in India and the increase in clients that have been won recently, the Company is now well positioned to continue to grow and focus on increasing profits.

Statement by the Executive Chairman, Mr. Manjit Rajain

"During the period we have made excellent progress in increasing our share in the security and facilities management services industry in India. The growth has been achieved through a combination of organic business growth with existing clients and new long term contracts secured during the period. We have continued to display strong growth in headline revenue and made improvements in profitability through reduction of cost and concentration on high margin business.

I am also happy to share that India's economic outlook is progressing in the right direction and the new government appears to be both business friendly and making a serious effort to revive growth. A more focused approach by this Government to simplify and implement labour laws will help expedite the move to a far better organised and regulated security and facilities management industry. We would expect this to lead to consolidation which will be advantageous to a company of our size. Furthermore, premium clients have increased their focus on statutory compliance and good corporate governance, both of which will be supportive to our growth. All of these factors supported by accelerated economic growth and enhanced investments in infrastructure will certainly bring greater value to our business.

We continue to invest in building capacity and exploring new value added services in order to enhance the contribution generated by our business.

In additions to India, other SAARC countries are also gaining momentum in terms of economic growth and hence our plan to expand operations in emerging Asian economies should get a boost.

We remain confident and look forward to continuing our growth path."

For further information please contact:

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The unaudited interim financial statements will be available on the Company's website, www.morticegroup.com, shortly.

Unaudited condensed consolidated statement of financial position

(All amounts in United States Dollars, unless otherwise stated)

	As at 30 September 2014	As at 31 March 2014

	(Unaudited)	(Audited)
ASSETS		
Non-current		
Goodwill	**823,945**	844,697
Other intangible assets	**47,284**	51,937
Property, plant and equipment	**1,802,531**	1,589,927
Long-term financial assets	**1,237,282**	1,968,247
Deferred tax assets	**1,632,863**	1,532,578
Other non-current assets	**189,472**	179,644
	5,733,377	**6,167,030**
Current		
Inventories	**244,921**	153,034
Trade and other receivables	**22,750,281**	21,585,360
Current tax assets	**1,747,917**	1,677,934
Cash and bank balances	**763,258**	1,064,942
	25,506,377	**24,481,270**
Total assets	**31,239,754**	**30,648,300**
EQUITY AND LIABILITIES		
Equity		
Capital and reserves		
Share capital	**9,555,312**	9,555,312
Reserves	**497,657**	(12,138)
	10,052,969	9,543,174
Non- controlling interests	**25,984**	22,927
Total equity	**10,078,953**	**9,566,101**
Liabilities		
Non-current		
Employee benefit obligations	**1,186,711**	943,786
Borrowings	**394,277**	405,850
	1,580,988	**1,349,636**
Current		
Trade and other payables	**13,078,853**	11,622,808
Borrowings	**6,500,960**	8,109,755
	19,579,813	**19,732,563**
Total liabilities	**21,160,801**	**21,082,199**
Total equity and liabilities	**31,239,754**	**30,648,300**

Unaudited condensed consolidated statement of profit or loss and other comprehensive income

(All amounts in United States Dollars, unless otherwise stated)

	Six months ended 30 September 2014 (Unaudited)	Six months ended 30 September 2013 (Unaudited)
Income		
Service revenue	**42,918,878**	36,516,782
Other income	**59,718**	133,787
Total income	**42,978,596**	**36,650,569**
Expenses		
Staff and related costs	**38,369,401**	32,212,147
Materials consumed	**400,307**	413,020
Other operating expenses	**2,018,779**	1,869,457

Depreciation and amortization	**266,876**	219,035
Finance costs	**609,441**	380,125
Total expenses	**41,664,804**	35,093,784
Profit before taxation	**1,313,792**	1,556,785
Tax expense	**(535,065)**	(520,478)
Profit for the period	**778,727**	1,036,307
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss		
Exchange difference on translating foreign operations	**(265,875)**	(1,353,584)
Total comprehensive income for the period net of tax	**512,852**	(317,277)
Profit for the period attributable to:		
- Owners of the parent	**774,085**	1,030,527
- Non-controlling interest	**4,642**	5,780
	778,727	1,036,307
Total comprehensive income attributable to:		
- Owners of the parent	**509,795**	**(317,020)**
- Non-controlling interest	**3,057**	**(257)**
	512,852	**(317,277)**
Earnings per share:		
Basic and diluted	**0.02**	**0.02**

Unaudited condensed consolidated statement of changes in equity

(All amounts in United States Dollars, unless otherwise stated)

	Equity attributable to shareholders of the Company					
	Share capital	**Exchange translation reserve**	**Retained earnings**	**Total attributable to owners of the parent**	**Non-controlling interest**	**Total equity**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Balance as at 1 April 2013	9,555,312	(1,859,859)	1,606,584	9,302,037	21,504	9,323,541
Total comprehensive income/ (loss) for the period	-	(1,347,547)	1,030,527	(317,020)	(257)	(317,277)
Balance as at 30 September 2013	**9,555,312**	**(3,207,406)**	**2,637,111**	**8,985,017**	**21,247**	**9,006,264**
Balance as at 1 April 2014	9,555,312	(2,765,788)	2,753,650	9,543,174	22,927	9,566,101
Total comprehensive income/(loss) for the period	-	(264,290)	774,085	509,795	3,057	512,852
Balance as at 30 September 2014	**9,555,312**	**(3,030,078)**	**3,527,735**	**10,052,969**	**25,984**	**10,078,953**

Unaudited condensed consolidated statements of cash flows

(All amounts in United States Dollars, unless otherwise stated)

	Six months ended 30 September 2014 (Unaudited)	Six months ended 30 September 2013 (Unaudited)
(A) Cash flow from operating activities		
Profit before taxation	**1,313,792**	1,556,785
Adjustments for:		
Depreciation and amortization	266,876	219,035
Interest expense	609,441	380,125
Interest income	(50,028)	(22,631)
Impairment of trade receivables	44,857	55,097
Advances written off	-	29
Foreign exchange loss/(gain)	2,583	(48,825)
Profit on sale of asset	(2,625)	(1,251)
Bad debts written off	2,800	7,373
Operating profit before working capital changes (Current and non- current)	2,187,696	2,145,737
Trade and other receivables	(1,846,989)	(3,102,007)
Inventories	(97,907)	(5,113)
Trade and other payables	2,062,139	2,904,498
Cash generated from operations	**2,304,939**	1,943,115
Income tax paid	(793,708)	(832,549)
Interest paid	(801,076)	(440,850)
Net cash generated from operating activities	**710,155**	669,716
(B) Cash flow from investing activities		
Acquisition of plant, property and equipment	(434,690)	(211,420)
Withdrawal/(placement) of fixed deposits	777,232	(255,188)
Proceeds from sale of plant, property and equipment	2,625	2,351
Interest received	193,057	180,567
Net cash generated /(used in) from investing activities	538,224	(283,690)
(C) Cash flows from financing activities		
Repayment of finance lease obligation	**(78,108)**	(63,225)
Movement in short term borrowings (net)	**(1,452,739)**	(836,099)
Net cash generated used in financing activities	**(1,530,847)**	(899,324)
Net decrease in cash and cash equivalents	**(282,468)**	(513,298)
Cash and cash equivalents at the beginning of the period	**1,064,942**	1,375,209
Effect of change in exchange rate on cash and cash equivalents	**(19,216)**	304,322
Cash and cash equivalents at the end of the period	**763,258**	1,166,233

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to unaudited condensed consolidated interim financial statements

(All amounts in United States Dollars, unless otherwise stated)

1. INTRODUCTION

Mortice Limited ('the Company' or 'Mortice') was incorporated on 9 January 2008 as a public limited Company in the Republic of Singapore. The Company's registered office is situated at 36 Robinson Road, #17-01 City House, Singapore 068877.

The Company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange on 15 May 2008. The Company together with its subsidiaries (hereinafter, together referred to as 'the Group') is engaged in providing services such as guarding services, facilities management services, mechanical and engineering maintenance services, installation of safety equipment and sale of such equipment. The Group's operations are spread across India. The various entities comprising the Group have been defined below.

Name of subsidiaries	Country of incorporation	Effective group Shareholding %
Tenon Property Services Private Limited ('Tenon Property')	India	99.48
Peregrine Guarding Private Limited ('PGPL')	India	99.48
Tenon Support Services Private Limited ('Tenon Support')	India	99.48
Tenon Project Services Private Limited ('Tenon Project')	India	99.48
Roto Power Projects Private Limited ('Roto')	India	99.43
Soteria Command Center Private Limited ('Soteria')	India	99.38

These unaudited condensed consolidated financial statements were approved by the Board on 19 November 2014.

The immediate and ultimate holding company is Mancom Holdings Limited, a company incorporated in British Virgin Islands.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements are for the six months ended 30 September 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU), on a going concern basis. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2014.

The functional currency of the entities within the Group (other than the Company) is Indian Rupees ('INR'). The Company has a functional currency of United States Dollars ('US$'). The group's management has chosen to present the consolidated financial information in US$, the functional currency of the Company.

All inter-company transactions and balances are eliminated on consolidation and the unaudited condensed consolidated interim financial statements reflect external transactions only. The accounting periods of the subsidiaries are coterminous with that of the Company

Notes to unaudited condensed consolidated interim financial statements (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 March 2014 except for the application of the following standards as of 1 April 2014.

a. IFRS 10 "Consolidated Financial Statements"
b. IFRS 11 "Joint Arrangements"
c. Amendments to IAS 32

The effect of applying these standards are described below-

IFRS 10 'Consolidated Financial Statements' (IFRS 10)
IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged. The remainder of IAS 27, "Separate Financial Statements", now contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements and is therefore not applicable in the Group's consolidated financial statements.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

IFRS 11 'Joint Arrangements' (IFRS 11)

"Joint Arrangements" ("IFRS 11"), which replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Ventures", requires a single method, known as the equity method, to account for interests in joint operations and joint ventures. The proportionate consolidation method to account for joint ventures is no longer permitted to be used. IAS 28, "Investments in Associates", was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investments in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment. The Group has not entered into any joint arrangements, hence this is not applicable.

Offsetting financial assets and financial liabilities - amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group

4. ESTIMATES

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's most recent annual financial statements for the year ended 31 March 2014.

Notes to unaudited condensed consolidated interim financial statements (contd.)

5. SEGMENT ANALYSES

The Group has reported segment results based on internal management reporting information that is regularly reviewed by the Group's Chief Executive Officer and Chairman. Chief Executive Officer and Chairman have concluded that the operating segment disclosure should be based on service offered by Group.

The reportable segments identified by the group are: guarding services and facility management services.
The revenue and profit generated by each of Group's business segments are summarized as follows:

1 April 2014 to 30 September 2014	Guarding Service	Facility management	Others	**Total**
Revenue from external customers	30,662,957	12,136,704	119,217	**42,918,878**
Segment operating profit	1,615,836	(91,721)	(169,108)	**1,355,007**
Total segment assets	20,579,681	10,956,975	(318,724)	**31,217,932**

1 April 2013 to 30 September 2013	Guarding Service	Facility management	Others	**Total**
Revenue from external customers	25,724,106	10,739,560	53,116	**36,516,782**
Segment operating profit	1,011,692	483,472	(12,305)	**1,482,859**
Total segment assets	16,853,324	9,581,022	(55,741)	**26,378,605**

Reconciliation on reportable segments profit to group profit is summarised as under:

	Six months ended 30 September 2014	**Six months ended 30 September 2013**
Segment operating profit before tax	**1,355,007**	1,482,859
Reconciling items:		
Other income not allocated	**59,718**	133,787
Other expense not allocated (Mortice Limited)	**(100,934)**	(59,861)
Group profit before tax	**1,313,792**	1,556,785

6. EARNINGS PER SHARE

Both basic and diluted earnings per share have been calculated using the profit or loss attributable to shareholders of Mortice Limited as the numerator.

Calculation of basic and diluted profit per share is as follows:

	Six months ended 30 September 2014	Six months ended 30 September 2013
Earning attributable to equity holders (US$)	**774,085**	1,030,527
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	**47,700,001**	47,700,001
Basic and diluted earnings per share (US$)	**0.02**	0.02

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Notes to unaudited condensed consolidated interim financial statements (contd.)

7. RELATED PARTY TRANSACTIONS

A. Related party relationship

Disclosure of Related parties and relationship between the parties:

Ultimate Holding Company	Mancom Holdings Limited
Entities on which KMP exercise significant influence: (where transaction occurred)	Peregrine Services Private Limited Micro Azure Computers Private Limited Peregrine Protection Services Private Limited
Key Management Personnel (KMP's)	Manjit Rajain Rajan Oberoi Sangram Dhar Basil Arun Keelor (resigned on 1 November 2013)
Relative of Key Management Personnel	Angad Rajain

Related parties key management and entities in which the key management has interest or control.

Significant related party transactions, other than those disclosed elsewhere in the financial statements, are as follows:

Transaction with key management:

Particulars	**2014 US$**	2013 US$
Remuneration - short-term benefits	**278,082**	350,084

The outstanding balance payable to related parties under the category of key management as at 30 September 2014 and 30 September 2013 is US$ 31,735 and US$ 28,775 respectively.

Notes to unaudited condensed consolidated interim financial statements (contd.)

The Group	**2014 US$**	2013 US$
Key management personnel and their relatives		
Office rental paid to key management personnel	**84,431**	76,891
Advance rent paid to key management personnel	**18,073**	74,903
Deposits given to key management personnel	**68,167**	-
Sponsorship fees paid to relative of key management personnel	**-**	56,183
Loan given/(taken) to key management personnel	**48,587**	(238,941)
Loan repaid to key management personnel	**175,223**	63,718
Receivable from key management personnel	**116,754**	293,533
Entities over which key management are able to exercise control:		
Deposits given to related party	**212,809**	267,138
Operating expenses paid on behalf of related party	**(12,070)**	-
Recovery of advances from related party	**14,103**	38,911
Advance rent given to related party	**-**	14,179
Office rental paid to related party	**72,369**	60,903
Commission paid to related party	**19,106**	19,455
Receivable from related party	**299,423**	349,269

8. PROPERTY, PLANT AND EQUIPMENT

The acquisitions of property, plant and equipment, for the six months ended 30 September 2014 are US$521,030 (six months ended 30 September 2013: US$273,534 and for the twelve months ended 31 March 2014 are US$968,826).

9. FINANCIAL INSTRUMENTS
(Financials assets and liabilities measured at amortised cost)

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at financial position date would be significantly different from the values that would eventually be received or settled.

The carrying amounts of assets and liabilities presented in the statement of financial position relates to the following categories of assets and liabilities:

	As at 30 September 2014 US$	As at 31 March 2014 US$
Non-current assets		
Loans and receivables		
Restricted cash	**1,237,282**	1,968,247
Current assets		
Loans and receivables		
Trade and other receivables	**22,071,024**	21,426,476
Related party receivables	**101,995**	74,205
Cash and cash equivalents	**763,258**	1,064,942
Total financial assets	**24,173,559**	24,533,870

Non-current Liabilities

Carrying amount at amortised cost		
Finance lease obligations, excluding current portion	**394,277**	275,107
Long-term borrowings, excluding current portion	**-**	130,743
Current liabilities		
Carrying amount at amortised cost		
Trade payables and other payables	**9,998,197**	9,522,463
Bank overdraft	**4,566,498**	5,997,505
Current portion of finance lease obligations	**181,599**	176,285
Short term borrowing	**1,752,863**	1,935,965
Total financial liabilities	**16,893,434**	18,038,068

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