MORISON PLC

INTERIM REPORT

1ST QUARTER FY 2018-19

Morison PLC and its Subsidiaries Interim Report 1st Quarter 2018/2019

Statement of Financial Position

AS AT	COMPANY 30.06.2018 Rs. '000	COMPANY 30.06.2017 Rs. '000	COMPANY 31.03.2018 Rs. '000	GROUP 30.06.2018 Rs. '000	GROUP 30.06.2017 Rs. '000	GROUP 31.03.2018 Rs. '000
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	810,473	347,188	763,945	1,836,948	1,419,451	1,790,016
Intangible assets	15,000	15,000	15,000	15,000	15,000	15,000
Investments in subsidiaries	57,700	57,700	57,700	-	-	-
	883,173	419,888	836,645	1,851,948	1,434,451	1,805,016
Current Assets						
Inventories	586,828	623,560	678,044	816,229	795,516	893,028
Trade & other receivables	763,542	641,526	651,508	1,041,435	962,490	934,856
Prepayments	39,543	27,574	27,674	69,308	47,859	49,500
Cash & cash equivalents	978,325	1,099,825	1,446,765	1,220,257	1,383,589	1,447,295
	2,368,239	2,392,485	2,803,991	3,147,229	3,189,456	3,324,678
TOTAL ASSETS	3,251,412	2,812,373	3,640,636	4,999,177	4,623,907	5,129,694
EQUITY & LIABILITIES						
Equity Attributable to Equity Holders of the Parent						
Stated capital	7,925	7,925	7,925	7,925	7,925	7,925
Reserves	880,561	858,069	880,561	1,576,426	1,536,393	1,576,427
Retained earnings	800,407	685,381	781,416	1,980,302	1,607,439	1,903,620
Total	1,688,893	1,551,374	1,669,902	3,564,653	3,151,756	3,487,972
Minority interest	-	-	-	-	-	-
TOTAL EQUITY	1,688,893	1,551,374	1,669,902	3,564,653	3,151,756	3,487,972
Non-Current Liabilities						
Interest bearing loans & borrowings	-	93,776	-	-	93,776	-
Deferred tax liabilities	59,950	12,730	59,950	293,731	91,573	293,731
Retirement benefit liability	46,288	49,047	46,319	89,226	91,302	88,001
	106,238	155,553	106,268	382,957	276,651	381,732
Current Liabilities						
Trade & other payables	956,544	853,336	1,305,410	531,852	807,934	644,459
Dividends payable	10,579	7,891	111,257	10,579	7,891	111,257
Income tax liabilities	51,340	13,407	56,911	71,318	54,543	67,076
Interest bearing loans & borrowings	248,461	212,993	275,024	248,461	212,992	275,024
Bank overdraft	189,356	17,819	115,864	189,356	112,140	162,174
	1,456,281	1,105,446	1,864,466	1,051,567	1,195,499	1,259,990
	3,251,412	2,812,373	3,640,636	4,999,177	4,623,907	5,129,694
NET ASSETS PER SHARE	223.67	205.46	221.16	472.09	417.41	461.93

Market price per share for the period ended	VOTING 30.06.2018	VOTING 30.06.2017	VOTING 31.03.2018	NON-VOTING 30.06.2018	NON-VOTING 30.06.2017	NON-VOTING 31.03.2018
HIGHEST	720.00	525.00	700.00	590.00	430.00	526.20
LOWEST	551.00	350.00	350.00	415.00	320.00	320.00
LAST TRADED	625.00	426.30	620.00	531.70	421.00	509.60

Note

The Balance Sheet as at 30 June 2018 is drawn up from the unaudited accounts of the Company and its subsidiaries and the Balance Sheet as at 31 March 2018 is drawn up from the audited accounts of the Company and its subsidiaries & comply with the LKAS 34 Interim Financial Reporting and they also provide information required by the Colombo Stock Exchange.

Finance Director
(Dinesh Athapaththu)

Director
(M.A.H.Esufally)

Director
(S.M.Enderby)

13.08.2018

MORISON PLC,
Business Address : 620, Biyagama Road, Pethiyagoda, Kelaniya, Sri Lanka.
Registered Office : Hemas House, 75, Braybrooke Place, Colombo 02, Sri Lanka.
Telephone : +94 11 2904222 Fax: +94 11 2915378 Email: info@morison.lk Web: www.morison.lk
Registration No : PQ77

Income Statement

	COMPANY			GROUP		
For the three months ended	**30.06.2018 Rs. '000**	**30.06.2017 Rs. '000**	**% Change +/(-)**	**30.06.2018 Rs. '000**	**30.06.2017 Rs. '000**	**% Change +/(-)**
Revenue	691,747	729,479	(5)	844,345	902,899	(6)
Cost of sales	(522,065)	(552,075)	5	(561,359)	(596,915)	6
Gross profit	**169,683**	**177,404**	**(4)**	**282,986**	**305,984**	**(8)**
Other operating income	44	2,928	(98)	130	3,653	(96)
Selling & distribution costs	(90,413)	(83,365)	(8)	(90,413)	(83,498)	(8)
Administrative expenses	(68,918)	(62,484)	(10)	(109,691)	(98,687)	(11)
Operating profit	**10,396**	**34,483**	**(70)**	**83,012**	**127,451**	**(35)**
Finance cost	(11,457)	(8,580)	(34)	(11,965)	(11,216)	(7)
Finance income	27,547	31,287	(12)	32,577	39,390	(17)
Profit before tax	**26,486**	**57,189**	**(54)**	**103,623**	**155,626**	**(33)**
Income tax expense	(7,494)	(16,422)	54	(26,942)	(36,952)	27
Profit for the period	**18,991**	**40,767**	**(53)**	**76,682**	**118,674**	**(35)**
Attributable to:						
Equity holders of the parent	**18,991**	**40,767**		**76,682**	**118,674**	
	18,991	**40,767**		**76,682**	**118,674**	
Earnings per share-basic - Rs	**2.52**	**5.40**		**10.16**	**15.72**	

Note - The above figures for the period 30 June 2018 are provisional and subject to audit

Statement of Comprehensive Income

	COMPANY		GROUP	
For the three months ended	**30.06.2018**	**30.06.2017**	**30.06.2018**	**30.06.2017**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Profit for the period	**18,991**	**40,767**	**76,682**	**118,674**
Net gains/(losses) on available - for - sale financial assets	-	-	-	-
	-	**-**	**-**	**-**
Revaluation of land and buildings - net of tax effect	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-
Income tax effect				
	-	**-**	**-**	**-**
Total comprehensive income for the period, net of tax	**-**	**-**	**-**	**-**
Total comprehensive income for the period, net of tax	**18,991**	**40,767**	**76,682**	**118,674**

Statement of Changes in Equity

Company

	Stated Capital	Revaluation Reserve	General Reserve	Available for Sale Reserve	Retained Earnings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01/04/2017	**7,925**	**129,141**	**728,928**	**-**	**644,614**	**1,510,608**
Net profit for the period	-	-	-	-	40,767	40,767
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	40,767	40,767
Balance as at 30/06/2017	**7,925**	**129,141**	**728,928**	**-**	**685,381**	**1,551,375**
Balance as at 01/04/2018	**7,925**	**151,633**	**728,928**	**-**	**781,416**	**1,669,902**
Net profit for the period	-	-	-	-	18,991	18,991
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	18,991	18,991
Balance as at 30/06/2018	**7,925**	**151,633**	**728,928**	**-**	**800,407**	**1,688,893**

Statement of Changes in Equity

Group

	Stated Capital	Revaluation Reserve	General Reserve	Available For sale Reserve	Retained Earnings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01/04/2017	**7,925**	**805,593**	**730,800**	**-**	**1,488,766**	**3,033,084**
Profit for the period	-	-	-	-	118,674	118,674
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	118,675	118,673
Balance as at 30/06/2017	**7,923**	**805,591**	**730,798**	**-**	**1,607,441**	**3,151,757**
Balance as at 01/04/2017	**7,925**	**845,626**	**730,800**	**-**	**1,903,620**	**3,487,971**
Profit for the period	-	-	-	-	76,682	76,682
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	76,682	76,682
Balance as at 30/06/2018	**7,925**	**845,626**	**730,800**	**-**	**1,980,302**	**3,564,653**

CASH FLOW STATEMENT

Rs. '000 For the period ended 30 June 2018	Company		Group	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Cash Flows from Operating Activities				
Profit Before Income Tax Expense	26,486	57,189	103,623	155,626
Adjustments for				
Depreciation	14,166	13,996	22,791	21,064
(Profit)/Loss on Sales of Property, Plant and Equipment	-	(2)	-	(2)
Interest Income	(27,547)	(31,287)	(32,577)	(39,390)
Finance Costs	11,457	8,580	11,965	11,216
Provision for Defined Benefit Plans - Gratuity	1,973	1,750	3,344	3,125
Operating Profit before Working Capital Changes	**26,535**	**50,227**	**109,146**	**151,640**
(Increase) /Decrease in Inventories	91,217	9,592	76,798	1,253
(Increase)/ Decrease in Trade and Other Receivables	(112,034)	26,620	(108,015)	(61,008)
(Increase) / Decrease in Advances and Prepayments	(11,869)	(9,603)	(19,959)	(8,742)
Increase/(Decrease) in Trade and Other Payables	(348,866)	(13,983)	(111,020)	(52,979)
Cash Generated from Operations	(355,018)	62,852	(53,049)	30,164
Finance Costs Paid	(11,457)	(8,580)	(11,965)	(11,216)
Defined Benefit Plan Costs Paid	(2,003)	(840)	(2,118)	(4,974)
Income Tax Paid	(13,065)	(9,928)	(22,701)	(24,666)
Net Cash Flows from Operating Activities	**(381,543)**	**43,504**	**(89,834)**	**(10,692)**
Cash Flows used in Investing Activities				
Acquisition of Property, Plant and Equipment	(60,695)	(36,815)	(69,722)	(46,094)
Proceeds from Sale of Property, Plant and Equipment	-	1,874	-	1,874
Interest Received	27,547	-	32,577	-
Net Cash used in Investing Activities	**(33,148)**	**(34,941)**	**(37,145)**	**(44,221)**
Cash Flows from / (Used in) Financing Activities				
Net (repayment)/proceeds from Interest Bearing Loans and Borrowings	(26,563)	(77,870)	(26,563)	(123,353)
Dividends Paid	(100,678)	(3,625)	(100,678)	(3,625)
Interest Received	-	31,287	-	39,390
Net Cash used in Financing Activities	**(127,241)**	**(50,208)**	**(127,241)**	**(87,588)**
Net Increase in Cash and Cash Equivalents	(541,932)	(41,645)	(254,220)	(142,501)
Cash and Cash Equivalents at the Beginning of the Year	**1,330,901**	**1,123,651**	**1,285,121**	**1,413,951**
Cash and Cash Equivalents at the End of the Period	**788,969**	**1,082,006**	**1,030,901**	**1,271,450**

SEGMENTAL ANALYSIS

Rs. '000

For the period ended 30 June	Consumer		Pharmaceuticals		Group Total	
	2018	2017	**2018**	2017	**2018**	2017
Turnover	275,454	280,471	609,116	674,229	884,570	954,700
(-) IFRS Adjustment	(27,964)	(33,602)	(12,261)	(18,199)	(40,225)	(51,801)
Net Revenue	**247,490**	**246,868**	**596,854**	**656,031**	**844,345**	**902,899**
Gross Profit	**99,544**	98,120	**183,441**	207,864	**282,986**	305,984
Profit from Operating Activities	**26,782**	34,538	**56,230**	92,913	**83,012**	127,451
Finance Cost					**(11,965)**	(11,216)
Finance Income					**32,577**	39,390
Profit Before Tax					**103,623**	**155,626**

Notes to the Financial Statements

Basis of preparation

1 The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS- 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2018. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

New standards, Interpretations and Amendments adopted by the Group

The Group applies, SLFRS 15 Revenue from Contracts with Customers for the first time using the full retrospective method of adoption. As required by LKAS 34, the nature and effect of these changes are disclosed below.

The Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments) is effective for annual periods beginning on or after 01st January 2018. However, CA Sri Lanka has granted the option, via the Statement of Alternative Treatment (SoAT) to prepare the interim financial statements continuing the application of LKAS 39 (Financial Instruments: Recognition and Measurement). As permitted by the above SoAT, the Group/ Company prepared Interim Financial Statements based on LKAS 39.

The Group applies, SLFRS 15 Revenue from Contracts with Customers for the first time using the full retrospective method of adoption. As required by LKAS 34, the nature and effect of these changes are disclosed below.

Basis of preparation and changes to the Group's accounting policies on SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

	30 June 2018 As Previously Reported	Impact on SLFRS 15	SLFRS Adjusted	30 June 2017 As Previously Reported	Impact on SLFRS 15	SLFRS Adjusted
Revenue	**884,570,076**	**(40,225,195)**	**844,344,881**	**954,699,879**	**(51,800,977)**	**902,898,901**
Cost of Sales	(561,359,314)		(561,359,314)	(596,914,931)		(596,914,931)
Gross Profit	**323,210,762**		**282,985,567**	**357,784,947**		**305,983,970**
Other Income and Gains	130,026		130,026	3,652,761		3,652,761
Selling and Distribution Costs	(130,637,889)	40,225,195	(90,412,694)	(135,299,202)	51,800,977	(83,498,225)
Administrative Expenses	(109,691,275)		(109,691,275)	(98,687,410)		(98,687,410)
Operating Profit	**83,011,625**		**83,011,625**	**127,451,096**		**127,451,096**
Finance Cost	(11,965,216)		(11,965,216)	(11,215,791)		(11,215,791)
Finance Income	32,576,631		32,576,631	39,390,437		39,390,437
Profit Before Tax	**103,623,040**		**103,623,040**	**155,625,741**		**155,625,741**
Income Tax Expense	(26,941,990)		(26,941,990)	(36,952,407)		(36,952,407)
Profit After Tax	**76,681,049**		**76,681,049**	**118,673,334**		**118,673,334**

2 There have been no significant changes in the nature of the contingent liabilities which were disclosed in the audited financial statements for the year ended 31st March 2018.

3 Comparative information is reclassified wherever necessary to comply with current year presentation.

4 M.S.J.Industries (Ceylon) (Pvt) Ltd.(MSJ) has been amalgamated with Morison PLC (Morison) with effect from 02 July, 2018 in accordance of the provisions of the Companies Act No.07 of 2007. The regulatory approval and the approval of the shareholders have been duly obtained.

Hence w.e.f. 02 July, 2018, the net assets of MSJ were absorbed into Morison and Morison continues its activities as public limited company which 91% owned by Hemas Holdings PLC.

5 During the period under review, Professor Ravindra Fernando – Independent Non-Executive Director, resigned from the Board of Directors w.e.f. 31.05.2018.
Professor Fernando was also a member of the Audit Committee and the Related Party Transactions Review Committee of the Company. In terms of Section 8 of the Listing Rules of the Colombo Stock Exchange, a corporate disclosure has been made on 04.06.2018 with respect to the aforesaid change to the Board of Directors.

6 During the period under review, Mr. Ranjan Chakravarti – Independent Non-Executive Director has been appointed to the Audit Committee and the Related Party Transactions Review Committee of the Company w.e.f. 19.06.2018.

7 The Company has been transferred to the Watch List w.e.f 2nd July 2018, and the Board of Directors are reviewing the possible remedial actions available to the Company.

8 Above figures for the period ended 30 June 2018 are provisional & subject to Audit.

9 Interim financial statements have been prepared using the same consistent accounting policies.

10 There have been no other events subsequent to the reporting date , which require disclosure in the interim financial statements.

MORISON PLC (VOTING)
Computation of % of Public Shareholding - 30 June 2018

	No of Shares
Ultimate Parent Company	
Hemas Holdings PLC	32,500
	32,500
Parent Company	
Hemas Manufacturing (Pvt) Ltd	5,229,639
	5,229,639
Subsidiaries or Associate Companies	
MSJ Industries (Ceylon) (Private) Limited	0
	0
Directors shareholding	
Mr. H.N.Esufally	0
Mr. S.M.Enderby	0
Mr. R.Chakravarti	0
Mrs. B.A.I.Rajakarier	0
Mr. M.A.H.Esufally	0
Ms. K.A.C.Wilson	0
	0
Spouses and Children under 18 of Directors	
Mrs. S.R.A.Esufally	0
Mrs. M. Enderby	0
Mrs. S. Chakravarti	0
Mrs. T.J.S.Rajakarier	0
Ms. A. Esufally	0
	0
CEO, Spouse & Children	
	0
Over 10% holding Jointly or Severally	
Hemas Manufacturing (Private) Limited (Refer above)	0
	0

Issued Share Capital as at 30 June 2018	5,808,290
Less	
Ultimate Parent Company	32,500
Parent Company	5,229,639
Subsidiaries or Associate Companies	0
Directors shareholding	0
Spouses and Children under 18 of Directors	0
CEO, Spouse & Children	0
Over 10% holding	0
Public Holding	546,151
Public Holding as a % of Issued Share Capital	9.40%
Number of public shareholders	601
Float adjusted market capitalization	Rs. 341,237,037.50

MORISON PLC (VOTING)
Directors Shareholding - 30 June 2018

Directors shareholding

Mr. H.N.Esufally	0
Mr. S.M.Enderby	0
Mr. R.Chakravarti	0
Mrs. B.A.I.Rajakarier	0
Mr. M.A.H.Esufally	0
Ms. K.A.C.Wilson	0
	0

MORISON PLC (NON VOTING)
Computation of % of Public Shareholding - 30 June 2018

	No of Shares
Ultimate Parent Company	
Hemas Holdings PLC	102,076
	102,076
Parent Company	
Hemas Manufacturing (Pvt) Ltd	1,478,349
	1,478,349
Subsidiaries or Associate Companies	
MSJ Industries (Ceylon) (Private) Limited	0
	0
Directors shareholding	
Mr. H.N.Esufally	600
Mr. S.M.Enderby	0
Mr. R.Chakravarti	0
Mrs. B.A.I.Rajakarier	0
Mr. M.A.H.Esufally	0
Ms. K.A.C.Wilson	0
	600
Spouses and Children under 18 of Directors	
Mrs. S.R.A.Esufally	0
Mrs. M. Enderby	0
Mrs. S. Chakravarti	0
Mrs. T.J.S.Rajakarier	0
Ms. A. Esufally	0
	0
CEO, Spouse & Children	
	0
Over 10% holding	
Hemas Manufacturing (Private) Limited (Refer above)	0
	0

Issued Share Capital as at 31 March 2018	1,742,490
Less	
Ultimate Parent Company	102,076
Parent Company	1,478,349
Subsidiaries Companies or Associate Companies	0
Directors shareholding	600
Spouses and Children under 18 of Directors	0
CEO, Spouse & Children	0
Over 10% holding	0
Public Holding	161,465
Public Holding as a % of Issued Share Capital	9.27%

MORISON PLC (NON VOTING)
Directors Shareholding - 30 June 2018

Directors shareholding

Mr. H.N.Esufally	600
Mr. S.M.Enderby	0
Mr. R.Chakravarti	0
Mrs. B.A.I.Rajakarier	0
Mr. M.A.H.Esufally	0
Ms. K.A.C.Wilson	0
	600

MORISON PLC (VOTING)

List of 20 Major Shareholders based on their Shareholdings as at 30 June 2018

		No of Shares	(%)
1	HEMAS MANUFACTURING (PRIVATE) LIMITED	5,229,639	90.04
2	CAPITAL ALLIANCE HOLDINGS LTD	151,555	2.61
3	MR.UDESHI ANANT HARGOVIND	37,031	0.64
4	HEMAS HOLDINGS PLC	32,500	0.56
5	MR. C F G PERERA (DECEASED)	20,160	0.35
6	MR. Y I JAFFERJEE	15,120	0.26
7	MR. H W M WOODWARD (DECEASED)	15,070	0.26
8	MS. D PEIRIS	13,820	0.24
9	MR. G C GOONETILLEKE	12,420	0.21
10	PEOPLE'S LEASING & FINANCE PLC/C.D.KOHOMBANWICKR.	12,235	0.21
11	BNYMSANV RE-MILLVILLE OPPORTUNITIES MASTER FUND, LP	10,700	0.18
12	MR. N KATHIRGAMATAMBY (DECEASED)	10,000	0.17
12	MRS. H A D WIJESUNDERA	10,000	0.17
15	MRS. D KUMARANAYAGAM	10,000	0.17
15	MR. R MAHESWARAN	9,047	0.16
14	MISS M P RADHAKRISHNAN	9,047	0.16
17	MISS A RADHAKRISHNAN	9,046	0.16
18	MR M H M SANOON	8,600	0.15
19	DR T A WEERASURIYA	8,100	0.14
20	MRS L S TUDUGALLE	7,860	0.14
		5,631,950	**96.97**

MORISON PLC (NON VOTING)

List of 20 Major Shareholders based on their Shareholdings as at 30 June 2018

		No of Shares	(%)
1	HEMAS MANUFACTURING (PRIVATE) LIMITED	1,478,349	84.84
2	HEMAS HOLDINGS PLC	102,076	5.86
3	MR. G C GOONETILLEKE	15,000	0.86
4	MS PEOPLES LEASING & FINANCE PLC/C D KOHOMBANWICKRAMAGE	6,952	0.40
5	MRS. E E M WOODWARD	6,620	0.38
6	MR. C F G PERERA (DECEASED)	6,040	0.35
7	MR. R J G DE MEL	4,860	0.28
8	MR. Y I JAFFERJEE	4,530	0.26
9	MISS. D PIERIS	4,140	0.24
10	DR. H W E TISSERA	3,990	0.23
11	MR. M H M SANOON	3,420	0.20
12	MRS. R G ABDULHUSSEIN	3,092	0.18
13	MRS. H A D WIJESUNDERA	3,000	0.17
13	MR N KATHIRGAMATAMBY (DECEASED)	3,000	0.17
13	MRS. D KUMARANAYAGAM	3,000	0.17
16	MR. R MAHESWARAN	2,714	0.16
17	MISS M P RADHAKRISHNAN	2,713	0.16
17	MISS A RADHAKRISHNAN	2,713	0.16
19	MR. S S B KARUNARATNE	2,700	0.15
19	MRS.CLARICE MATHEW	2,700	0.15
		1,661,609	**95.36**