

C. W. MACKIE PLC



**INTERIM REPORT
TWELVE MONTHS ENDED 31ST MARCH 2017**

29th May 2017



C. W. Mackie PLC
Statement of Profit or Loss and Other Comprehensive Income

Group

For the

	Three months ended 31 st March			Twelve months ended 31 st March		
	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Audited)	Variance %
Revenue	2,794,004	2,456,949	13.72	8,837,350	7,859,633	12.44
Cost of sales	(2,404,213)	(2,092,948)	14.87	(7,554,460)	(6,720,945)	12.40
Gross profit	389,791	364,001	7.09	1,282,890	1,138,688	12.66
Other operating income	39,014	43,389	(10.08)	132,042	125,140	5.52
Distribution expenses	(139,370)	(135,756)	2.66	(552,773)	(467,797)	18.17
Administrative expenses	(128,174)	(95,917)	33.63	(445,720)	(386,243)	15.40
Results from operating activities	161,261	175,717	(8.23)	416,439	409,788	1.62
Finance income	686	5,049	(86.41)	3,561	29,534	(87.94)
Finance costs	(33,577)	(12,124)	176.95	(70,932)	(37,399)	89.66
Net financing costs	(32,891)	(7,075)	364.89	(67,371)	(7,865)	756.59
Profit before taxation	128,370	168,642	(23.88)	349,068	401,923	(13.15)
Income tax expense	(31,942)	(24,818)	28.70	(111,937)	(123,401)	(9.29)
Profit for the period	96,428	143,824	(32.95)	237,131	278,522	(14.86)
Other comprehensive income, net of income tax						
Fair value gain on available-for-sale investments	10,056	7,842		10,056	7,842	
Net change in fair value on available-for-sale investments reclassified to profit or loss	-	(1,236)		-	(1,236)	
Other comprehensive income for the period, net of tax	10,056	6,606		10,056	6,606	
Total comprehensive income for the period	106,484	150,430		247,187	285,128	
Profit/(loss) attributable to:						
Equity holders of the parent company	97,210	145,889		236,477	285,251	
Non-controlling interests	(782)	(2,065)		654	(6,729)	
Profit for the period	96,428	143,824		237,131	278,522	
Total comprehensive income attributable to:						
Equity holders of the parent company	107,266	152,495		246,209	291,594	
Non-controlling interests	(782)	(2,065)		978	(6,466)	
Total comprehensive income for the period	106,484	150,430		247,187	285,128	
Basic earnings per share (Rupees)	2.70	4.05		6.57	7.93	
Dividend per share (Rupees)	-	-		3.50	3.00	

Figures in brackets indicate deductions.



C. W. Mackie PLC
Statement of Profit or Loss and Other Comprehensive Income

Company

For the

Three months ended 31st March

Twelve months ended 31st March

	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Audited)	Variance %
Revenue	2,558,231	2,323,194	10.12	8,162,754	7,202,047	13.34
Cost of sales	(2,205,822)	(1,975,924)	11.63	(6,997,246)	(6,126,648)	14.21
Gross profit	352,409	347,270	1.48	1,165,508	1,075,399	8.38
Other operating income	46,083	43,317	6.39	160,206	134,541	19.08
Distribution expenses	(123,660)	(116,929)	5.76	(513,742)	(449,563)	14.28
Administrative expenses	(105,259)	(83,799)	25.61	(380,290)	(327,434)	16.14
Results from operating activities	169,573	189,859	(10.68)	431,682	432,943	(0.29)
Finance income	954	3,574	(73.31)	3,653	23,460	(84.43)
Finance costs	(29,633)	(9,902)	199.26	(57,469)	(25,492)	125.44
Net financing costs	(28,679)	(6,328)	353.21	(53,816)	(2,032)	2548.43
Profit before taxation	140,894	183,531	(23.23)	377,866	430,911	(12.31)
Income tax expense	(34,041)	(43,212)	(21.22)	(112,737)	(119,212)	(5.43)
Profit for the period	106,853	140,319	(23.85)	265,129	311,699	(14.94)
Other comprehensive income, net of income tax						
Fair value gain on available-for-sale investments	6,399	4,920		6,399	4,920	
Net change in fair value on available-for-sale investments reclassified to profit or loss	-	-		-	(1,236)	
Other comprehensive income for the period, net of tax	6,399	4,920		6,399	3,684	
Total comprehensive income for the period	113,252	145,239		271,528	315,383	
Profit attributable to:						
Equity holders of the parent company	106,853	140,319		265,129	311,699	
Profit for the period	106,853	140,319		265,129	311,699	
Total comprehensive income attributable to:						
Equity holders of the parent company	113,252	145,239		271,528	315,383	
Total comprehensive income for the period	113,252	145,239		271,528	315,383	
Basic earnings per share (Rupees)	2.97	3.90		7.37	8.66	
Dividend per share (Rupees)	-	-		3.50	3.00	

Figures in brackets indicate deductions.



C. W. Mackie PLC
Statement of Financial Position

	Group		Company	
As at	31 st March 2017 Rs.000's (Unaudited)	31 st March 2016 Rs.000's (Audited)	31 st March 2017 Rs.000's (Unaudited)	31 st March 2016 Rs.000's (Audited)
Assets				
Non-current assets				
Property, plant and equipment	728,255	809,085	311,988	374,095
Investment property	33,578	38,377	33,578	38,377
Intangible assets	40,866	7,997	40,866	7,997
Investments in subsidiaries	-	-	586,507	586,507
Deferred tax asset	9,395	9,395	-	-
Total non-current assets	812,094	864,854	972,939	1,006,976
Current assets				
Inventories	895,496	888,797	804,576	739,526
Trade and other receivables	2,135,560	1,855,768	1,942,399	1,748,748
Related party receivables	662	8,295	6,048	11,238
Held to maturity investments	-	360	-	-
Cash and cash equivalents	88,268	48,243	83,294	37,328
	3,119,986	2,801,463	2,836,317	2,536,840
Assets held for sale	207,956	-	207,956	-
Total current assets	3,327,942	2,801,463	3,044,273	2,536,840
Total assets	4,140,036	3,666,317	4,017,212	3,543,816
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	1,622,935	1,502,686	1,762,832	1,617,264
Equity attributable to equity holders of the Company	2,138,716	2,018,467	2,284,788	2,139,220
Non-controlling interests	29,009	28,031	-	-
Total equity	2,167,725	2,046,498	2,284,788	2,139,220
Liabilities				
Non-current liabilities				
Long term borrowings	3,525	1,960	-	-
Retirement benefit obligation	42,465	49,850	17,454	23,517
Deferred income/revenue	400	-	-	-
Deferred tax liability	31,649	40,228	29,008	35,676
Total non-current liabilities	78,039	92,038	46,462	59,193
Current liabilities				
Deferred income/revenue	75	-	-	-
Current portion of long term borrowings	1,376	672	-	-
Interest bearing short term borrowings	930,629	800,000	792,629	685,000
Income tax payable	68,641	55,855	67,531	55,855
Trade and other payables	763,438	523,796	705,794	470,439
Related party payables	53,674	20,683	71,862	29,083
Bank overdrafts	76,439	126,775	48,146	105,026
Total current liabilities	1,894,272	1,527,781	1,685,962	1,345,403
Total Liabilities	1,972,311	1,619,819	1,732,424	1,404,596
Total equity and liabilities	4,140,036	3,666,317	4,017,212	3,543,816
Net asset value per share (Rs.)	59.43	56.09	63.49	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 Soares
Chief Financial Officer

The Board of Directors are responsible for preparation and presentation of these financial statements.

Signed
W. T. Ellawala
Director

29th May 2017

Signed
A. M. de S. Jayaratne
Director



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

For the year ended 31st March 2017

	<u>Attributable to equity holders of the parent company</u>							Total equity Rs.000's
	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	
Balance as at 1st April 2015	507,047	8,734	1,236	7,000	1,313,112	1,837,129	34,615	1,871,744
<u>Total comprehensive income for the period</u>								
Net profit/(loss) for the period	-	-	-	-	285,251	285,251	(6,729)	278,522
Other comprehensive income, net of tax	-	-	(1,236)	-	7,579	6,343	263	6,606
Total comprehensive income for the period	-	-	(1,236)	-	292,830	291,594	(6,466)	285,128
<u>Contributions by and distributions to equity holders</u>								
First and final dividend 2014/15	-	-	-	-	(107,966)	(107,966)	-	(107,966)
Reclassification of preference shares of subsidiary	-	-	-	-	(2,290)	(2,290)	-	(2,290)
Purchase of subsidiary shares from non-controlling interests	-	-	-	-	-	-	(118)	(118)
Total distributions to equity holders	-	-	-	-	(110,256)	(110,256)	(118)	(110,374)
Balance as at 31st March 2016	507,047	8,734	-	7,000	1,495,686	2,018,467	28,031	2,046,498
Balance as at 1st April 2016	507,047	8,734	-	7,000	1,495,686	2,018,467	28,031	2,046,498
<u>Total comprehensive income for the period</u>								
Net profit for the period	-	-	-	-	236,477	236,477	654	237,131
Other comprehensive income, net of tax	-	-	-	-	9,732	9,732	324	10,056
Total comprehensive income for the period	-	-	-	-	246,209	246,209	978	247,187
<u>Contributions by and distributions to equity holders</u>								
First and final dividend 2015/16	-	-	-	-	(125,960)	(125,960)	-	(125,960)
Total distributions to equity holders	-	-	-	-	(125,960)	(125,960)	-	(125,960)
Balance as at 31st March 2017	507,047	8,734	-	7,000	1,615,935	2,138,716	29,009	2,167,725

Figures in brackets indicate deductions.



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

For the year ended 31st March 2017

	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 2015	507,047	14,909	1,236	7,000	1,364,377	1,894,569
<u>Total comprehensive income for the period</u>						
Net profit for the period	-	-	-	-	311,699	311,699
Other comprehensive income, net of tax	-	-	(1,236)	-	4,920	3,684
Total comprehensive income for the period	-	-	(1,236)	-	316,619	315,383
<u>Contributions by and distributions to equity holders</u>						
Net asset change due to merger of the subsidiary	-	-	-	-	37,234	37,234
First and final dividend 2014/15	-	-	-	-	(107,966)	(107,966)
Total distributions to equity holders	-	-	-	-	(70,732)	(70,732)
Balance as at 31st March 2016	507,047	14,909	-	7,000	1,610,264	2,139,220
Balance as at 1st April 2016	507,047	14,909	-	7,000	1,610,264	2,139,220
<u>Total comprehensive income for the period</u>						
Net profit for the period	-	-	-	-	265,129	265,129
Other comprehensive income, net of tax	-	-	-	-	6,399	6,399
Total comprehensive income for the period	-	-	-	-	271,528	271,528
<u>Contributions by and distributions to equity holders</u>						
First and final dividend 2015/16	-	-	-	-	(125,960)	(125,960)
Total distributions to equity holders	-	-	-	-	(125,960)	(125,960)
Balance as at 31st March 2017	507,047	14,909	-	7,000	1,755,832	2,284,788

Figures in brackets indicate deductions.



C. W. Mackie PLC
Statement of Cash Flow

	Group		Company	
	2017 Rs. 000's	2016 Rs. 000's	2017 Rs. 000's	2016 Rs. 000's
For the year ended 31st March				
Cash flows from operating activities				
Profit before taxation	349,068	401,923	377,866	430,911
Adjustments for :				
Depreciation and amortisation of investment property, intangible assets and property, plant and equipment	99,562	92,662	74,105	38,688
Profit on disposal of property, plant and equipment	(15,115)	(18,814)	(13,749)	(864)
Profit on disposal of available for sale investments	-	(1,245)	-	(1,245)
Write-off of property, plant and equipments	-	454	-	448
Provision for retirement benefit obligation	13,973	14,037	8,453	8,687
Finance income	(876)	(1,172)	(1,100)	(668)
Finance costs	70,932	37,399	57,469	25,492
Provision for compensation under voluntary retirement scheme	4,875	10,645	2,750	-
Unrealised profit on inventory	(1,596)	(1,545)	-	-
Provision for slow moving inventories	6,289	5,291	4,409	3,390
Provision for market returns	9,463	19,458	8,443	19,458
Provision for impairment of trade receivables	7,169	1,110	6,749	1,143
Provision for impairment of held to maturity investments	360	-	-	-
Provision/(reversal) impairment of other receivables	(1,652)	10,817	-	1,150
Operating profit before working capital changes	542,452	571,020	525,395	526,590
Changes in working capital				
Change in inventories	(11,392)	(206,627)	(69,459)	(180,706)
Change in trade and other receivables	(277,676)	(340,581)	(195,210)	(385,199)
Change in trade and other payables	263,170	84,542	269,691	69,477
Change in deferred income/revenue	475	-	-	-
Cash generated from operating activities	517,029	108,354	530,417	30,162
Interest paid	(70,932)	(31,798)	(57,469)	(25,097)
Payments to gratuity fund	(10,548)	(9,611)	(8,117)	(7,136)
Gratuity paid	(754)	(471)	-	-
Compensation paid under voluntary retirement scheme	(4,875)	(10,645)	(2,750)	-
Income tax/ESC paid	(107,730)	(115,498)	(107,729)	(105,464)
Net cash flows from/(used in) operating activities	322,190	(59,669)	354,352	(107,535)
Cash flows from investing activities				
Purchase of property, plant and equipment	(262,382)	(90,348)	(250,309)	(78,722)
Proceeds from disposal of property, plant and equipment	22,739	30,737	16,034	1,262
Proceeds from disposal of available for sale investments	-	1,321	-	1,321
Purchase of subsidiary shares from non-controlling interests	-	(118)	-	(118)
Dividend received	-	64	-	64
Net cash flows used in investing activities	(239,643)	(58,344)	(234,275)	(76,193)
Cash flows from financing activities				
Long term borrowings/(repayments)	2,269	(728)	-	-
Short term borrowings obtained	130,629	202,751	107,629	197,598
Lease rental paid	-	(62,587)	-	(3,695)
Interest received	876	1,108	1,100	604
Dividend paid	(125,960)	(107,966)	(125,960)	(107,966)
Net cash flows from/(used in) financing activities	7,814	32,578	(17,231)	86,541
Net changes in cash and cash equivalents	90,361	(85,435)	102,846	(97,187)
Cash and cash equivalents at beginning of the year	(78,532)	6,903	(67,698)	31,084
Net cash flow due to merger of subsidiary	-	-	-	(1,595)
Cash and cash equivalents at the end of the year	11,829	(78,532)	35,148	(67,698)

Figures in brackets indicate deductions.



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

1. Segmental Information – Group

	Revenue		Segmental Profit	
	2017 Rs.000's	2016 Rs.000's	2017 Rs.000's	2016 Rs.000's
<i>For the year ended 31st March 2017</i>				
Commodity trading	1,638,922	1,679,340	126,368	133,657
Rubber based products manufacturing	623,710	591,814	79,710	72,931
Industrial products	844,867	622,323	212,979	156,691
Consumer goods	5,729,851	4,966,156	863,833	802,639
Other	-	-	-	(27,230)
	8,837,350	7,859,633	1,282,890	1,138,688
Other operating income			132,042	125,140
Operating overheads			(998,493)	(854,040)
Finance income			3,561	29,534
Finance costs			(70,932)	(37,399)
Income tax expense			(111,937)	(123,401)
Profit for the period			237,131	278,522

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 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

The following contingent liabilities exist as at the reporting date on account of the letters of comfort and guarantees given by the Company:

Outstanding as at 31 March	2017 Rs.Mn	2016 Rs.Mn
Corporate guarantees provided on behalf of the subsidiaries		
Ceymac Rubber Company Limited	99	99
Ceytra (Private) Limited	8	8
Kelani Valley Canneries Limited	90	-
Total	197	107
Outstanding short term loan facility		
Ceymac Rubber Company Limited	72	50
Kelani Valley Canneries Limited	65	-
Total	137	50

These corporate guarantees have been provided for Hatton National Bank PLC and Commercial Bank of Ceylon PLC on behalf of the subsidiary companies Ceymac Rubber Company Limited, Ceytra (Private) Limited and Kelani Valley Canneries Limited for short term loan facilities. where repayment terms are less than 12 months.

There are no material contingent liabilities outstanding as at the reporting date other than as disclosed above which require adjustments to or disclosures in the interim financial statements.

4. Events After the Reporting Date

Subsequent to the reporting date no circumstances have arisen that would require adjustment to or disclosure in the interim financial statements other than as disclosed below.

Joint venture agreement

C.W Mackie PLC (CWM) and Co-Ro A/S from Denmark has entered in to a joint venture agreement on 24 February 2017, with the purpose of manufacturing, processing and marketing Co-Ro's products in the form of concentrates and ready to drink (RTD)

Two limited liability companies, named Sunquick Lanka (Private) Limited, in which Co-Ro A/S will own 51% and Sunquick Lanka Properties (Private) Limited, in which CWM will own 51%, will be established under the joint venture. Two joint venture Companies were registered on 2 and 3 May 2017 respectively and expected to commence operations by 1 June 2017.



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

5. Dividend

First and final dividend of Rs.3.50 per share amounting to Rs.125,959,946/- for the financial year ended 31st March 2016 authorised for distribution by the Directors was approved by the shareholders of the Company at the Annual General Meeting held on 30th June 2016 and was paid to the Shareholders on 12th July 2016.

6. Share Information

6.1 Twenty Largest Shareholders as at 31st March 2017

	Name of Shareholder	No. of Ordinary Shares (Voting)	%
1	National Development Bank PLC/Lankem Ceylon PLC	16,000,000	44.46
2	Seylan Bank PLC/Dr T. Senthilverl	8,983,000	24.96
3	Lankem Ceylon PLC	2,137,526	5.94
4	Sampath Bank PLC / Dr. T. Senthilverl	1,782,575	4.95
5	Pan Asia Banking Corporation PLC /Lankem Ceylon PLC	1,779,285	4.94
6	Acuity Partners (Pvt) Ltd/Union Investment (Pvt) Ltd	950,000	2.64
7	Amana Bank Limited	896,437	2.49
8	Corporate Holdings (Private) Limited Account No. 1	225,802	0.63
9	Mr. P. P. Anandarajah	155,100	0.43
10	Mr. M. A. Lukmanjee	155,000	0.43
11	Employees Provident Fund	139,740	0.39
12	People's Leasing and Finance PLC /L.P. Hapangama	132,843	0.37
13	Harnam Holdings SDN BHD	100,000	0.28
14	Ms. N. Harnam	100,000	0.28
15	Sir F.I. Raheemtoola	90,000	0.25
16	Bank of Ceylon No.1 Account	88,972	0.25
17	Mr. M. M. M. Milfer	72,925	0.21
18	Seylan Bank PLC/Mr. L. C. R. Pathirana	60,397	0.17
19	Mr. Z. G. Carimjee	60,200	0.17
20	HSBC international Nominees Ltd -SSBT-Deutsche Bank	60,018	0.17

6.2 Public Holding

	As at 31 st March 2017
Percentage of public holding	14.74%
Number of public shareholders	1,991

6.3 Directors' Holding in Shares

Name of Director	No. of Shares As at 31 st March 2017	No. of Shares As at 31 st March 2016
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.)

6. Share Information (Cont'd...)

6.4 Share Price

	3 months to	3 months to
	31st March 2017	31st March 2016
	Rs.	Rs.
Highest Price	58.70	58.00
Lowest Price	47.00	47.00
Last Traded Price	54.70	54.60

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, 29th May 2017

REGISTERED OFFICE
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Telephone : 2423554 - 62 Fax: 2440228
E-mail : info@cw Mackie.com
website : www.cw Mackie.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