

C. W. MACKIE PLC



INTERIM REPORT NINE MONTHS ENDED 31ST DECEMBER 2017

6th February 2018



C. W. Mackie PLC
Statement of Comprehensive Income

Group

For the

Three months ended 31st December

Nine months ended 31st December

	2017	2016	Variance	2017	2016	Variance
	Rs. 000's	Rs. 000's	%	Rs. 000's	Rs. 000's	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	2,457,567	1,953,069	25.83	6,936,058	6,043,346	14.77
Cost of sales	(2,203,371)	(1,647,423)	(33.75)	(6,151,167)	(5,150,247)	(19.43)
Gross profit	254,196	305,646	(16.83)	784,891	893,099	(12.12)
Other operating income	86,824	36,171	140.04	244,173	93,028	162.47
Distribution expenses	(139,562)	(157,604)	11.45	(397,419)	(413,403)	3.87
Administrative expenses	(109,550)	(113,562)	3.53	(336,984)	(317,546)	(6.12)
Results from operating activities	91,908	70,651	30.09	294,661	255,178	15.47
Finance income	1,016	4,420	(77.01)	1,357	4,875	(72.16)
Finance costs	(26,449)	(11,003)	(140.38)	(75,975)	(39,355)	(93.05)
Net financing costs	(25,433)	(6,583)	(286.34)	(74,618)	(34,480)	(116.41)
Profit before taxation	66,475	64,068	3.76	220,043	220,698	(0.30)
Income tax expense	(18,612)	(33,272)	44.06	(76,812)	(79,995)	3.98
Profit for the period	47,863	30,796	55.42	143,231	140,703	1.80
Total comprehensive income for the period	47,863	30,796		143,231	140,703	
Profit/(loss) attributable to:						
Equity holders of the parent company	47,785	29,023		143,704	139,267	
Non-controlling interests	78	1,773		(473)	1,436	
Profit for the period	47,863	30,796		143,231	140,703	
Total comprehensive income attributable to:						
Equity holders of the parent company	47,785	29,023		143,704	139,267	
Non-controlling interests	78	1,773		(473)	1,436	
Total comprehensive income for the period	47,863	30,796		143,231	140,703	
Basic earnings per share (Rupees)	1.33	0.81		3.99	3.87	
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 31st December

Nine months ended 31st December

	Three months ended 31 st December			Nine months ended 31 st December		
	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %	2017 Rs. 000's (Unaudited)	2016 Rs. 000's (Unaudited)	Variance %
Revenue	2,308,544	1,819,807	26.86	6,447,792	5,604,523	15.05
Cost of sales	(2,073,393)	(1,531,017)	(35.43)	(5,726,859)	(4,791,424)	(19.52)
Gross profit	235,151	288,790	(18.57)	720,933	813,099	(11.34)
Other operating income	93,996	45,978	104.44	268,615	114,123	135.37
Distribution expenses	(131,339)	(148,842)	11.76	(369,972)	(390,082)	5.16
Administrative expenses	(93,897)	(104,584)	10.22	(293,348)	(275,031)	(6.66)
Results from operating activities	103,911	81,342	27.75	326,228	262,109	24.46
Finance income	321	4,215	(92.38)	934	4,699	(80.12)
Finance costs	(22,603)	(7,653)	(195.35)	(64,053)	(29,836)	(114.68)
Net financing costs	(22,282)	(3,438)	(548.11)	(63,119)	(25,137)	(151.10)
Profit before taxation	81,629	77,904	4.78	263,109	236,972	11.03
Income tax expense	(18,550)	(32,372)	(42.70)	(75,550)	(78,696)	4.00
Profit for the period	63,079	45,532	38.54	187,559	158,276	18.50
Total comprehensive income for the period	63,079	45,532		187,559	158,276	
Profit attributable to:						
Equity holders of the parent company	63,079	45,532		187,559	158,276	
Profit for the period	63,079	45,532		187,559	158,276	
Total comprehensive income attributable to:						
Equity holders of the parent company	63,079	45,532		187,559	158,276	
Total comprehensive income for the period	63,079	45,532		187,559	158,276	
Basic earnings per share (Rupees)	1.75	1.27		5.21	4.40	
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	
	31 st December 2017 Rs.000's (Unaudited)	31 st March 2017 Rs.000's (Audited)	31 st December 2017 Rs.000's (Unaudited)	31 st March 2017 Rs.000's (Audited)
Assets				
Non-current assets				
Property, plant and equipment	772,827	728,255	366,523	311,988
Investment property	29,894	33,578	29,894	33,578
Intangible assets	28,844	40,866	28,844	40,866
Investments in subsidiaries	-	-	586,507	586,507
Deferred tax asset	9,395	9,395	-	-
Total non-current assets	840,960	812,094	1,011,768	972,939
Current assets				
Inventories	763,685	895,496	676,468	804,576
Trade and other receivables	2,075,825	2,135,560	2,009,106	1,942,399
Related party receivables	457,256	662	467,826	6,048
Cash and cash equivalents	80,028	88,268	75,624	83,294
	3,376,794	3,119,986	3,229,024	2,836,317
Assets held for sale	-	207,956	-	207,956
Total current assets	3,376,794	3,327,942	3,229,024	3,044,273
Total assets	4,217,754	4,140,036	4,240,792	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	1,640,679	1,622,935	1,824,431	1,762,832
Equity attributable to equity holders of the Company	2,156,460	2,138,716	2,346,387	2,284,788
Non-controlling interests	28,205	29,009	-	-
Total equity	2,184,665	2,167,725	2,346,387	2,284,788
Liabilities				
Non-current liabilities				
Interest bearing long term borrowings	3,009	3,525	-	-
Lease payable after one year	1,086	-	-	-
Retirement benefit obligation	43,910	42,465	17,342	17,454
Deferred income	344	400	-	-
Deferred tax liability	31,649	31,649	29,008	29,008
Total non-current liabilities	79,998	78,039	46,350	46,462
Current liabilities				
Deferred income	75	75	-	-
Current portion of long term borrowings	1,380	1,376	-	-
Lease payable within one year	198	-	-	-
Interest bearing short term borrowings	903,823	930,629	801,823	792,629
Income tax payable	71,769	68,641	70,870	67,531
Trade and other payables	837,885	763,438	866,390	705,794
Related party payables	39,707	53,674	41,759	71,862
Bank overdrafts	98,254	76,439	67,213	48,146
Total current liabilities	1,953,091	1,894,272	1,848,055	1,685,962
Total Liabilities	2,033,089	1,972,311	1,894,405	1,732,424
Total equity and liabilities	4,217,754	4,140,036	4,240,792	4,017,212
Net asset value per share (Rs.)	59.92	59.43	65.20	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

General Manager - Financial Services

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

Signed

W. T. Ellawala

Director

6th February 2018

Signed

A. M. de S. Jayaratne

Director



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

For the period ended 31st December 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	-	-	-	-	139,267	139,267	1,436	140,703
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	139,267	139,267	1,436	140,703
<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 December 2016	507,047	8,734	-	7,000	1,508,993	2,031,774	29,467	2,061,241
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	-	-	-	-	143,704	143,704	(473)	143,231
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	143,704	143,704	(473)	143,231
<u>Contributions by and distributions to equity holders</u>								
First and final dividend 2016/17	-	-	-	-	(125,960)	(125,960)	-	(125,960)
Subsidiary dividend to NCI	-	-	-	-	-	-	(331)	(331)
Total distributions to equity holders	-	-	-	-	(125,960)	(125,960)	(331)	(126,291)
Balance as at 31st December 2017	507,047	8,734	-	7,000	1,633,679	2,156,460	28,205	2,184,665

Figures in brackets indicate deductions.



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

For the period ended 31st December 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	-	-	-	-	158,276	158,276
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	158,276	158,276
<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 December 2016	507,047	14,909	-	7,000	1,642,580	2,171,536
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	-	-	-	-	187,559	187,559
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	187,559	187,559
<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 31st December 2017	507,047	14,909	-	7,000	1,817,431	2,346,387

Figures in brackets indicate deductions.



C. W. Mackie PLC
Cash Flow Statement

	Group		Company	
<i>For the period ended 31st December</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	220,043	220,698	263,109	236,972
<i>Adjustments for :</i>				
Depreciation	86,902	72,564	65,694	53,756
Profit on disposal of property, plant and equipment	(153,220)	(11,386)	(153,287)	(11,224)
Provision for retirement benefit obligation	7,127	7,670	4,206	4,900
Amortisation of deferred income	(56)	-	-	-
Finance income	(759)	(663)	(934)	(726)
Finance costs	75,376	39,355	64,053	29,836
Operating profit before working capital changes	235,413	328,238	242,841	313,514
Changes in working capital				
Change in inventories	131,811	20,623	128,108	(37,096)
Change in trade and other receivables	59,735	45,840	(66,707)	91,613
Change in related party receivables (net off JV investment due balance)	(140,562)	7,971	(145,746)	4,432
Change in trade and other payables	74,447	111,368	160,596	140,937
Change in related party payables	(13,967)	(10,568)	(30,103)	(59,434)
Cash generated from operations	346,877	503,472	288,989	453,966
Interest paid	(75,149)	(39,355)	(62,243)	(29,836)
Payments to gratuity fund	(5,683)	(5,394)	(3,375)	(4,202)
Income tax/ESC paid	(74,365)	(96,312)	(72,211)	(95,335)
Net cash flows from operating activities	191,680	362,411	151,160	324,593
Cash flows from/(used in) investing activities				
Purchase of property, plant and equipment	(80,452)	(201,710)	(71,930)	(194,147)
Proceeds from disposal of property, plant and equipment	9,952	18,134	9,865	17,850
Net cash flows used in investing activities	(70,500)	(183,576)	(62,065)	(176,297)
Cash flows from/(used in) financing activities				
Repayment of short term borrowings	(26,806)	(63,717)	9,194	(23,717)
Repayment of long term borrowings	772	(504)	-	-
Interest received	759	663	934	726
Dividend paid	(125,960)	(125,960)	(125,960)	(125,960)
Net cash flows used in financing activities	(151,235)	(189,518)	(115,832)	(148,951)
Net changes in cash and cash equivalents	(30,055)	(10,683)	(26,737)	(655)
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)	(18,226)	(89,215)	8,411	(68,353)
Note A				
Cash and cash equivalents	80,028	94,313	75,624	50,794
Bank overdrafts	(98,254)	(183,528)	(67,213)	(119,147)
	(18,226)	(89,215)	8,411	(68,353)

Figures in brackets indicate deductions.

*** Note B**

Value of machinery and other equipment transferred to Sunquick Lanka (Pvt) Ltd and Sunquick Lanka Properties (Pvt) Ltd is Rs. 99 million and Rs. 217 million (excluding taxes) respectively. These will be converted to equity as contribution in kind in the capital of the Joint Venture project companies.

**C. W. Mackie PLC****Notes to the Interim Financial Statements****1. Segmental Information – Group**

<i>For the period ended 31st December</i>	Revenue		Segmental Profit	
	2017 Rs.000's	2016 Rs.000's	2017 Rs.000's	2016 Rs.000's
Commodity trading	1,227,271	1,100,392	69,812	89,253
Rubber based products manufacturing	464,173	398,493	41,611	57,124
Industrial products	675,309	614,037	177,784	154,650
Consumer goods	4,569,305	3,930,424	495,684	592,072
	6,936,058	6,043,346	784,891	893,099
Other operating income			244,173	93,028
Operating overheads			(734,403)	(730,949)
Finance income			1,357	4,875
Finance costs			(75,975)	(39,355)
Income tax expense			(76,812)	(79,995)
Profit for the period			143,231	140,703

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

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 (SQL), in which Co-Ro A/S will own 51% and CWM 49% and Sunquick Lanka Properties (Private) Limited (SQLP), in which CWM will own 51% and Co-Ro 49%, have been established under the joint venture on 2 May 2017 and 3 May 2017 respectively and operationalized by 2 June 2017. At meetings of the Board of Directors of SQL and SQLP held on 24 January 2018, shares in SQL for a consideration of Rs.307,840,000/- (49%) and shares in SQLP for a consideration of Rs.307,000,000/- (51%) were allotted accordingly to CWM.

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 31st December 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	903,314	2.51
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-Deutsche 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 31 st December 2017
Percentage of public holding	11.09%
Number of public shareholders	1,981

7.3 Directors' Holding in Shares

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

7. Share Information (Contd.)

7.4 Share Price

	3 months to 31 st December 2017	3 months to 31 st December 2016
	Rs.	Rs.
Highest Price	50.00	59.90
Lowest Price	42.30	51.10
Last Traded Price	46.00	54.70

7.5 Stated Capital of the Company represents 35,988,556 ordinary shares.

W. T. Ellawala
Chairman/Chief Executive Officer

C. R. Ranasinghe
Director/Company Secretary

Colombo, 6th February 2018

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