

C. W. MACKIE PLC



**INTERIM REPORT
THREE MONTHS ENDED 30TH JUNE 2017**

14th August 2017



C. W. Mackie PLC
Statement of Comprehensive Income

Group

For the

Three months ended 30th June

	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %
Revenue	2,265,862	2,089,271	8.45
Cost of sales	(1,998,946)	<u>(1,789,584)</u>	11.70
Gross profit	266,916	299,687	(10.94)
Other operating income	34,136	26,714	27.78
Distribution expenses	(131,163)	(136,959)	(4.23)
Administrative expenses	(111,415)	<u>(103,684)</u>	7.46
Results from operating activities	58,474	85,758	(31.82)
Finance income	207	244	(15.16)
Finance costs	(29,740)	<u>(17,727)</u>	67.77
Net financing costs	(29,533)	<u>(17,483)</u>	68.92
Profit before taxation	28,941	68,275	(57.61)
Income tax expense	(12,800)	<u>(23,489)</u>	(45.51)
Profit for the period	16,141	<u>44,786</u>	(63.96)
Total comprehensive income for the period	16,141	<u>44,786</u>	
Profit/(loss) attributable to:			
Equity holders of the parent company	16,184	45,123	
Non-controlling interests	(43)	(337)	
Profit for the period	16,141	<u>44,786</u>	
Total comprehensive income/(expense) attributable to:			
Equity holders of the parent company	16,184	45,123	
Non-controlling interests	(43)	(337)	
Total comprehensive income for the period	16,141	<u>44,786</u>	
Basic earnings per share (Rupees)	0.45	<u>1.25</u>	
Dividend per share (Rupees)	3.50	<u>3.50</u>	

Figures in brackets indicate deductions.



C. W. Mackie PLC
Statement of Comprehensive Income

Company

For the

Three months ended 30th June

	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %
Revenue	2,090,027	1,945,925	7.41
Cost of sales	(1,849,239)	(1,670,890)	10.67
Gross profit	240,788	275,035	(12.45)
Other operating income	41,699	35,825	16.40
Distribution expenses	(121,287)	(129,419)	(6.28)
Administrative expenses	(95,499)	(92,515)	3.23
Results from operating activities	65,701	88,926	(26.12)
Finance income	357	266	34.21
Finance costs	(25,241)	(13,613)	85.42
Net financing costs	(24,884)	(13,347)	86.44
Profit before taxation	40,817	75,579	(45.99)
Income tax expense	(12,800)	(23,090)	(44.56)
Profit for the period	28,017	52,489	(46.62)
Total comprehensive income for the period	28,017	52,489	
Profit attributable to:			
Equity holders of the parent company	28,017	52,489	
Profit for the period	28,017	52,489	
Total comprehensive income attributable to:			
Equity holders of the parent company	28,017	52,489	
Total comprehensive income for the period	28,017	52,489	
Basic earnings per share (Rupees)	0.78	1.46	
Dividend per share (Rupees)	3.50	3.50	

Figures in brackets indicate deductions.



C. W. Mackie PLC
Statement of Financial Position

As at	Group		Company	
	30 th June 2017 Rs.000's (Unaudited)	31 st March 2017 Rs.000's (Audited)	30 th June 2017 Rs.000's (Unaudited)	31 st March 2017 Rs.000's (Audited)
Assets				
Non-current assets				
Property, plant and equipment	780,877	728,255	368,536	311,988
Investment property	32,355	33,578	32,355	33,578
Intangible assets	37,249	40,866	37,249	40,866
Investments in subsidiaries	-	-	586,507	586,507
Deferred tax asset	9,395	9,395	-	-
Total non-current assets	<u>859,876</u>	<u>812,094</u>	<u>1,024,647</u>	<u>972,939</u>
Current assets				
Inventories	604,280	895,496	521,017	804,576
Trade and other receivables	1,505,416	2,135,560	1,227,295	1,942,399
Related party receivables	168,307	662	257,256	6,048
Cash and cash equivalents	84,306	88,268	82,124	83,294
	<u>2,362,309</u>	<u>3,119,986</u>	<u>2,087,692</u>	<u>2,836,317</u>
Assets held for sale	168,957	207,956	168,957	207,956
Total current assets	<u>2,531,266</u>	<u>3,327,942</u>	<u>2,256,649</u>	<u>3,044,273</u>
Total assets	<u>3,391,142</u>	<u>4,140,036</u>	<u>3,281,296</u>	<u>4,017,212</u>
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	1,513,159	1,622,935	1,664,889	1,762,832
Equity attributable to equity holders of the Company	<u>2,028,940</u>	<u>2,138,716</u>	<u>2,186,845</u>	<u>2,284,788</u>
Non-controlling interests	28,966	29,009	-	-
Total equity	<u>2,057,906</u>	<u>2,167,725</u>	<u>2,186,845</u>	<u>2,284,788</u>
Liabilities				
Non-current liabilities				
Interest bearing long term borrowings	3,601	3,525	-	-
Retirement benefit obligation	44,897	42,465	18,912	17,454
Deferred income	381	400	-	-
Deferred tax liability	31,649	31,649	29,008	29,008
Total non-current liabilities	<u>80,528</u>	<u>78,039</u>	<u>47,920</u>	<u>46,462</u>
Current liabilities				
Deferred income	75	75	-	-
Current portion of long term borrowings	1,476	1,376	-	-
Interest bearing short term borrowings	496,147	930,629	371,395	792,629
Income tax payable	32,529	68,641	31,513	67,531
Trade and other payables	507,957	763,438	442,310	705,794
Related party payables	34,313	53,674	49,655	71,862
Dividend payable	125,960	-	125,960	-
Bank overdrafts	54,251	76,439	25,698	48,146
Total current liabilities	<u>1,252,708</u>	<u>1,894,272</u>	<u>1,046,531</u>	<u>1,685,962</u>
Total Liabilities	<u>1,333,236</u>	<u>1,972,311</u>	<u>1,094,451</u>	<u>1,732,424</u>
Total equity and liabilities	<u>3,391,142</u>	<u>4,140,036</u>	<u>3,281,296</u>	<u>4,017,212</u>
Net asset value per share (Rs.)	<u>56.38</u>	59.43	<u>60.77</u>	63.49

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

14th August 2017



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

For the period ended 30th June 2017

Attributable to equity holders of the parent company

	Stated capital Rs.000's	Capital 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
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/(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
<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 30th June 2016	507,047	8,734	7,000	1,414,849	1,937,630	27,694	1,965,324
Balance as at 1st April 2017	507,047	8,734	7,000	1,615,935	2,138,716	29,009	2,167,725
<u>Total comprehensive income for the period</u>							
Net profit/(loss) for the year	-	-	-	16,184	16,184	(43)	16,141
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income/(expense) for the year	-	-	-	16,184	16,184	(43)	16,141
<u>Contributions by and distributions to equity holders</u>							
First and final dividend 2016/17	-	-	-	(125,960)	(125,960)	-	(125,960)
Total distributions to equity holders	-	-	-	(125,960)	(125,960)	-	(125,960)
Balance as at 30th June 2017	507,047	8,734	7,000	1,506,159	2,028,940	28,966	2,057,906

Figures in brackets indicate deductions.



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

For the period ended 30th June 2017

	Stated capital Rs.000's	Capital reserve Rs.000's	General reserve Rs.000's	Retained earnings Rs.000's	Total equity Rs.000's
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	-	-	-	52,489	52,489
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	52,489	52,489
<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 30th June 2016	507,047	14,909	7,000	1,536,793	2,065,749
Balance as at 1st April 2017	507,047	14,909	7,000	1,755,832	2,284,788
<u>Total comprehensive income for the period</u>					
Net profit for the period	-	-	-	28,017	28,017
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	28,017	28,017
<u>Contributions by and distributions to equity holders</u>					
First and final dividend 2016/17	-	-	-	(125,960)	(125,960)
Total distributions to equity holders	-	-	-	(125,960)	(125,960)
Balance as at 30th June 2017	507,047	14,909	7,000	1,657,889	2,186,845

Figures in brackets indicate deductions.



C. W. Mackie PLC
Cash Flow Statement

	Group		Company	
<i>For the period ended 30th June</i>	2017 Rs. 000's	2016 Rs. 000's	2017 Rs. 000's	2016 Rs. 000's
Cash flows from operating activities				
Profit before taxation	28,941	68,275	40,817	75,579
<i>Adjustments for :</i>				
Depreciation	27,545	24,341	20,621	17,211
Profit on disposal of property, plant and equipment	(5,301)	(748)	(5,194)	(2,529)
Provision for retirement benefit	2,723	2,723	1,458	180
Finance income	(207)	(244)	(357)	(266)
Finance costs	29,000	16,987	23,018	13,264
Compensation under voluntary retirement scheme	-	500	-	-
Operating profit before working capital changes	82,701	111,834	80,363	103,439
Changes in working capital				
Change in inventories	291,216	201,110	283,559	173,896
Change in trade and other receivables	630,144	506,070	715,104	548,371
Change in related party receivables	(167,645)	714	(251,208)	57
Change in trade and other payables	(255,481)	12,459	(263,484)	22,671
Change in related party payables	(19,361)	(12,370)	(22,207)	(61,195)
Cash generated from operations	561,574	819,817	542,127	787,239
Interest paid	(29,000)	(16,987)	(23,018)	(13,264)
Compensation under voluntary retirement scheme	-	(500)	-	-
Income tax/ESC paid	(42,920)	(20,731)	(42,650)	(17,510)
Net cash flows from operating activities	489,654	781,599	476,459	756,465
Cash flows from/(used in) investing activities				
Purchase of property, plant and equipment	(43,411)	(18,514)	(40,276)	(18,346)
Proceeds from disposal of property, plant and equipment	6,082	4,232	5,972	2,604
Net cash flows used in investing activities	(37,329)	(14,282)	(34,304)	(15,742)
Cash flows from/(used) in financing activities				
Repayment of short term borrowings	(434,482)	(647,000)	(421,234)	(627,000)
Repayment of long term borrowings	176	(168)	-	-
Interest received	207	244	357	266
Net cash flows used in financing activities	(434,099)	(646,924)	(420,877)	(626,734)
Net changes in cash and cash equivalents	18,226	120,393	21,278	113,989
Cash and cash equivalents at beginning of the period	11,829	(78,532)	35,148	(67,698)
Cash and cash equivalents at the end of the period (Note A)	30,055	41,861	56,426	46,291
Note A				
Cash and cash equivalents	84,306	98,928	82,124	88,214
Bank overdrafts	(54,251)	(57,067)	(25,698)	(41,923)
	30,055	41,861	56,426	46,291

Figures in brackets indicate deductions.



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

1. Segmental Information – Group

<i>For the period ended 30th June</i>	Revenue		Segmental Profit	
	2017 Rs.000's	2016 Rs.000's	2017 Rs.000's	2016 Rs.000's
Commodity trading	898,157	972,560	50,796	61,554
Rubber based products manufacturing	170,098	127,218	20,685	22,861
Industrial products	242,558	191,972	58,592	46,194
Consumer goods	955,049	797,521	136,843	169,078
	2,265,862	2,089,271	266,916	299,687
Other operating income			34,136	26,714
Operating overheads			(242,578)	(240,643)
Finance income			207	244
Finance costs			(29,740)	(17,727)
Income tax expense			(12,800)	(23,489)
Profit for the period			16,141	44,786

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 2017.

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 31st March 2017.

4. Events After the Reporting Date

C.W. Mackie PLC (CWM) and Co-Ro A/S, Denmark has entered into a joint venture agreement on 24 February 2017 for the purpose of manufacturing, processing and marketing Co-Ro products in the form of concentrates and ready to drink (RTD) products marketed under 'Sunquick' brand. Two limited liability companies, named Sunquick Lanka (Private) Limited, in which Co-Ro A/S will own 51% and CWM 49% and Sunquick Lanka Properties (Private) Limited, in which CWM will own 51% and Co-Ro 49%, has been established under the joint venture.

The joint venture companies were incorporated on 2 May 2017 and 3 May 2017 respectively and commenced operations by 2 June 2017. CWM has transferred Rs.190.89 Mn (net of taxes) worth of inventory to Sunquick Lanka (Private) Limited to commence its operations through the current account which will be converted to equity as its contribution in kind.

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

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 2017 authorised for distribution by the Directors was approved by the shareholders of the Company at the Annual General Meeting held on 28th June 2017 and was paid to the Shareholders on 7th July 2017. This dividend has been recognised as a liability as at 30th June 2017.



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

6. Share Information

6.1 Twenty Largest Shareholders as at 30th June 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 PLC	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	People's Leasing and Finance PLC /L.P. Hapangama	154,716	0.43
12	Employees Provident Fund	139,740	0.39
13	Harnam Holdings SDN BHD	110,000	0.31
14	Ms. N. Harnam	100,000	0.28
15	Sir F.I. Raheemtoola	90,000	0.25
16	Mr. M. M. M. Mizver	83,168	0.23
17	Mr. M. M. M. Milfer	75,925	0.21
18	Seylan Bank PLC/Mr. L. C. R. Pathirana	60,408	0.17
19	Mr. Z. G. Carimjee	60,200	0.17
20	HSBC international Nominees Ltd -SSBT-Deustche Bank	60,018	0.17

6.2 Public Holding

	As at 30th June 2017
Percentage of public holding	14.67%
Number of public shareholders	2,007

6.3 Directors' Holding in Shares

Name of Director	No. of Shares As at 30th June 2017	No. of Shares As at 30th June 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 30th June 2017	3 months to 30th June 2016
	Rs.	Rs.
Highest Price	58.00	64.00
Lowest Price	53.00	50.30
Last Traded Price	53.70	60.00

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, 14th August 2017

REGISTERED OFFICE

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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