

C. W. MACKIE PLC



**INTERIM REPORT
SIX MONTHS ENDED 30TH SEPTEMBER 2017**

8th November 2017



C. W. Mackie PLC
Statement of Comprehensive Income

Group

For the

Three months ended 30th September

Six months ended 30th September

	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %
Revenue	2,212,629	2,001,006	10.58	4,478,491	4,090,277	9.49
Cost of sales	(1,948,850)	(1,713,240)	13.75	(3,947,796)	(3,502,824)	12.70
Gross profit	263,779	287,766	(8.34)	530,695	587,453	(9.66)
Other operating income	123,213	30,143	308.76	157,349	56,857	176.75
Distribution expenses	(126,694)	(118,840)	6.61	(257,857)	(255,799)	0.80
Administrative expenses	(116,019)	(100,300)	15.67	(227,434)	(203,984)	11.50
Results from operating activities	144,279	98,769	46.08	202,753	184,527	9.88
Finance income	134	211	(36.49)	341	455	(25.05)
Finance costs	(19,786)	(10,625)	86.22	(49,526)	(28,352)	74.68
Net financing costs	(19,652)	(10,414)	88.71	(49,185)	(27,897)	76.31
Profit before taxation	124,627	88,355	41.05	153,568	156,630	(1.95)
Income tax expense	(45,400)	(23,234)	95.40	(58,200)	(46,723)	24.56
Profit for the period	79,227	65,121	21.66	95,368	109,907	(13.23)
Total comprehensive income for the period	79,227	65,121		95,368	109,907	
Profit/(loss) attributable to:						
Equity holders of the parent company	79,735	65,167		95,919	109,771	
Non-controlling interests	(508)	(46)		(551)	136	
Profit for the period	79,227	65,121		95,368	109,907	
Total comprehensive income attributable to:						
Equity holders of the parent company	79,735	65,167		95,919	109,771	
Non-controlling interests	(508)	(46)		(551)	136	
Total comprehensive income for the period	79,227	65,121		95,368	109,907	
Basic earnings per share (Rupees)	2.22	1.81		2.67	3.05	
Dividend per share (Rupees)	-	-		3.50	3.50	

Figures in brackets indicate deductions.



C. W. Mackie PLC
Statement of Comprehensive Income

Company

For the

Three months ended 30th September

Six months ended 30th September

	Three months ended 30 th September			Six months ended 30 th September		
	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %
Revenue	2,049,221	1,838,791	11.44	4,139,248	3,784,716	9.37
Cost of sales	(1,804,227)	(1,589,517)	13.51	(3,653,466)	(3,260,407)	12.06
Gross profit	244,994	249,274	(1.72)	485,782	524,309	(7.35)
Other operating income	132,920	32,320	311.26	174,619	68,145	156.25
Distribution expenses	(117,346)	(111,821)	4.94	(238,633)	(241,240)	(1.08)
Administrative expenses	(103,952)	(77,932)	33.39	(199,451)	(170,447)	17.02
Results from operating activities	156,616	91,841	70.53	222,317	180,767	22.99
Finance income	256	218	17.43	613	484	26.65
Finance costs	(16,209)	(8,570)	89.14	(41,450)	(22,183)	86.85
Net financing costs	(15,953)	(8,352)	91.01	(40,837)	(21,699)	88.20
Profit before taxation	140,663	83,489	68.48	181,480	159,068	14.09
Income tax expense	(44,200)	(23,234)	90.24	(57,000)	(46,324)	23.05
Profit for the period	96,463	60,255	60.09	124,480	112,744	10.41
Total comprehensive income for the period	96,463	60,255		124,480	112,744	
Profit attributable to:						
Equity holders of the parent company	96,463	60,255		124,480	112,744	
Profit for the period	96,463	60,255		124,480	112,744	
Total comprehensive income attributable to:						
Equity holders of the parent company	96,463	60,255		124,480	112,744	
Total comprehensive income for the period	96,463	60,255		124,480	112,744	
Basic earnings per share (Rupees)	2.68	1.67		3.46	3.13	
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 September 2017 Rs.000's (Unaudited)	31 st March 2017 Rs.000's (Audited)	30 th September 2017 Rs.000's (Unaudited)	31 st March 2017 Rs.000's (Audited)
Assets				
Non-current assets				
Property, plant and equipment	779,715	728,255	367,974	311,988
Investment property	31,566	33,578	31,566	33,578
Intangible assets	32,692	40,866	32,692	40,866
Investments in subsidiaries	-	-	586,507	586,507
Deferred tax asset	9,395	9,395	-	-
Total non-current assets	853,368	812,094	1,018,739	972,939
Current assets				
Inventories	712,165	895,496	629,880	804,576
Trade and other receivables	1,669,025	2,135,560	1,513,777	1,942,399
Related party receivables	262,731	662	271,279	6,048
Cash and cash equivalents	77,479	88,268	73,759	83,294
	2,721,400	3,119,986	2,488,695	2,836,317
Assets held for sale	164,115	207,956	164,115	207,956
Total current assets	2,885,515	3,327,942	2,652,810	3,044,273
Total assets	3,738,883	4,140,036	3,671,549	4,017,212
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	1,592,894	1,622,935	1,761,352	1,762,832
Equity attributable to equity holders of the Company	2,108,675	2,138,716	2,283,308	2,284,788
Non-controlling interests	28,458	29,009	-	-
Total equity	2,137,133	2,167,725	2,283,308	2,284,788
Liabilities				
Non-current liabilities				
Interest bearing long term borrowings	3,353	3,525	-	-
Retirement benefit obligation	47,245	42,465	20,286	17,454
Deferred income	362	400	-	-
Deferred tax liability	31,649	31,649	29,008	29,008
Total non-current liabilities	82,609	78,039	49,294	46,462
Current liabilities				
Deferred income	75	75	-	-
Current portion of long term borrowings	1,380	1,376	-	-
Interest bearing short term borrowings	686,791	930,629	572,159	792,629
Income tax payable	62,942	68,641	61,809	67,531
Trade and other payables	611,999	763,438	562,739	705,794
Related party payables	83,271	53,674	96,934	71,862
Bank overdrafts	72,683	76,439	45,306	48,146
Total current liabilities	1,519,141	1,894,272	1,338,947	1,685,962
Total Liabilities	1,601,750	1,972,311	1,388,241	1,732,424
Total equity and liabilities	3,738,883	4,140,036	3,671,549	4,017,212
Net asset value per share (Rs.)	58.59	59.43	63.45	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

C. Welengoda

General Manager - Group Finance

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

Signed

W. T. Ellawala

Director

8th November 2017

Signed

A. M. de S. Jayaratne

Director



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

For the period ended 30th September 2017

Attributable to equity holders of the parent company

	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	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 period	-	-	-	-	109,771	109,771	136	109,907
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	109,771	109,771	136	109,907
<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 September 2016	507,047	8,734	-	7,000	1,479,497	2,002,278	28,167	2,030,445
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 for the period	-	-	-	-	95,919	95,919	(551)	95,368
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	95,919	95,919	(551)	95,368
<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 September 2017	507,047	8,734	-	7,000	1,585,894	2,108,675	28,458	2,137,133

Figures in brackets indicate deductions.



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

For the period ended 30th September 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 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	-	-	-	-	112,744	112,744
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	112,744	112,744
<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 September 2016	507,047	14,909	-	7,000	1,597,048	2,126,004
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	-	-	-	-	124,480	124,480
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	124,480	124,480
<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 September 2017	507,047	14,909	-	7,000	1,754,352	2,283,308

Figures in brackets indicate deductions.



C. W. Mackie PLC
Cash Flow Statement

	Group		Company	
	2017 Rs. 000's	2016 Rs. 000's	2017 Rs. 000's	2016 Rs. 000's
For the period ended 30th September				
Cash flows from operating activities				
Profit before taxation	153,568	156,630	181,480	159,068
<i>Adjustments for :</i>				
Depreciation	57,622	46,294	43,601	32,206
Profit on disposal of property, plant and equipment	(99,126)	(3,051)	(97,498)	(2,890)
Provision for retirement benefit obligation	4,779	5,247	2,832	3,408
Amortisation of deferred income	(38)	-	-	-
Finance income	(341)	(455)	(613)	(484)
Finance costs	48,521	27,201	40,750	21,276
Operating profit before working capital changes	164,985	231,866	170,552	212,584
Changes in working capital				
Change in inventories	183,331	37,402	174,696	(5,017)
Change in trade and other receivables	466,535	320,675	428,622	385,332
Change in related party receivables	(262,069)	8,046	(265,231)	(7,042)
Change in trade and other payables	(151,439)	78,374	(143,055)	74,554
Change in related party payables	29,597	(7,541)	25,072	(33,075)
Cash generated from operations	430,940	668,822	390,656	627,336
Interest paid	(48,521)	(27,181)	(40,750)	(21,276)
Income tax/ESC paid	(63,900)	(81,032)	(62,722)	(77,896)
Net cash flows from operating activities	318,519	560,609	287,184	528,164
Cash flows from/(used in) investing activities				
Purchase of property, plant and equipment	(62,399)	(89,240)	(52,750)	(94,445)
Proceeds from disposal of property, plant and equipment	106,472	3,762	104,688	3,500
Net cash flows used in investing activities	44,073	(85,478)	51,938	(90,945)
Cash flows from/(used) in financing activities				
Repayment of short term borrowings	(243,838)	(353,866)	(220,470)	(305,000)
Repayment of long term borrowings	(168)	(336)	-	-
Interest received	341	455	613	484
Dividend paid	(125,960)	(125,960)	(125,960)	(125,960)
Net cash flows used in financing activities	(369,625)	(479,707)	(345,817)	(430,476)
Net changes in cash and cash equivalents	(7,033)	(4,576)	(6,695)	6,743
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)	4,796	(83,108)	28,453	(60,955)
Note A				
Cash and cash equivalents	77,479	66,252	73,759	50,433
Bank overdrafts	(72,683)	(149,360)	(45,306)	(111,388)
	4,796	(83,108)	28,453	(60,955)

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 September</i>	Revenue		Segmental Profit	
	2017 Rs.000's	2016 Rs.000's	2017 Rs.000's	2016 Rs.000's
Commodity trading	768,729	791,680	48,134	40,195
Rubber based products manufacturing	316,687	278,602	27,723	40,524
Industrial products	478,868	400,072	125,730	105,013
Consumer goods	2,914,207	2,619,923	329,108	401,721
	4,478,491	4,090,277	530,695	587,453
Other operating income			157,349	56,857
Operating overheads			(485,291)	(459,783)
Finance income			341	455
Finance costs			(49,526)	(28,352)
Income tax expense			(58,200)	(46,723)
Profit for the period			95,368	109,907

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

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

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

5. Joint Venture Operation

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 and Rs.99 Mn (net of taxes) worth of plant, machinery and equipments to Sunquick Lanka (Private) Limited to commence its operations through the current account which will be converted to equity as its contribution in kind.

6. 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.



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

7. Share Information

7.1 Twenty Largest Shareholders as at 30th September 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	897,726	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	115,000	0.32
14	Ms. N. Harnam	100,000	0.28
15	Sir F.I. Raheemtoola	90,000	0.25
16	Seylan Bank PLC/Mr. L. C. R. Pathirana	60,408	0.17
17	Mr. Z. G. Carimjee	60,200	0.17
18	HSBC international Nominees Ltd -SSBT-Deustche Bank	60,018	0.17
19	Union Investments (Private) Limited	60,000	0.17
20	Oakley Investments (Private) Limited	53,239	0.15

7.2 Public Holding

	As at 30 th September 2017
Percentage of public holding	14.67%
Number of public shareholders	2,006

7.3 Directors' Holding in Shares

Name of Director	No. of Shares As at 30 th September 2017	No. of Shares As at 30 th September 2016
	W. T. Ellawala (Chairman/CEO)	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.)

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

7.4 Share Price

	3 months to 30th September 2017	3 months to 30th September 2016
	Rs.	Rs.
Highest Price	54.90	58.00
Lowest Price	49.00	51.10
Last Traded Price	53.00	54.00

7.5 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, 8th November 2017

REGISTERED OFFICE

36, D. R. Wijewardena Mawatha, Colombo 10.
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