

# **Socially conscious...** **Environmentally** **entrenched...** **Culturally focused.**

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SINCE 1844  
**Cargills**

**Cargills (Ceylon) PLC**  
Condensed Interim Financial Statements  
Year ended 31 March 2017

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# Management Review

Cargills Ceylon PLC, a CT Holdings Company, is pleased to report its financial results for the period ended 31st March 2017.

The 2nd half of the year under review proved challenging amidst a slowdown in economic activity that impacted the FMCG industry as a whole. The slowdown was exacerbated in the 4th quarter of 2016/17 as the full impact of fiscal changes and climatic challenges impacted consumer spending power. Under these circumstances, the Group reported relatively satisfactory performance for 4Q 2016/17. Cargills Food City consolidated its market position as the leading retailer in the country, while our FMCG brands “Kotmale”, “Magic”, “Kist” and “Goldi” continued to enhance market share and lead in their respective operating segments.

The Group reported a turnover of Rs.20,552 Mn for the quarter ended 31st March 2017, recording a growth of 9.3% over the last year in what was a challenging external environment. Nevertheless, Group revenue rose 18.6% over the corresponding period to Rs.84,191 Mn for FY 2016/17.

Reported operating profit contracted 17.5% over last year to Rs.822 Mn in 4Q 2016/17. During the quarter, the Group incurred a non-recurring expense of Rs.132Mn on account of restructuring of the Group's Property portfolio, which is expected to catalyze returns from the sector. Adjusted for these one-off expenses, operating profit contracted a lesser 4.3% over the corresponding quarter. Meanwhile, Group reported operating profit expanded 47.0% over last year to Rs.5,091 Mn for FY 2016/17. Adjusted for non-recurring items, operating profit expanded 50.8% for the year.

Share of profit of equity accounted investees rose to Rs.52 Mn for the quarter, vs. Rs.12 Mn for the corresponding period on account of a turnaround in Cargills Bank. Following capital infusion into the Bank earlier in the year, Cargills Bank now meets its statutory capital requirements. Having turned around in 2016/17, the Bank is expected to continue its growth through product development, while expanding its reach through the Cargills Food City Chain.

Net Finance Costs increased 103.1% and 86.2% over the corresponding periods to Rs.324 Mn for 4Q 2016/17 and Rs.1,125 Mn for FY 2016/17 amidst substantial capex and investment in the Retail, FMCG and Financial Services spaces coupled with rising interest rates. The Group is cognizant of the present interest rate environment in light of substantial investments planned over the next three years.

Adjusted for withholding tax on dividends from subsidiary companies and one-off restructuring costs, the Group reported a recurring profit after tax of Rs.566 Mn for the quarter ended 31st March 2017, a growth of 8% over the corresponding period amidst a tight operating environment. Meanwhile, adjusted Group profit after tax for FY 2016/17 was Rs.2,744 Mn, a growth of 51.2% over the corresponding period.

The Retail sector added 18 outlets during the year, taking the total number of outlets to 315 as at 31st March 2017. The Retail business reported a turnover of Rs.66,596 Mn for the year ended 31st March 2017, a growth of 19.6% over last year, and operating profit was Rs.2,707 Mn, a growth of 61.0% over last year. During the year, Cargills Food City became the only private retail chain to serve the needs of consumers in all 25 districts of the country. The Group sees substantial potential for the Retail business, and has embarked on an expansion drive that would see the retail footprint double over the next three years. The segment continues to strengthen its focus of delivering price, service and quality across the Country.

Although facing a challenging final quarter of the Financial Year, the FMCG business recorded turnover of Rs.20,324 Mn for 2016/17, a growth of 15.0% over the last year, and operating profit of Rs.2,117 Mn, a growth of 27.8% over the same period last year. Most importantly, the FMCG brands performed exceptionally well to enhance market share in what was a challenging 2H 2016/17. During the year, Cargills invested substantially in the FMCG sector to build capacity and support the Dairy supply chain. The new Kotmale dairy facility in Banduragoda was commissioned in March 2017 under the patronage of His Excellency the President Mr. Maithripala Sirisena.

The Restaurants business recorded a turnover of Rs.3,269 Mn, a growth of 16.3% over the previous year, while segment operating profit rose 113.7% to Rs.267 Mn. KFC opened three new outlets in the latter part of the quarter, taking the total number of KFC restaurants to 30 outlets.

The Group is confident that the Sri Lankan economy is following a positive growth trajectory, and has embarked on an aggressive expansion plan to strengthen both the front-end and back-end to consolidate Cargills' position as the leading Food & Beverage sector player in the country. We are confident that the strategies in place will continue to enhance market share and efficiency, with investments made expected to yield return as the Group strengthens its distribution and product portfolio to cater to a growing middle-income economy.

# Statement of Profit or Loss and Other Comprehensive Income

	Group					
	For the three months ended 31 March			For the year ended 31 March		
	2017 Rs.'000	2016 Rs.'000	Variance %	2017 Rs.'000	2016 Rs.'000 Audited	Variance %
Revenue	20,552,048	18,808,399	9.27	84,190,870	71,016,990	18.55
Cost of sales	(18,258,797)	(16,565,597)	(10.22)	(74,142,258)	(63,038,486)	(17.61)
Gross profit	2,293,251	2,242,802	2.25	10,048,612	7,978,504	25.95
Other income	448,814	359,152	24.96	1,689,076	1,534,581	10.07
Distribution expenses	(681,020)	(630,328)	(8.04)	(2,331,738)	(2,305,334)	(1.15)
Administrative expenses	(1,070,380)	(834,804)	(28.22)	(3,860,214)	(3,347,313)	(15.32)
Other expenses	(168,417)	(139,628)	(20.62)	(454,616)	(397,425)	(14.39)
<b>Operating profit</b>	<b>822,248</b>	<b>997,194</b>	<b>(17.54)</b>	<b>5,091,120</b>	<b>3,463,013</b>	<b>47.01</b>
Net finance costs	(323,521)	(159,292)	(103.10)	(1,125,102)	(604,144)	(86.23)
Changes in fair value of investment property	166,336	53,016	213.75	166,336	53,016	213.75
Share of profit/ (loss) of equity accounted investees	51,918	12,316	321.55	21,780	(25,877)	184.17
<b>Profit before taxation</b>	<b>716,981</b>	<b>903,234</b>	<b>(20.62)</b>	<b>4,154,134</b>	<b>2,886,008</b>	<b>43.94</b>
Deferred & current income tax expense	(283,446)	(380,701)	25.55	(1,541,748)	(1,070,805)	(43.98)
<b>Profit after tax before dividend tax expense</b>	<b>433,535</b>	<b>522,533</b>	<b>(17.03)</b>	<b>2,612,386</b>	<b>1,815,203</b>	<b>43.92</b>
Dividend tax expense	(199,074)	(87,396)	(127.78)	(328,190)	(124,622)	(163.35)
<b>Profit for the period</b>	<b>234,461</b>	<b>435,137</b>	<b>(46.12)</b>	<b>2,284,196</b>	<b>1,690,581</b>	<b>35.11</b>
<b>Other comprehensive income (OCI)</b>						
Revaluation of property plant and equipment	-	921,100		-	921,100	
Net loss on available-for-sale investments	(2,991)	(7,176)		(5,324)	(8,570)	
Equity accounted investee share of OCI	(1,477)	(187)		1,581	(2,164)	
Actuarial Loss on employee benefits	(49,644)	(22,743)		(49,644)	(22,743)	
Tax on other comprehensive Income	13,833	(10,917)		13,833	(10,917)	
<b>Other comprehensive income for the period, net of tax</b>	<b>(40,279)</b>	<b>880,077</b>		<b>(39,554)</b>	<b>876,706</b>	
<b>Total comprehensive income for the period</b>	<b>194,182</b>	<b>1,315,214</b>		<b>2,244,642</b>	<b>2,567,287</b>	
<b>Profit attributable to:</b>						
Equity shareholders of the parent	204,681	412,549		2,140,184	1,623,986	
Non controlling interest	29,780	22,588		144,012	66,595	
<b>Profit for the period</b>	<b>234,461</b>	<b>435,137</b>		<b>2,284,196</b>	<b>1,690,581</b>	
<b>Total comprehensive income attributable to:</b>						
Equity shareholders of the parent	165,519	1,275,374		2,101,747	2,483,440	
Non controlling interest	28,663	39,840		142,895	83,847	
<b>Total comprehensive income for the period</b>	<b>194,182</b>	<b>1,315,214</b>		<b>2,244,642</b>	<b>2,567,287</b>	
Earnings per share (Rs.)	0.91	1.84		9.55	7.25	

Explanatory notes are given on page 09.

# Statement of Profit or Loss and Other Comprehensive Income contd.

	Company					
	For the three months ended 31 March			For the year ended 31 March		
	2017 Rs.'000	2016 Rs.'000	Variance %	2017 Rs.'000	2016 Rs.'000 Audited	Variance %
Revenue	4,412	10,262	(57.01)	42,189	33,623	25.48
Cost of sales	(5,258)	(7,715)	31.85	(40,733)	(28,603)	(42.41)
Gross profit	(846)	2,547	(133.22)	1,456	5,020	(71.00)
Other income	1,871,089	743,507	151.66	3,270,523	1,618,485	102.07
Distribution expenses	(6,134)	(5,923)	(3.56)	(17,547)	(14,376)	(22.06)
Administrative expenses	(174,931)	(117,037)	(49.47)	(575,293)	(523,567)	(9.88)
Other expenses	(94,703)	(45,616)	(107.61)	(134,589)	(74,086)	(81.67)
Operating profit	1,594,475	577,478	176.11	2,544,550	1,011,476	151.57
Net finance costs	(184,807)	(79,082)	(133.69)	(662,286)	(194,518)	(240.48)
Changes In fair value of						
investment property	71,638	62,059	15.44	71,638	62,059	15.44
Profit before taxation	1,481,306	560,455	164.30	1,953,902	879,017	122.28
Income tax expense	(29,214)	(83,079)	64.84	(87,609)	(99,835)	12.25
<b>Profit for the period</b>	<b>1,452,092</b>	<b>477,376</b>	<b>204.18</b>	<b>1,866,293</b>	<b>779,182</b>	<b>139.52</b>
<b>Other comprehensive income (OCI)</b>						
Revaluation of property plant and equipment	-	65,849		-	65,849	
Net loss on available-for-sale investments	(2,977)	(7,137)		(5,327)	(8,526)	
Actuarial gain/(loss)on employee benefits	(27,328)	5,850		(27,328)	5,850	
Tax on other comprehensive Income	25,697	166		25,697	166	
<b>Other comprehensive income</b>						
for the period, net of tax	(4,608)	64,728		(6,958)	63,339	
<b>Total comprehensive income</b>						
for the period	<b>1,447,484</b>	<b>542,104</b>		<b>1,859,335</b>	<b>842,521</b>	
Earnings per share (Rs.)	6.48	2.13		8.33	3.48	

Explanatory notes are given on page 09.

Figures in brackets indicate deductions.

# Statement of Financial Position

As at 31 March	Group		Company	
	2017 Rs. '000	2016 Rs. '000 Audited	2017 Rs. '000	2016 Rs. '000 Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	21,875,935	20,266,084	2,707,562	2,981,795
Investment property	4,777,192	3,543,564	3,274,803	5,443,351
Intangible assets	1,325,507	1,077,423	116,299	-
Investments in subsidiaries	-	-	5,108,990	1,773,945
Investment in associates	5,143,229	2,305,653	5,121,439	2,325,378
Prepayment on leasehold land and building	171,534	24,500	147,909	-
Deferred tax assets	56,680	62,642	-	-
<b>Total non-current assets</b>	<b>33,350,077</b>	<b>27,279,866</b>	<b>16,477,002</b>	<b>12,524,469</b>
<b>Current assets</b>				
Inventories	8,336,609	7,194,778	4,740	9,986
Trade and other receivables	4,500,808	3,571,892	650,915	633,499
Amounts due from related companies	747,847	1,015,944	766,706	1,294,595
Other financial assets	609,790	1,004,306	25,554	57,360
Cash and cash equivalents	1,570,868	2,144,349	53,142	203,816
Total current assets	15,765,922	14,931,269	1,501,057	2,199,256
<b>Total assets</b>	<b>49,115,999</b>	<b>42,211,135</b>	<b>17,978,059</b>	<b>14,723,725</b>
<b>EQUITY</b>				
Stated capital	130,723	130,723	130,723	130,723
Other equity	(2,761,159)	(2,251,743)	-	-
Reserves	8,372,364	8,377,688	3,660,492	3,847,002
Retained earnings	8,214,904	7,864,611	5,714,490	5,427,045
Total equity attributable to equity holders of the parent	13,956,832	14,121,279	9,505,705	9,404,770
Non-controlling interest	415,091	383,539	-	-
<b>Total equity</b>	<b>14,371,923</b>	<b>14,504,818</b>	<b>9,505,705</b>	<b>9,404,770</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	2,570	198,300	-	-
Deferred tax liability	1,039,963	777,550	136,731	155,370
Deferred income	73,382	84,863	-	-
Employee benefits	779,767	638,004	338,695	255,724
Put liability	2,761,159	2,251,743	-	-
<b>Total non-current liabilities</b>	<b>4,656,841</b>	<b>3,950,460</b>	<b>475,426</b>	<b>411,094</b>
<b>Current liabilities</b>				
Trade and other payables	12,074,704	10,937,305	441,809	382,882
Current tax liability	2,132,378	1,472,988	167,736	109,872
Amounts due to related companies	196	3,622	14,170	38,892
Dividends payable	69,409	32,715	66,389	32,192
Borrowings	15,810,548	11,309,227	7,306,824	4,344,023
<b>Total current liabilities</b>	<b>30,087,235</b>	<b>23,755,857</b>	<b>7,996,928</b>	<b>4,907,861</b>
<b>Total liabilities</b>	<b>34,744,076</b>	<b>27,706,317</b>	<b>8,472,354</b>	<b>5,318,955</b>
<b>Total equity and liabilities</b>	<b>49,115,999</b>	<b>42,211,135</b>	<b>17,978,059</b>	<b>14,723,725</b>
Net assets per value per share	62.31	63.04	42.44	41.99

Explanatory notes are given on page 09.

Figures in brackets indicate deductions.

I certify that the financial statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007.

(sgd.)

Mr. Dilantha Jayawardhana  
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Signed for and on behalf of the Board.

(sgd.)

Mr. Ranjit Page  
Deputy chairman / CEO

(sgd.)

Mr. Imtiaz Abdul Wahid  
Managing director/Deputy CEO

31 May 2017  
Colombo

# Statement of Changes in Equity

Group	Attributable to equity holders of parent									Total
	Stated capital	Capital reserve	Revaluation reserve	General reserve	Available for sale reserve	Other equity	Retained earnings	Total	Non controlling interest	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April 2015	130,723	7,928	7,023,147	485,500	(15,848)	(1,974,311)	6,885,400	12,542,539	336,608	12,879,147
Super Gain Tax*	-	-	-	-	-	-	(55,898)	(55,898)	(1,890)	(57,788)
Adjusted balance as at 1 April 2015	130,723	7,928	7,023,147	485,500	(15,848)	(1,974,311)	6,829,502	12,486,641	334,718	12,821,359
<b>Total comprehensive income</b>										
Profit for the year	-	-	-	-	-	-	1,623,986	1,623,986	66,595	1,690,581
Other comprehensive income	-	-	885,531	-	(8,570)	-	(17,507)	859,454	17,252	876,706
<b>Total comprehensive income</b>	-	-	885,531	-	(8,570)	-	1,606,479	2,483,440	83,847	2,567,287
<b>Transactions with owners of the company, recognised directly in equity</b>										
Put option over non controlling interest	-	-	-	-	-	(277,432)	-	(277,432)	-	(277,432)
Dividends	-	-	-	-	-	-	(571,370)	(571,370)	(35,026)	(606,396)
Balance as at 31 March 2016	130,723	7,928	7,908,678	485,500	(24,418)	(2,251,743)	7,864,611	14,121,279	383,539	14,504,818
Balance as at 1 April 2016	130,723	7,928	7,908,678	485,500	(24,418)	(2,251,743)	7,864,611	14,121,279	383,539	14,504,818
<b>Total comprehensive income</b>										
Profit for the year	-	-	-	-	-	-	2,140,184	2,140,184	144,012	2,284,196
Other comprehensive income	-	-	-	-	(5,324)	-	(33,113)	(38,437)	(1,117)	(39,554)
<b>Total comprehensive income</b>	-	-	-	-	(5,324)	-	2,107,071	2,101,747	142,895	2,244,642
<b>Transactions with owners of the company, recognised directly in equity</b>										
Put option over non controlling interest	-	-	-	-	-	(509,416)	-	(509,416)	-	(509,416)
Adjustment resulted in decrease of subsidiary shareholding	-	-	-	-	-	-	3,518	3,518	6,058	9,576
Movement due to change in shareholding of equity accounted investee	-	-	-	-	-	-	(1,751)	(1,751)	-	(1,751)
Expense on right issue of equity accounted investee	-	-	-	-	-	-	(145)	(145)	-	(145)
Dividends	-	-	-	-	-	-	(1,758,400)	(1,758,400)	(117,401)	(1,875,801)
Balance as at 31 March 2017	130,723	7,928	7,908,678	485,500	(29,742)	(2,761,159)	8,214,904	13,956,832	415,091	14,371,923

Explanatory notes are given on page 09.

The figures in brackets indicate deductions

\* As per the provisions of Part III of the Finance Act, No. 10 of 2015, which was certified on 30th October 2015, the Group is liable for Super Gain Tax of Rs. 57.8 Mn. According to the Act, the Super Gain Tax was deemed to be expenditure in the Financial Statements relating to the year of assessment which commenced on 1st April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards; hence the expense of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24th November 2015.

Company	Stated capital Rs. '000	Revaluation reserve Rs. '000	General reserve Rs. '000	Available for sale reserve Rs. '000	Retained earnings Rs. '000	Total Rs. '000
Balance as at 1 April 2015	130,723	3,318,259	485,500	(15,884)	5,214,851	9,133,449
<b>Total comprehensive income</b>						
Profit for the year	-	-	-	-	779,182	779,182
Other comprehensive income	-	67,653	-	(8,526)	4,212	63,339
<b>Total comprehensive income</b>	-	<b>67,653</b>	-	<b>(8,526)</b>	<b>783,394</b>	<b>842,521</b>
<b>Transactions with owners of the company, recognised directly in equity</b>						
Deferred tax on revaluation	-	-	-	-	-	-
Transfer of revaluation reserve	-	-	-	-	-	-
Dividends	-	-	-	-	(571,200)	(571,200)
<b>Balance as at 31 March 2016</b>	<b>130,723</b>	<b>3,385,912</b>	<b>485,500</b>	<b>(24,410)</b>	<b>5,427,045</b>	<b>9,404,770</b>
Balance as at 1 April 2016	130,723	3,385,912	485,500	(24,410)	5,427,045	9,404,770
<b>Total comprehensive income</b>						
Profit for the year	-	-	-	-	1,866,293	1,866,293
Other comprehensive income	-	18,045	-	(5,327)	(19,676)	(6,958)
<b>Total comprehensive income</b>	-	<b>18,045</b>	-	<b>(5,327)</b>	<b>1,846,617</b>	<b>1,859,335</b>
<b>Transactions with owners of the company, recognised directly in equity</b>						
Transfer of revaluation reserve	-	(199,228)	-	-	199,228	-
Dividends	-	-	-	-	(1,758,400)	(1,758,400)
<b>Balance as at 31 March 2017</b>	<b>130,723</b>	<b>3,204,729</b>	<b>485,500</b>	<b>(29,737)</b>	<b>5,714,490</b>	<b>9,505,705</b>

Explanatory notes are given on page 09.

The figures in brackets indicate deductions.



# Statement of Cash Flow

For the year ended 31 March	Group		Company	
	2017 Rs. '000	2016 Rs. '000 Audited	2017 Rs. '000	2016 Rs. '000 Audited
<b>Cash flows from operating activities</b>				
Profit before taxation	4,154,134	2,886,008	1,953,902	879,017
<b>Adjustments for:</b>				
Depreciation	1,799,712	1,682,156	37,440	35,965
Employee benefits	143,944	118,748	58,047	45,643
Amortization of intangible assets	70,711	36,254	34,046	-
Amortisation of prepayment on leasehold land and building	2,480	874	1,605	-
Amortisation of deferred income	(11,481)	(11,481)	-	-
Profit on sale of property, plant and equipment and investment property	(33,856)	(24,846)	(3,788)	(3,475)
Change in fair value of investment property	(166,336)	(53,016)	(71,638)	(62,059)
Impairment of Property Plant and Equipment	(198)	922	-	-
Impairment of/(reversal of impairment for) inventories	47,901	(19,838)	-	-
Impairment of/(reversal of impairment for) trade receivables	(6,647)	4,418	1,461	(1,500)
Net finance costs	1,125,102	604,144	662,286	194,518
Dividend income	(636)	(720)	(2,419,233)	(827,104)
Impairment of investment in associate	42,994	36,005	63,044	38,125
Share of associate results and Gain on dilution of investment in associate	(21,780)	25,877	-	-
Loss from disposal of investments in subsidiary	-	-	1,696	-
<b>Operating profit before working capital changes</b>	<b>7,146,044</b>	<b>5,285,505</b>	<b>318,868</b>	<b>299,130</b>
<b>Changes in working capital</b>				
- (Increase) / decrease in inventories	(1,156,952)	(957,356)	5,246	19,232
- (Increase) / decrease in trade and other receivables	(1,197,139)	(481,967)	(32,825)	629
- (Increase) / decrease in related company receivables	268,097	(58,811)	201,889	1,651,446
- Increase / (decrease) in trade and other payables	1,085,800	2,852,200	58,925	(50,969)
- Increase / (decrease) in related company payables	(3,426)	3,622	(612)	(89,677)
<b>Cash generated from operations</b>	<b>6,142,423</b>	<b>6,643,193</b>	<b>551,491</b>	<b>1,829,791</b>
Taxes paid	(929,957)	(487,118)	(4,903)	(249,288)
Interest paid	(1,401,649)	(797,599)	(783,688)	(326,178)
Gratuity paid	(55,735)	(24,289)	(26,514)	(9,640)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,755,083</b>	<b>5,334,187</b>	<b>(263,614)</b>	<b>1,244,685</b>
<b>Cash flows from investing activities</b>				
Addition to property, plant and equipment	(4,507,225)	(2,200,773)	(58,299)	(21,983)
Addition to investment property	-	-	(13,614)	(525,392)
Addition to intangible assets	(185,599)	(77,945)	(150,345)	-
Finance income received	276,547	193,455	121,402	131,660
Addition to Investment in Associate	(2,533,105)	(1,276,000)	(2,533,105)	(1,276,000)
Dividend received	636	720	2,419,233	827,104
Proceeds from disposal of property, plant and equipment	69,501	31,451	298,680	3,475
(Addition) / disposal to other financial assets	389,192	(89,048)	26,480	(31,171)
(Addition) / disposal of prepaid leases	(153,349)	-	(153,349)	-
Disposal / (acquisition) of controlling interest in subsidiaries net of cash	(143,108)	-	-	-
Proceed from sale of investments property	-	-	2,254,000	-
Investments in new share issue of subsidiaries	-	-	(3,437,000)	-
Proceed from disposal of investments	9,576	-	100,259	-
<b>Net cash generated from/(used in) investing activities</b>	<b>(6,776,934)</b>	<b>(3,418,140)</b>	<b>(1,125,658)</b>	<b>(892,307)</b>
<b>Cash flows from financing activities</b>				
Net proceeds from/(repayment of) short term borrowings	4,516,595	439,575	3,857,500	1,240,700
Net proceeds from/(repayment of) long term borrowings	(198,181)	(532,622)	-	-
Dividend paid	(1,839,107)	(601,454)	(1,724,203)	(566,412)
Net cash generated from/(used in) financing activities	2,479,307	(694,501)	2,133,297	674,288
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>(542,544)</b>	<b>1,221,546</b>	<b>744,025</b>	<b>(1,026,666)</b>
<b>Movement in cash and cash equivalents</b>				
At the beginning of the year	(1,116,906)	(2,338,452)	(1,499,507)	(2,526,173)
Movement during the year	(542,544)	1,221,546	744,025	1,026,666
<b>At the end of the period</b>	<b>(1,659,450)</b>	<b>(1,116,906)</b>	<b>(755,482)</b>	<b>(1,499,507)</b>

Explanatory notes are given on page 09.  
The figures in brackets indicate deductions.

# Segment Information

For the year ended 31 March	Retail		Fast Moving Consumer Goods		Restaurant		Group	
	2017 Rs.' 000	2016 Rs.' 000	2017 Rs.' 000	2016 Rs.' 000	2017 Rs.' 000	2016 Rs.' 000	2017 Rs.' 000	2016 Rs.' 000
Revenue	66,596,414	55,693,723	20,323,981	17,680,205	3,268,984	2,812,098	90,189,379	76,186,026
Intra segment revenue	(41,029)	(28,299)	(235,325)	(116,685)	-	-	(276,354)	(144,984)
Inter segment revenue	(120,067)	(215,214)	(5,602,088)	(4,808,838)	-	-	(5,722,155)	(5,024,052)
	66,435,318	55,450,210	14,486,568	12,754,682	3,268,984	2,812,098	84,190,870	71,016,990
Segment operating profit	2,707,127	1,681,241	2,117,274	1,656,968	266,719	124,804	5,091,120	3,463,013

Explanatory notes are given on page 09.

The figures in brackets indicate deductions.

# Explanatory Notes

1. The result for the year ended 31 March 2017 and the Statement of Financial Position as at 31 March 2017 are provisional and subject to audit.
2. The Condensed Interim Financial Statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Condensed Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 March 2017.
3. Company invested Rs. 1,276 Mn and Rs. 2,533 Mn in Cargills Bank Limited and accordingly 88,000,000 and 174,696,905 additional shares were issued on 10 May 2016 and 30 June 2016 .
4. In March 2017 CT Properties Limited issued 32,600,000 ordinary shares at Rs 10.00 each to the Company by converting Rs. 326,000,000 debt due to the Company. As a result, the holding percentage of the Company in CT Properties Ltd increased from 15.63% to 21.76%.
5. The financial statements of Kotmale Dairy Products (Private) Limited, Kotmale Kiri (Private) Limited, Kotmale Marketing (Private) Limited Kotmale Milk Foods Limited, Kotmale Milk Products Limited and Kotmale Products (Private) Limited have been consolidated with that of Kotmale Holdings PLC as 100% subsidiaries. Kotmale Holdings PLC – In the previous year, subsequent to a voluntary offer, (made on 14th January 2015) Cargills (Ceylon) PLC made an announcement to exercise its option in terms of sec.246 of Companies Act No.7 of 2007 to compulsorily acquire all the shares in the subsidiary Kotmale Holdings PLC (KHP) not already owned by the Company and its wholly owned subsidiaries Cargills Quality Food Ltd (CQF) and Cargills Quality Dairies (Pvt) Ltd (CQD) at that time. Consequent to this offer, the remaining shares of KHP amounting to 852,712 shares were acquired at a total cost of Rs. 54.14 Mn (at Rs 62.50 per share) by the Company in terms of the said sec. 246 of the Companies Act. This action was based on legal advice received that the aforesaid section could be read on a standalone basis. The Securities and Exchange Commission of Sri Lanka (SEC) subsequently informed the Company that the said Section 246 cannot be read on a standalone basis and should be read as a part of Part VIII of the Companies Act which deals with 'Amalgamations'. Accordingly, the SEC directed that the Company and KHP give the former minority shareholders of KHP the opportunity to continue as shareholders of KHP if they so desire. Accordingly on 18 July 2016 the Company (jointly with KHP) wrote to the shareholders as directed by the SEC. Applications were received from shareholders holding 18,512 shares requesting to continue as shareholders of KHP, while holders of 297 shares requested for fresh Cheques to complete the disposal of their shares. Additionally the shareholders who did not encash their previous pay orders also continue to remain as shareholders of the KHP. In a separate transaction, on 3 March 2017, the Company and CQF transferred 1,459,864 shares and 29,539,097 shares respectively held in KHP to CQD. Accordingly, as at 31 March 2017, the Company directly and through subsidiaries holds 31,246,778 shares representing 99.51% of the issued share capital of KHP.
6. During the year Cargills Agrifoods Limited acquired the 1,460,002 ordinary shares representing 100% stake of Ceylon Agro Development Company (Private) Limited at a total purchase consideration of Rs. 160mn. Ceylon Agro Development Company (Private) Limited is engaged in producing and distribution of agricultural seeds.
7. Investment in subsidiaries  
In March 2017 the following group companies issued shares to Cargills (Ceylon) PLC for the following values –
  - Dawson Office Complex (Private) Limited, issued 23,500,000 shares for a cash consideration of Rs. 2,350,000,000
  - The Empire Investments Company (Private) Limited issued 77,600,000 shares for a cash consideration of Rs. 776,000,000
  - Frederick North Hotel Company Limited issued 31,100,000 shares for a cash consideration of Rs 311,000,000.
 The financial statements of the said companies have been consolidated as 100% subsidiaries of the Company
8. The administrative expenses of the Group included stamp duty of Rs. 131.99 Mn relating to lands and buildings transferred between the companies within the Group.
9. Additional income tax assessment on Cargills Ceylon PLC amounting to Rs. 243.58 Mn was issued by the Department of Inland Revenue for the year of assessment 2013/2014. Having sought professional advice, a valid petition of appeal was made to the Commissioner General. Accordingly, no provision has been made in the financial statements.

Other than above there have been no significant change in the nature and the value of the contingencies and commitments which were disclosed in the annual report for the year ended 31 March 2016.

10. 1st interim dividend of Rs. 1.80 per share (Rs. 403.20 Mn) was paid on 17 January 2017 and 2nd interim dividend of Rs. 3.80 per share (Rs. 851.20 Mn) was paid on 24 March 2017 for the year ended 31st March 2017.

No events have occurred since the reporting date which would require any adjustment to, or disclosure in, the financial statements.

11. Where appropriate, the previous period's figures have been reclassified to conform to the current classification.

# Investor Relations Supplement

## 1. General

Stated capital	Rs. 130,723,000
Issued shares	224,000,000
Class of shares	Ordinary shares
Voting rights	One vote per ordinary share

## 2. Stock exchange listing

The issued ordinary shares of Cargills (Ceylon) PLC are listed in the Colombo Stock Exchange.

## 3. Share valuation

The market price per share recorded during the year ended 31 March

	2017 Rs.	2016 Rs.
Highest	201.00	189.50
Lowest	180.00	150.00
Last traded price	187.70	150.00

## 4. Top 20 shareholders

The holdings of the top 20 shareholders

	31 March 2017		31 March 2016	
	Number of Shares	%	Number of Shares	%
C T Holdings PLC	157,249,240	70.20	157,249,240	70.20
Mr. V R Page	15,000,093	6.70	14,961,900	6.68
Employees Provident Fund	7,356,416	3.28	7,356,416	3.28
Odeon Holdings (Ceylon) Limited	4,822,920	2.15	4,822,920	2.15
Ms. M M Page	4,195,803	1.87	3,948,011	1.76
Ceylon Guardian Investment Trust - A/C No.1	4,175,700	1.86	4,175,700	1.86
HSBC Intl Nom Ltd-First State Investment ICVC - Stewart Investors Indian Subcontinent Fund	3,927,600	1.75	3,927,600	1.75
BNYMSANV RE-CF Ruffer Investment Fund : CF Ruffer Pacific Fund	3,474,555	1.55	3,208,024	1.43
Bank of Ceylon No.1 Account	1,303,613	0.58	1,303,613	0.58
Mellon Bank N.A. - Florida Retirement System	1,301,800	0.58	1,301,800	0.58
BNYMSANV RE-Butterfield Trust (Bermuda) Limited	1,297,500	0.58	1,297,500	0.58
Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	902,770	0.40	752,770	0.34
GF Capital Global Limited	889,000	0.40	864,000	0.39
The Associated Newspapers of Ceylon Limited	799,840	0.36	799,840	0.36
J.B.Cocoshell (Pvt) Ltd	703,858	0.31	311,262	0.14
Sir Chittampalam A Gardiner Trust	563,040	0.25	563,040	0.25
Pictet and CIE (Europe) S.A. S/A Lloyd George Indian Ocean Master Fund	550,000	0.25	-	-
HSBC Intl Nom Ltd-State Street Munich C/o SSBT-Universal- Investment	531,200	0.24	531,200	0.24
Ceylon Guardian Investment Trust - A/C No.2	456,550	0.20	91,600	0.04
Mr. J C Page	455,000	0.20	455,000	0.20
<b>Total</b>	<b>209,956,498</b>	<b>93.73</b>	<b>207,921,436</b>	<b>92.82</b>

## 5. Public holding

The percentage of shares held by the public and number of public shareholders as at 31 March 2017 is 20.53% (2016 - 20.49%) and 1,825 (2016-1,857) respectively.

## 6. Directors' shareholdings

The Directors' shareholdings in the Company were as follows as at 31 March

	2017	2016
Mr. Louis Page	36,760	36,760
Mr. Ranjit Page	15,000,093	14,961,900
Mr. Imtiaz Abdul Wahid	4,000	4,000
Mr. Sidath Kodikara	124,000	124,000
Mr. Prabhu Mathavan	500	500
Mr. Priya Edirisinghe	50,000	50,000
Mr. Sanjeev Gardiner	20,000	20,000
Mr. Sunil Mendis	20,000	20,000
Mr. Anthony A Page	276,157	276,157
Mr. Joseph Page	455,000	455,000
Mr. Errol Perera	10,000	10,000
Mr. Deva Rodrigo	-	-

# Corporate Information

## Name of Company

Cargills (Ceylon) PLC

## Company Registration No.

PQ 130

## Legal Form

Quoted public company with limited liability, incorporated in Sri Lanka on 1 March 1946.

## Board of Directors

Louis Page (Chairman)  
 Ranjit Page (Deputy Chairman/CEO)  
 Imtiaz Abdul Wahid (Managing Director/  
 Deputy CEO)  
 Sidath Kodikara  
 Prabhu Mathavan  
 Priya Edirisinghe  
 Sanjeev Gardiner  
 Sunil Mendis  
 Anthony A Page  
 Joseph Page  
 Errol Perera  
 Deva Rodrigo (w.e.f. 1 July 2016)

## Company Secretary

Sarath Dissanayake

## Remuneration Committee

Sunil Mendis (Chairman)  
 Priya Edirisinghe  
 Deva Rodrigo (w.e.f. 2 March 2017)

## Audit Committee

Priya Edirisinghe (Chairman)  
 Sunil Mendis  
 Errol Perera  
 Deva Rodrigo (w.e.f. 1 July 2016)

## Related Party Transactions Review Committee

Priya Edirisinghe (Chairman)  
 Sunil Mendis  
 Errol Perera  
 Deva Rodrigo (w.e.f. 1 July 2016)

## Stock Exchange Listing

Colombo Stock Exchange

## Registered Office

40, York Street, Colombo 1, Sri Lanka  
 Telephone : +94 (0) 11 242 7777  
 Facsimile : +94 (0) 11 233 8704  
 E-mail : ccl@cargillsceylon.com

## Postal Address

P.O. Box 23, Colombo 1

## Auditors

KPMG  
 Chartered Accountants

## Legal Consultants

Dissanayake Amaratunga Associates

## Bankers

Bank of Ceylon  
 Cargills Bank  
 Commercial Bank of Ceylon  
 Deutsche Bank  
 DFCC Bank  
 Habib Bank  
 HNB Bank  
 HSBC Bank  
 MCB Bank  
 NDB Bank  
 Nations Trust Bank  
 Pan Asia Bank  
 People's Bank  
 Sampath Bank  
 Seylan Bank  
 Standard Chartered Bank  
 State Bank of India

## Subsidiary Companies

Cargills Agrifoods Limited  
 Cargills Distributors (Private) Limited  
 Cargills Food Processors (Private) Limited  
 Cargills Food Services (Private) Limited  
 Cargills Foods Company (Private) Limited  
 Cargills Frozen Products (Private) Limited  
 Cargills Quality Confectioneries (Private) Limited  
 Cargills Quality Dairies (Private) Limited  
 Cargills Quality Foods Limited  
 Ceylon Agro Development Company (Private) Limited  
 C P C Lanka Limited  
 Dawson Office Complex (Private) Ltd  
 Frederick North Hotel Company Limited  
 Kotmale Dairy Products (Private) Limited  
 Kotmale Holdings PLC  
 Kotmale Marketing (Private) Limited  
 Kotmale Milk Foods Limited  
 Kotmale Milk Products Limited  
 Kotmale Products Limited  
 Millers Limited  
 The Empire Investments Company (Private) Limited

## Associate Companies

C T Properties Limited  
 Cargills Bank Limited

