Sustainability

the journey continues...

C. W. MACKIE PLC

ANNUAL REPORT - 2014/15

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Historical Note

The business was founded in 1900 by late Mr. C. W. Mackie, a Scotsman, who carried on the enterprise as Merchants and Commission Agents under the name of "C. W. Mackie & Company."

In 1922, the business was incorporated as a private limited company. In 1946, a consortium of Ceylonese and Indian Businessmen bought over the shares of the Company and converted it to a public company.

The year 1971 marked a significant change when Ceylon Trading Company Limited, the Sri Lanka based subsidiary of Aarhus United A/S of Denmark, bought a part of the Indian shareholding and took over the management of the Company. In late 1994, shares equivalent to 25% of the total shares in the Company were issued to the public so as to broadbase ownership and give the Company greater access to the capital market of Sri Lanka to raise capital funds for its future diversification and expansion. The Company's shares are quoted on the Colombo Stock Exchange.

January 2010 marked another significant change when the principal shareholders, Aarhus United A/S, Denmark (AU) and Ceylon Trading Company Limited (CTC) divested their entire shareholding of 56.56% of the stated capital of the Company and relinquished control of the affairs of the C. W. Mackie PLC Group of Companies. The AU/CTC shares were acquired by Lankem Ceylon PLC and a connected party, Kotagala Plantations PLC. Lankem Ceylon PLC (Lankem) was established in 1964 in Sri Lanka as a private limited liability company and its shares have been listed on the trading floor of the Colombo Stock Exchange since 1970. The Lankem Group of Companies has a diversified business portfolio which consist of manufacturing (paints, agro/industrial chemicals and bituminous products), distribution of consumer products, rubber and tea plantation management and owning and operating resort hotels. Lankem is a subsidiary of the fully diversified conglomerate, The Colombo Fort Land & Building PLC.

This acquisition by Lankem greatly strengthens the overall management capabilities of C. W. Mackie PLC Group in the conduct of the affairs and enhances business opportunities, availing of synergies.

The C. W. Mackie PLC Group presently consists of C. W. Mackie PLC and four subsidiary companies engaged in a diversity of activities such as export of natural rubber and desiccated coconut; rubber-based products for export and sale locally; import, manufacture and distribution of branded FMCG products; import and distribution of sugar; import and resale of branded marine paints and protective coatings, welding equipment and consumables, refrigeration and air-conditioning components and light engineering products; and motor car hire to Group Companies.

Our Vision

To be recognized as one of the top ten trading houses in Sri Lanka.

Our Mission

The primary purpose of C. W Mackie PLC and its subsidiary companies (CWM Group) is to maximise financial returns on investments in the best interests of all its stakeholders whilst fulfilling an obligation to contribute, over the long term and to the fullest extent possible, to greater efficiency and growth of the total economy.

Our Goals

Each company within the CWM Group will accomplish the primary objective by:

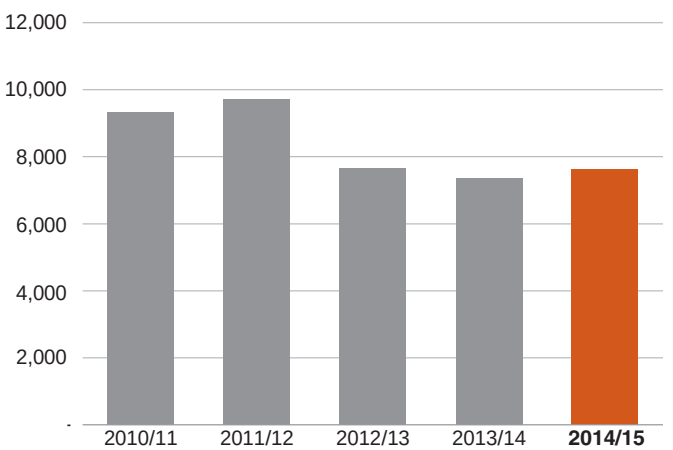
- Achieving financial, technical and commercial independence and status as an ongoing, self sustaining, viable entity;
- Maintaining market competitiveness, both locally and internationally, by operating in a sound business manner, producing and selling quality products and services at the lowest possible cost;
- Maintaining financial, technical and commercial competence and optimising operating efficiencies;
- Making the most effective use of manpower for maximum productivity;
- Developing and retaining manpower with appropriate talent and skills; and
- Business expansion and diversification involving the development of profitable value added products and services for export, import substitution and local consumption by optimizing the use of existing and potential strengths and resources available to the CWM Group.

Financial Highlights

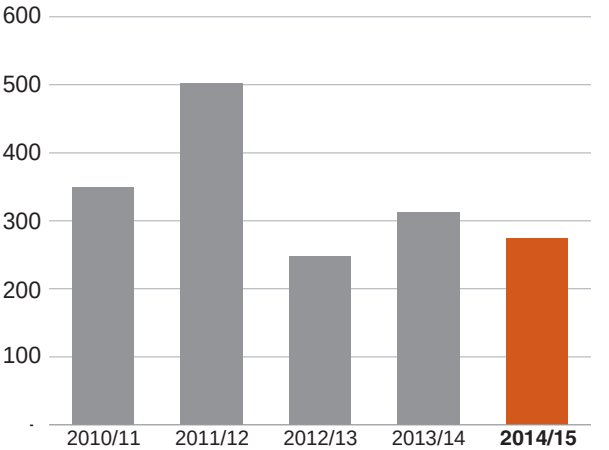
For the Year ended 31 March		2015	2014	Change %
Group revenue	Rs. 000's	7,618,108	7,343,741	4%
Group gross profit	Rs. 000's	1,032,214	942,691	9%
Group net profit	Rs. 000's	179,455	209,329	-14%
Profit attributed to parent	Rs. 000's	189,699	208,316	-9%
Group earnings per share	Rs.	5.27	5.79	-9%
Dividend per share	Rs.	3.00	3.00	0%
Net return on capital employed	%	5.64	6.16	-8%
Net return on shareholders funds	%	9.30	12.00	-23%
Group capital expenditure	Rs. 000's	88,193	47,003	88%
Market capitalization	Rs. 000's	1,954,179	2,191,703	-11%
Group value added	Rs. 000's	2,114,430	1,983,160	7%
Value added per employee	Rs. 000's	3,639	3,673	-1%
Group foreign exchange earnings	Rs. 000's	2,130,866	2,202,900	-3%
Contribution to Government revenue	Rs. 000's	1,392,620	1,272,300	9%

As at 31 March		2015	2014
Current ratio	1:	1.93	1.75
Net asset value per share	Rs.	51.05	49.03
Dividend payout ratio	%	57%	52%
Market value per share			
- at year end	Rs.	54.30	60.90
- during the year - Highest	Rs.	63.00	68.00
- during the year - Lowest	Rs.	50.00	55.00
Number of employees in Group		581	680
Value in Rs. at official exchange rate	United States Dollar	133.45	131.00
	Pound Sterling	197.41	217.40
	Euro	144.51	179.65

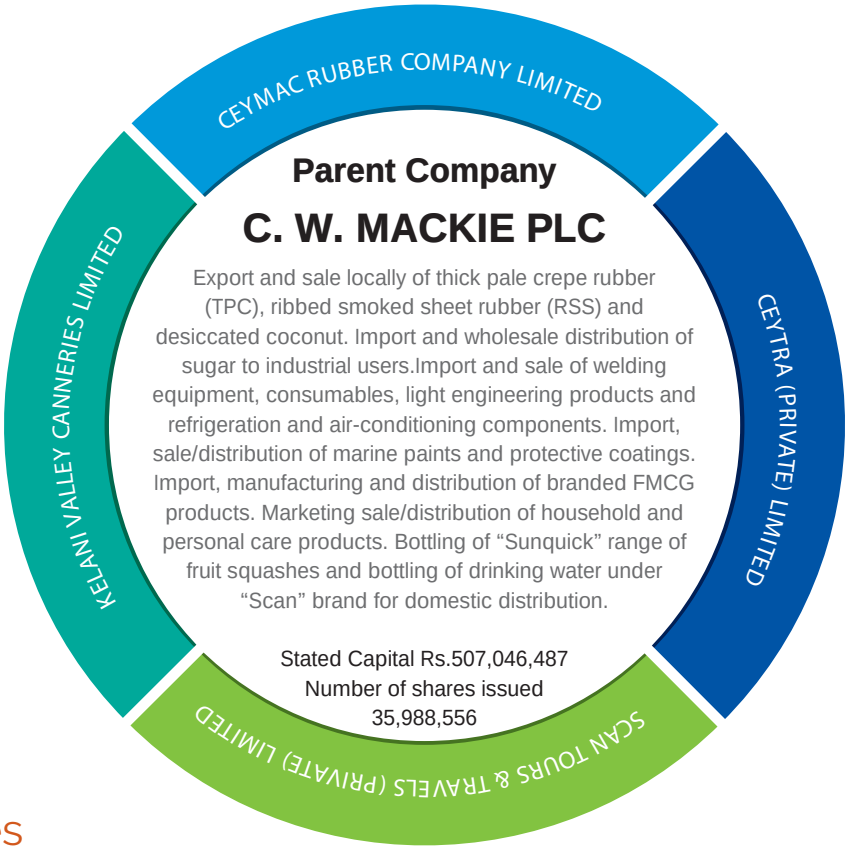
Group Revenue (Rs. Million)



Group Profit Before Tax (Rs. Million)



Group Structure and Principal Activities



Subsidiaries

CEYMAC RUBBER COMPANY LIMITED

Manufacture, export and sale locally of technically specified rubber (TSR) and manufacture and export of plantation sole crepe rubber and specialised industrial sole crepe rubber.

Stated Capital Rs.36,450,000 / Number of shares issued 3,189,375 / Group Interest 98.72%

CEYTRA (PRIVATE) LIMITED

Manufacture and export of moulded rubber products.

Stated Capital Rs.30,000,000 / Number of shares issued 3,000,000 / Group Interest 62.82%

SCAN TOURS AND TRAVELS (PRIVATE) LIMITED

Motor car hires to Group Companies.

Stated Capital Rs.6,000,000 / Number of shares issued 600,000 / Group Interest 100%

KELANI VALLEY CANNERIES LIMITED

Manufacture, sale and export of a wide range of processed tropical fruits, young coconut/king coconut water and beverage products under "KVC" brand.

Stated Capital Rs.5,709,043 / Number of shares issued 34,398,455 / Group Interest 88.26%

Chairman/Chief Executive Officer's Review

For the financial year ended 31 March 2015

On behalf of the Board of Directors I am pleased to welcome you to the Ninety Third Annual General Meeting of the Company and to present the Annual Report and the Audited Financial Statements of your Company and its subsidiary companies for the financial year ended 31 March 2015.

Group Organization

The Group's activities have been divisionalized as follows :

Company	Division	Activities
C. W. Mackie PLC	Commodity Trading	Export and sale locally of thick pale crepe rubber (TPC), ribbed smoked sheet rubber (RSS) and desiccated coconut.
	Internal Trading	Import and wholesale distribution of sugar to industrial users.
		Import and sale of welding equipment and consumables and light engineering products, refrigeration and air-conditioning components and marine paints and protective coatings.
		Wholesale distribution of locally manufactured, imported and branded consumer products and household and personal care products.
		Manufacturing and bottling of 'Sunquick' range of fruit squashes and bottling of drinking water under 'Scan' brand for domestic distribution.
	Services	Group Finance; Group Human Resource Management, MIS and Administration.
Ceymac Rubber Company Limited	Manufacturing	Manufacture and export and sale locally of technically specified rubber (TSR) and manufacture and export of plantation sole crepe rubber and specialized industrial sole crepe rubber.
Ceytra (Private) Limited	Manufacturing	Manufacture and export of moulded rubber products.
Scan Tours and Travels (Private) Limited	Services	Motor car hire to Group Companies.
Kelani Valley Canneries Limited (acquired on 31.3.2014)	Manufacturing	Manufacture for sale and distribution locally as well as export of a range of food and beverage products under 'KVC' brand.

Chairman/Chief Executive Officer's Review (Contd.)

Financial Results

Group gross profit

An analysis of the Group's gross profit is given hereunder :

	Group	
	Year ended 31 March 2015 Rs. Million	Year ended 31 March 2014 Rs. Million
C.W. Mackie PLC	932.3	850.2
Ceymac Rubber Company Limited	53.2	57.4
Ceytra (Private) Limited	13.2	26.5
Scan Tours and Travels (Private) Limited	10.8	8.6
Kelani Valley Canneries Limited	22.7	-
	1,032.2	942.7

Group results from operating activities

The Group's result from operating activities for the year under review was Rs.326.5 million.

Group profit before tax

The Group's ordinary activities resulted in a profit before tax of Rs.273.8 million for the financial year ended 31 March 2015 as given hereunder :

	Group	
	Year ended 31 March 2015 Rs. Million	Year ended 31 March 2014 Rs. Million
Results from operating activities	326.5	374.6
Less : Net financing costs	(52.7)	(62.1)
Profit before taxation	273.8	312.5

Group total comprehensive income

The total comprehensive income of the Group after adjusting for taxation and non-controlling interests for the financial year ended 31 March 2015 was Rs.180.67 million and is shown in the following analysis :

	Group	
	Year ended 31 March 2015 Rs. Million	Year ended 31 March 2014 Rs. Million
Group results from operating activities	326.48	374.63
Less : Net financing costs	(52.71)	(62.15)
Group profit before taxation	273.77	312.48
Income tax expense	(94.32)	(103.15)
Group profit after taxation	179.45	209.33
Other comprehensive income	(8.65)	2.36
Group total comprehensive income	170.80	211.68
Non-controlling interests	9.86	(1.17)
Equity holders of the Parent Company	180.67	210.51

Overall Performance

C. W. MACKIE PLC (Parent Company)

The Company's net revenue in the financial year ended 31 March 2015 was Rs.6,671.0 million. The profit from operating activities was Rs.364.0 million and the profit for the year, after charging income tax of Rs.91.4 million, was Rs.236.7 million.

C. W. MACKIE PLC (Group)

The Group's consolidated net revenue for the financial year ended 31 March 2015 was Rs.7,618.1 million as compared with Rs.7,343.7 million in 2014. The major contribution towards the consolidated net revenue was from the Company's internal trading and distribution activities and exports of natural rubber. Revenue from the manufacture for export and sale locally of rubber products from the subsidiary companies showed no growth.

The results from operating activities was Rs.326.5 million and the net profit for the period, after charging income tax of Rs.94.3 million, was Rs.179.5 million.

The consolidated Group comprehensive income for the year, after charging income tax of Rs.94.3 million, was Rs.170.8 million as compared with Rs.211.7 million in 2014.

Several exceptional factors affected the Group's overall result for the year :

(1) The closure of extruded rubber products manufacturing activity of Ceytra (Private) Limited, (a subsidiary company) in August 2014 resulted in having to offer a Voluntary Retirement Scheme (VRS) to the workmen employed in this activity. Up to 31 March 2015, 36 workmen availed of the VRS that cost the Company Rs.17.1 million in compensation payments.

(2) A loss of Rs.19.4 million for the year in the newly acquired Kelani Valley Canneries Limited as a result of the cost incurred in the rationalization and upgrading of the manufacturing facilities.

Otherwise, the consolidated net profit before tax would have been Rs.310.27 million for the year.

INTERNAL TRADING

The Internal Trading activities of the Group is the fastest growing segment of the Groups business and has the highest potential for growth in the future.

Chairman/Chief Executive Officer's Review (Contd.)

Fast Moving Consumer Goods (FMCG)

The manufacture, sale and distribution of FMCG is the largest and most profitable segment of the Internal Trading activities of the Company. Sales revenue was Rs.2.2 billion and profit Rs.176.2 million. The manufacture, sale and distribution of the Sunquick range of fruit squashes, Scan Jumbo Peanuts, Scan Bottled Water and N-Joy coconut oil, a third party own label product, are the principal products in the FMCG category distributed by the Company.

Sugar

The Company traded 20,200 MT of sugar and achieved Rs.2 billion in sales revenue and realized a profit of Rs.38.3 million. Sales were principally to industrial users in the confectionery, dairy, fruit juice and carbonated drinks manufacturers.

The Company's sugar business grew by 6% in 2014/15 under very challenging market conditions of fluctuating global sugar prices which put margins constantly under pressure.

Industrial Products

The industrial products segment engaged in the import and sale of welding products and engineering items and refrigeration components showed significant growth in sales, mainly through the introduction of new machinery for energy generation.

The plan is to further expand this business by introducing machinery for the dairy and construction sector where there is considerable potential for growth.

The nucleus of a repair and service facility has been established to provide an after sales service for the repair and maintenance of the current range of machinery and equipment marketed by the Company.

This will generate a new income stream and will be a marketing tool for promoting sales of the industrial products.

Marine Paints

The marine paints and protective coatings business under the world renowned Hempel brand principally supplies the ship repair industry, now also supplies protective coatings to the telecommunication service sector, energy generation and highway construction projects and is being developed as a supplementary business that is adding value to sales and profit.

The net turnover for the year was Rs.214.8 million and profit Rs.26.5 million. Sales grew by 29% but profits declined by 27%.

There are now three other international brands of marine paints offering similar types of marine paints and protective coatings in the Sri Lanka market and price competition from these brands have put Hempel margins under strain. Countervailing measures to combat prevailing competition is under consideration by the principals.

Household and Personal Care Products

In December 2014, a separate section within the Internal Trading Division was set up to distribute Household and Personal Care Products consisting of detergents and disinfection items, soap, dish wash, cleaning aids and air care manufactured by Lankem Ceylon PLC and marketed under Lankem brands.

A nucleus of a distribution network consisting of a Field Sales Manager and 5 Sales Representatives has been setup and the Household and Personal Care Section will share the Company's Scan Products Division's island wide distributor network to carry out distribution.

Initial off take of the products has been somewhat slack due to the lack of advertising and promotional support from the brand owner and future growth will depend a lot on the extent of brand support by Lankem.

The intention is to add more products in the Household and Personal Care category to supplement the present range of products and expand the business.

Total turnover from the internal trading activities of the Company for the year was Rs.4.7 billion and net profit Rs.270.8 million.

EXPORT TRADING

Natural Rubber (NR)

Adverse weather conditions over the course of the year 2014/15 forced natural rubber (NR) production down 24% year-over-year (YOY) to its lowest levels since 2004. Total production fell to 98.6 million kgs. accounting for the third consecutive year of declining volumes, largely because smallholders ceased tapping due to weak prices for all grades of NR and heavy rain, particularly towards the latter part of 2014, which disrupted latex tapping. Sheet rubber (RSS) production fell 22.7% YOY to 48.5 million kgs., whilst latex crepe (TPC) fell 23% YOY to 11.8 million kgs.

This shortfall in rubber output combined with lower international market prices resulted in domestic rubber products manufacturers importing NR from other origins.

Weak international demand for NR influenced domestic prices to drop quite substantially. The average local price for TPC I and IX was Rs.306/- per kg. and for RSS 1 & 2 grades Rs.283/- per kg.

The Company's exports and sales to domestic rubber products manufacturers was 3,234 MT that realized a gross trading profit of Rs.65.6 million.

Low international prices made trading conditions difficult because Sri Lanka prices for TPC, RSS and Technically Specified Rubber (TSR) grades were US$ 300-400 per MT higher than international prices. This made Sri Lanka prices uncompetitive and resulted in a challenging situation to secure export business.

Desiccated Coconut (DC)

The total output of coconuts in 2014/15 is estimated at 2.9 billion nuts. This is 12% more than in 2013/14.

It is also estimated that the domestic household consumption of coconuts was about 1.2 billion nuts, thus leaving only about 600 million nuts for processing into other coconut products.

The average farm gate price of coconut was Rs.32/- per nut and at this level of coconut prices, the average price of Desiccated Coconut (DC) in 2014/15 was Rs.305/- per kg.

The current trend is to divert more nuts to the manufacture of virgin coconut oil, and bottled coconut water for export. The diversion of coconuts for bottling coconut water and manufacturing virgin coconut oil resulted in fewer nuts been available for milling DC.

As a result the average export price of DC in 2014/15 was US$2,420 per MT and on an average US$ 200-300 per MT higher than other origins. Despite this trend the Company exported 3,126 MT of DC during the year and realized a gross trading profit of Rs.29.8 million.

Total turnover from the export of NR and DC for the year was Rs.2.0 billion and net profit Rs.35.1 million.

SUBSIDIARY COMPANIES

CEYMAC RUBBER COMPANY LIMITED

The global slowdown in Natural Rubber (NR) prices impacted adversely on the Company's capacity to secure orders for its Technically Specified Rubber (TSR) operation.

The Company has an installed capacity to manufacture 6,000 MT of TSR annually. Production during the year was only 2,200 MT. During most of the year the plant was working under capacity for lack of business.

This was mainly because -

(a) Global prices of TSR were US$500-600 per MT lower than in Sri Lanka and at this level of price differential it was not possible to secure export orders for TSR.

(b) Sales to local tyre manufacturers dropped significantly because it was possible to source TSR from other origins at more competitive prices. Tyre makers in Sri Lanka therefore procured TSR from other origins as well.

Total sales of TSR for the year was 2,120 MT and the gross trading profit Rs.23.4 million.

The result for the year was somewhat countervailed by the profit from the manufacture and export of sole crepe. Export of sole crepe for the year was 521MT and produced a gross trading profit of Rs.29.8 million.

The net loss for the year from sales of TSR and exports of sole crepe was Rs.3.8 million. This was after a provision of Rs.5.0 million on account of VAT refunds deemed not recoverable in respect of prior years.

CEYTRA (PRIVATE) LIMITED

The extruded products manufacturing sector (Rubber Bands) was closed down in August 2014, due to lack of orders from the Japanese buyer. The global decline in natural rubber prices enabled this buyer to source supplies from other origins at more competitive prices and by mid-2014 had virtually ceased purchasing from the Company.

The workforce in the extruded products section were offered a Voluntary Retirement Scheme (VRS) and by 31 March 2015, 36 workmen of the extruded products section availed of the VRS. There are still 18 workmen who have not accepted the VRS. Indications are some of the remaining workmen may take the VRS eventually.

Chairman/Chief Executive Officer's Review (Contd.)

The Company's result for the year was a net loss of Rs.24.9 million. This is after charging the VRS payments to 36 workmen amounting to Rs.17.1 million and a provision of Rs.5.0 million on account of VAT refunds in respect of prior years deemed not recoverable.

KELANI VALLEY CANNERIES LIMITED (KVC)

A controlling interest (88.23%) in this Company was acquired on 31 March 2014. The Company manufactures a wide range of food and beverage products which are almost entirely distributed in the local market. There is a potential to export some of the products and initiatives to penetrate into the export market are being pursued. Already small orders for KVC products have been shipped to Australia, Canada and Dubai.

The Company made a net loss of Rs.19.4 million in the first year of operation under C. W. Mackie PLC Management.

This was mainly due to the ongoing reorganization of the Company's production facilities and the distribution network of its food and beverage products.

There was considerable improvement and upgrading of the manufacturing facilities and the distribution of the Company's products was taken over by the Scan Products Division of C. W. Mackie PLC that has an island wide distribution network.

The trickle down effects of the Company's reorganization programme is expected to yield positive results in the ensuing year.

SCAN TOURS AND TRAVELS (PRIVATE) LIMITED

The Company provides hire of motor cars on a rental basis to Group Companies.

As a result of several managers entitled to Company maintained cars opting to use a hired or owned car in return for a car allowance, rentals have substantially diminished during the year.

The net profit for the year was Rs.10.6 million.

FINANCE

Bank borrowings is the principal source of funds for financing the Group working capital requirements. The Group does not carry any major long term debt and capital expenditure is financed entirely out of internally generated funds.

The interest rate on borrowings on an average is about 8.5% per annum and the interest rates offered by the Group's bankers did not reflect any adverse differentials and was mostly uniform and consistent.

The financing cost for the year was Rs.36.6 million and has not been impaired by any foreign exchange losses.

The Group is liable to tax of Rs.99.0 million for the year ended 31 March 2015. This is after a deferred tax credit of Rs.4.8 million. Ceymac Rubber Company Limited, which made a loss for the year of Rs.3.8 million has a carried forward tax loss of Rs.83.9 million. Ceytra (Private) Limited, which made a loss of Rs.24.9 million for the year has a carried forward tax loss of Rs.55.7 million and Kelani Valley Canneries Limited, which made a loss of Rs.19.4 million for the year has a carried forward tax loss of Rs.196.1 million.

Ceymac Rubber Company Limited and Ceytra (Private) Limited has outstanding VAT refunds in respect of prior years. KPMG Tax Advisory Services (KPMG) are working on an assignment to recover the outstanding VAT refunds and a sum of Rs.10.0 million has been provided to cover the amounts that KPMG deem may not be recoverable.

INDUSTRIAL RELATIONS

The industrial relations environment in all companies within the Group was stable and employees at all levels co-operated with the Management in the conduct of the Group's business affairs.

Consequent to the closure of the extruded products manufacturing section of Ceytra (Private) Limited, a Voluntary Retirement Scheme (VRS) was offered to all workmen in this section in August 2014. The VRS was designed in consultation with the Employers Federation of Ceylon (EFC). 36 workmen availed of the VRS and compensation based on VRS has been paid in the sum of Rs.17.1 million.

Manning levels as at 31 March 2015 are given below :

Company	Managerial/ Executives	Non Executives	Manual Operatives	Total	
				As at 31 March 2015	As at 31 March 2014
C. W. Mackie PLC	75	170	70	315	288
Ceymac Rubber Company Limited	8	32	102	142	154
Ceytra (Private) Limited	2	6	38	46	98
Kelani Valley Canneries Limited	14	10	54	78	140
Group Total	99	218	264	581	680

Dividend

The Directors recommend to the shareholders at the Annual General Meeting a first and final dividend of Rs.3/- per share amounting to Rs.108 million out of the profits for the year ended 31 March 2015 in accordance with the provisions of the Companies Act No.7 of 2007.

The Directors have thereby maintained a consistent dividend distribution in recent years.

Outlook

The economy is forecast to grow by 6% in 2015/16, with the services sector as the main driver. The balance of payments, heavily burdened with debt serving costs, is forecast to improve due to strong export growth, increased receipts from tourism and expatriate remittances and lower imports of capital and intermediate goods and fall in oil prices.

The prevailing interest rate regime is expected to remain stable at current levels and inflation is likely to be maintained at single digit levels.

The main driver of the Company's profitability has been the internal trading activities with the FMCG sector contributing most to profits. The FMCG sector is expected to grow significantly with the absorption of several new products manufactured by the acquisition of a controlling interest in Kelani Valley Canneries Limited in 2014.

In the background of the rising cost of imported FMCG products due to high import duties and fluctuating exchange rates, the strategy on expansion is to introduce more locally manufactured food and beverage products for distribution in the domestic market. It is in pursuance of this policy, that the Company acquired a controlling interest in Kelani Valley Canneries Limited that manufacture a wide range of food and beverage products out of locally sourced raw materials.

The Company's internal trading activities are well positioned to deliver a strong result, with the FMCG segment contributing a major portion of the profit for 2015/16.

However, the same cannot be said of the Company's commodity trading activities. The decline in the output of natural rubber (NR) in recent years and the fact that 75% of the country's NR output is now consumed by the domestic rubber products manufacturers, there is less NR available for export.

Exports of NR once the core business of the Company, has diminished due to lack of sufficient exportable grades of NR and high prices of local NR vis-à-vis global prices.

The situation in the case of Desiccated Coconut (DC) business is very similar. With the increasing household consumption of the national output of coconuts, fewer nuts are now available for processing DC. The current trend of diverting more coconuts for bottling coconut water and for manufacturing virgin coconut oil is expected to make fewer nuts available for milling DC.

In the background that the Company's traditional export commodities are not sustainable, the Management is exploring possibilities of trading minor agricultural products where there are potential markets abroad.

In the case of the rubber products manufacturing sector, Ceymac Rubber Company Limited is now almost entirely dependent on the demand for TSR by local tyre manufacturers. The prospects for export orders under the prevailing global prices remain uncertain. Even orders from local tyre makers are uncertain under the current global pricing regime for TSR as they find it more economical to import TSR or raw materials for making TSR rather than sourcing locally manufactured TSR.

With the closure of extruded products section of Ceytra (Private) Limited, the Company's manufacturing activities are restricted to making moulded products only. The outlook to increase the export of moulded rubber products is constrained by international prices for similar products which are lower than those from Sri Lanka.

The future, therefore, depends on Ceytra (Private) Limited manufacturing moulded rubber products for sale in the domestic market.

Chairman/Chief Executive Officer's Review (Contd.)

A process to manufacture moulded rubber products, for which there is a demand in the domestic market, has already been initiated.

Acknowledgements

I sincerely thank my colleagues on the Board for their able guidance, direction and co-operation enabling me to conduct the Company's affairs in the best interest of all stakeholders, for which I am deeply grateful. The expertise and wide experience of the Board, comprising high calibre business leaders and professionals, adds considerable value to the deliberations of the Board and ensures a right balance of executive competency and independent judgment.

I wish to acknowledge my appreciation to our highly competent and committed management team and staff at every level that has helped achieve the result for the year under very challenging and competitive conditions.

I extend my thanks to our valued trade customers, suppliers, agents, distributors, bankers, auditors, business partners, advisors and all other stakeholders of the business for their continued and willing support over the years.

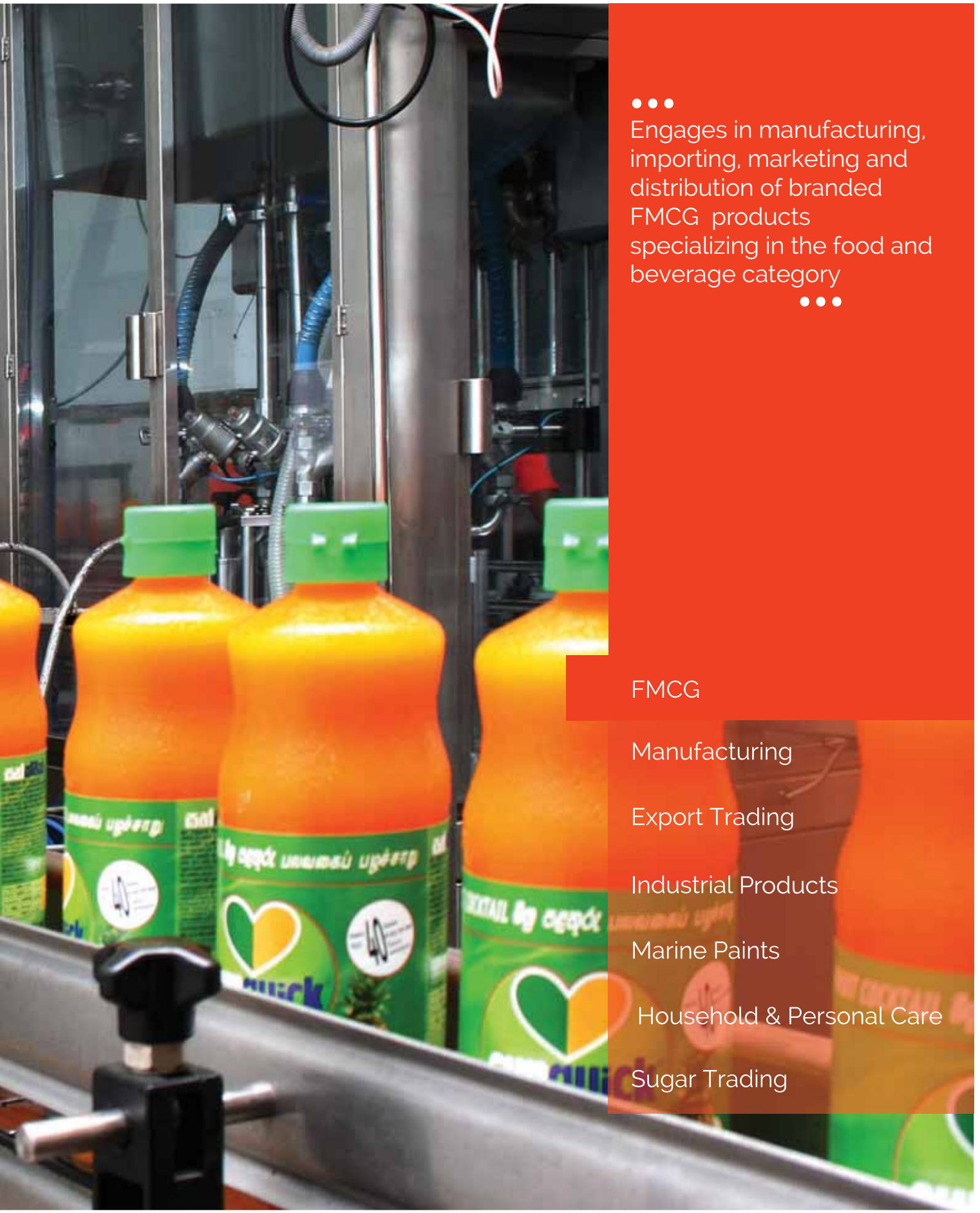
As always I am most grateful to the shareholders for their continuing confidence in our ability to deliver a fair return on their investment.

W. T. Ellawala
Chairman/Chief Executive Officer

Colombo
26 May 2015

C. W. MACKIE PLC
is powered by
strong brands

bertolaso



Engages in manufacturing, importing, marketing and distribution of branded FMCG products specializing in the food and beverage category

FMCG

Manufacturing

Export Trading

Industrial Products

Marine Paints

Household & Personal Care

Sugar Trading

FMCG

Scan Products Division of C. W. Mackie PLC and its subsidiary, Kelani Valley Canneries Limited are engaged in fast moving consumer goods (FMCG) business. Scan Products Division is engaged in manufacturing, importing, marketing and distribution of branded FMCG products, specializing in the food and beverage category.

Brand Portfolio

Scan Products brand portfolio consist of well known local and international brands such as Sunquick, Scan Jumbo Peanuts, Kotagala Kahata Tea, Scan brand bottled drinking water, N-Joy Coconut Oil, Ovaltine, Star brand Essences & Colourings, Ocean Fresh Tuna, Scan Jack Mackerel and KVC brand products.

Excellent performance of Sunquick has resulted in securing a market share of 60% in the squash and cordial category. Scan Jumbo Peanuts is the market leader in jumbo peanut category enjoying 65% market share and has maintained its leading position during the past several years consecutively.

Kotagala Kahata Tea has recorded a 35% volume growth year-over-year (YOY) compared to 2013/14. Further, Scan Jumbo Peanuts has recorded a 10% volume growth and N-Joy Coconut Oil a 35% volume growth YOY.

Kelani Valley Canneries Limited (KVC), a manufacturer and exporter of processed tropical fruits and vegetables, was established in1968 and is the newest member of the C. W. Mackie PLC Group. KVC is a household brand in Sri Lanka and its product portfolio range from sauces, jams, nectars, chutneys, treacle, fruit juices, fruit pulp, canned fruits and vegetables to pickles and sambols.

Sunquick, as the Sri Lanka's number one brand in the squash and cordial category, carries out regular research activities. Recently launched "Sunquick Gold-Orange" is a line extension to the existing Sunquick brand and the consumers will now experience the internationally newly developed recipe with a premium quality.

Distribution

Scan Products Division has mapped out certain strategic channels which has bonded well with the Sri Lankan consumers. It utilizes four channels specific for the purpose of distribution, namely, traditional trade (general trade), modern trade, food services sector and the wholesale sector. Its strong direct distribution network across the island reaches over 50,000 outlets.

The integration of KVC with the C. W. Mackie PLC Group will spearhead the thrust in taking KVC products to consumers throughout the island through the strong FMCG marketing arm of its Scan Products Division.

Brand Recognition

The success story in Sri Lanka of its fruit juice category market leader, Sunquick, has been recognized in being awarded the prestigious “SLIM Brand Excellence Award” in the category of International Brand of the Year at the SLIM Brand Excellence Awards 2014 for the third consecutive year.

HORECA Sector

Sri Lanka witnessed a strong upsurge in tourism after the end of the civil war. In order to capitalize this opportunity, exclusive distribution channels were initiated and developed to meet the upcoming trends and opportunities to service the leisure industry in Sri Lanka. Sunquick has a strong position in the HORECA (Hotels, Restaurants and Catering) sector due to our food service solutions and support programmes from beverage to multiple application solutions.

FMCG Manufacturing Facilities

A state-of-the-art manufacturing facility with a fully automated production process for the manufacture and bottling of “Sunquick” fruit squashes and “Scan” brand bottled drinking water provides our consumers with high quality products.

The Company’s internal and external quality assurance programme ensures that analysis required by applicable regulatory bodies become a part of the integral regular testing programmes. Being a ISO 9001:2008 and ISO 22000 certified company, we ensure that our products meet the most stringent international and national quality standards. In addition, we have integrated a HACCP (Hazard Analysis Critical Control Point) inspection plan in our manufacturing facility to ensure food safety for our consumers.

HACCP is recognized worldwide as the leading food safety programme for the food and pharmaceutical industry. It is also pertinent to mention that our entire manufacturing operation is carried out according to certified Good Manufacturing Practices (GMP) guidelines, while most of our products are SLS certified, assuring its high quality. Our utmost priority is to maintain this level of high quality and standards.

Scan Products Division's testing laboratories are equipped with state-of-the-art testing equipment and are staffed with skilled and experienced personnel. Comparative analyses are performed on products in accordance with local and international regulatory standards. It is only after every single bottle meets our internal quality standards and fully conforms to international standards, that it leaves the plant to be enjoyed by consumers.

The manufacturing facility for KVC brand products located at Kaluaggla, Hanwella is also certified with SLS certification and ISO 22000:2005 certification.

Engages in manufacture, sale and export of TSR, Sole Crepe and Moulded Rubber Products

FMCG

Manufacturing

Export Trading

Industrial Products

Marine Paints

Household & Personal Care

Sugar Trading

Manufacturing

C.W. Mackie Group's rubber manufacturing arm is its subsidiaries,Ceymac Rubber Company Limited and Ceytra (Private) Limited.

Ceymac Rubber Company Limited (Ceymac)

A leading manufacturer, exporter and local seller of technically specified rubber (TSR), plantation sole crepe and specialty rubber products in Sri Lanka for the tyre, pharmaceutical, automobile and shoe industries. Ceymac factory is strategically located in a prime rubber plantation area in the Kalutara District and maintains a competitive advantage for collecting latex and producing natural rubber products to the highest international quality standards.

Further, Ceymac's "Effluent Treatment System" and "Air Pollution Control System" commissioned at the Narthupana factory mitigates any adverse impact to the environment.

Ceymac's Products

Primary Types

- Technically Specified Rubber (TSR)
- Plantation Sole Crepe.

Specialty Types

- Granulated rubber for adhesive industry
- Chemically treated rubber (Zinc Oxide dusted crepes and bandage crepes) for pharmaceutical application
- Stick cleaners for mining and woodwork industries
- Coloured sole crepe for shoe industries.

Ceymac's major export markets

Japan, Taiwan, China, India, South Africa, Germany, Canada and Bangladesh.

Ceymac's Standards

Cemac's manufacturing process is ISO 9001:2008 certified.

Ceytra (Private) Limited (Ceytra)

A leading manufacturer and exporter of a wide range of high quality value added moulded rubber based products to buyers worldwide covering areas of industrial transport, agriculture, automobile industry and even dockyards.

Ceytra has the capability to design, develop and manufacture a range of rubber products out of natural or synthetic rubber as per the engineering drawings and specifications provided by its customers.

Ceytra's Products

Moulded Products

- Bumpers of different sizes and shapes for vehicles, container terminals and any other applications. Our bumpers are manufactured with improved resilience to absorb shock, vibration isolation and damping properties and resistance to weather conditions
- Dock fenders for the marine industry
- Couplings, mounts, grommets, caster wheels, rubber to metal bonded parts, tyre stopper, door stoppers for industrials and general purpose use
- Oil seals and gaskets for automotive and industrial use
- Tarp straps/pallet straps with metal hooks of different sizes and shapes for transport and packaging applications
- Carpets of different size and texture for automotive, industrial and domestic use
- Bends, shaped hoses and tubes for industrial and agricultural applications

Ceytra's Major Export Markets

Japan, France, USA, Italy, Sweden, Finland and India.

Ceytra's Standards

Ceytra is recognized for maintaining high level of quality standards on all its rubber products manufactured, and has been accredited with the Forest Stewardship Council - Chain of Custody (FSC-COC) Certification.

Our rubber manufacturing arm includes a well-equipped laboratory to test rubber compounds and finished products with stringent quality controls. We have research and development activities headed by a highly qualified and experienced Rubber Technologist.

Engages in export of all grades of Natural Rubber, RSS, Sole Crepe, TSR, Desiccated Coconut and other coconut products, spices and fibre products

FMCG

Manufacturing

Export Trading

Industrial Products

Marine Paints

Household & Personal Care

Sugar Trading

Export Trading

Since 1900, C.W. Mackie Group has been involved in export of natural rubber, coconut products and Sri Lankan spices.

Product Portfolio

Today the Company is a leading exporter in all grades of natural rubber, including thin and thick pale latex crepe, thick brown crepe, ribbed smoked sheet, white and coloured sole crepe, technically specified rubber (TSR) and also specialty grades of natural rubber such as granulated crepe, and ZOX crepe. The natural rubber grades exported by us are used in the pharmaceutical, adhesive, marine paints, automobile industry and in the manufacture of household goods as well.

We also process for export, quality desiccated coconut and other coconut products. Our coconut products export range include desiccated coconut in fine, medium, chips, thread, flakes and toasted grades. Among other coconut products exported are coconut cream, coconut milk, coconut poonac, coconut water, low fat coconut powder, virgin coconut oil, organic coconut, coconut shell charcoal and coconut flour.

The spices on offer are cinnamon, cloves, cardamoms, cashew, nutmeg, mace, black pepper. We also export dry lemon, sesame seeds and arecanuts.

The fibre products we offer are bristle fibre, mattress fibre, coir yarn, coir twine, geo textile, coir garden products, fibre pith, coir poles/pads etc.

Major Markets

Japan, USA, China, India, UK, Europe, Pakistan, Middle Eastern Countries, Taiwan, Hong Kong, South America and South Africa.

Standards

We assure best quality products based on International and EU standards, while focusing on environmental and social responsibilities. Our products are 100% natural and Genetically Modified Organisms (GMO) free.

Utmost care is taken in the selection of commodities for export on the basis of its quality, including physical, chemical and microbiological analysis results.

Engages in import, sale/distribution and servicing of world renowned brands of welding, light engineering, power generation, workshop machinery, refrigeration and air-conditioning equipment and related service activities

- FMCG
- Manufacturing
- Export Trading
- Industrial Products
- Marine Paints
- Household & Personal Care
- Sugar Trading

Industrial Products

C.W. Mackie's industrial products arm - Industrial Products Division, engages in import and sale of welding electrodes, equipment, light engineering equipment, power generation and workshop machinery, refrigeration and air-conditioning equipment, components, accessories and refrigerant gases and manages several Agencies for world renowned high quality brands of industrial products in Sri Lanka.

Industrial Products Division was formed three decades ago to import and market a range of welding consumables (Chosun from Korea), maintenance welding alloys (Eutectic from India), chisel bits and hammer drills from China, welding equipment (Megatronic from Denmark) and refrigeration equipment and components (Danfoss from Denmark) recording approximately Rs.8-10 million of average monthly sale and thereby catering to limited requirements of the industrial products market in Sri Lanka. Having identified the growing market potential for industrial products, new products were introduced to the Industrial Products portfolio during the past two years. The range of products keep growing with many international brand names being added. More recently welding equipment and accessories (Telwin from Italy) and welding generators (Mosa from Italy) were introduced.

Product Category Portfolio

1. Welding electrodes, rods, wires
2. Welding equipment and accessories
3. Light engineering equipment and accessories
4. Power generators, workshop machinery and equipment
5. Refrigeration and air-conditioning equipment, components, accessories and refrigerant gases

Agencies/Distributorships

1. Welding Electrodes, Rods, Wires

Authorised Importer and Distributor for:

- Chosun - Korea : Welding electrodes and wires
- Eutectic (EWAC Alloys) - India : Preventive maintenance welding products
- WELDWELL MS-12 - General purpose welding electrodes
- PREMIER - India : Stainless steel electrodes
- ESAB - India/Singapore : Welding electrodes
- MIGWELD - China : MIG wires

2. Welding Equipment and Accessories

Authorised Importer for Sales and Services for:

- TELWIN - Italy : MIG, TIG, manual arc, spot welding equipment plasma cutters and battery chargers.
- Dynaweld - Malaysia : MIG, TIG, manual arc, spot welding equipment
- ESAB - Singapore : Welding equipment

3. Light Engineering Equipment and Accessories

Authorised Importer and Distributor for:

- Rock drill hammers, Tapered rods, Chisel bits and button bits - China
- High pressure compressor hoses - China
- Cobalt (CWM) - China : Drill bits
- WINONE - China : Grinding and cutting wheels
- UNIQUE - China : Diesel engines

4. Power Generators, Workshop Machinery and Equipment

Authorised Importer for Sales and Services for:

- MOSA - Italy : Welding generators, Light towers and power generators
- MaxPower - China : Portable generators
- KRRAS - China : Hydraulic shearing and press brake machineries
- UNIQUE - China : Engine reconditioning machineries
- HUUTOAN - Vietnam (assembled) : High capacity power generators

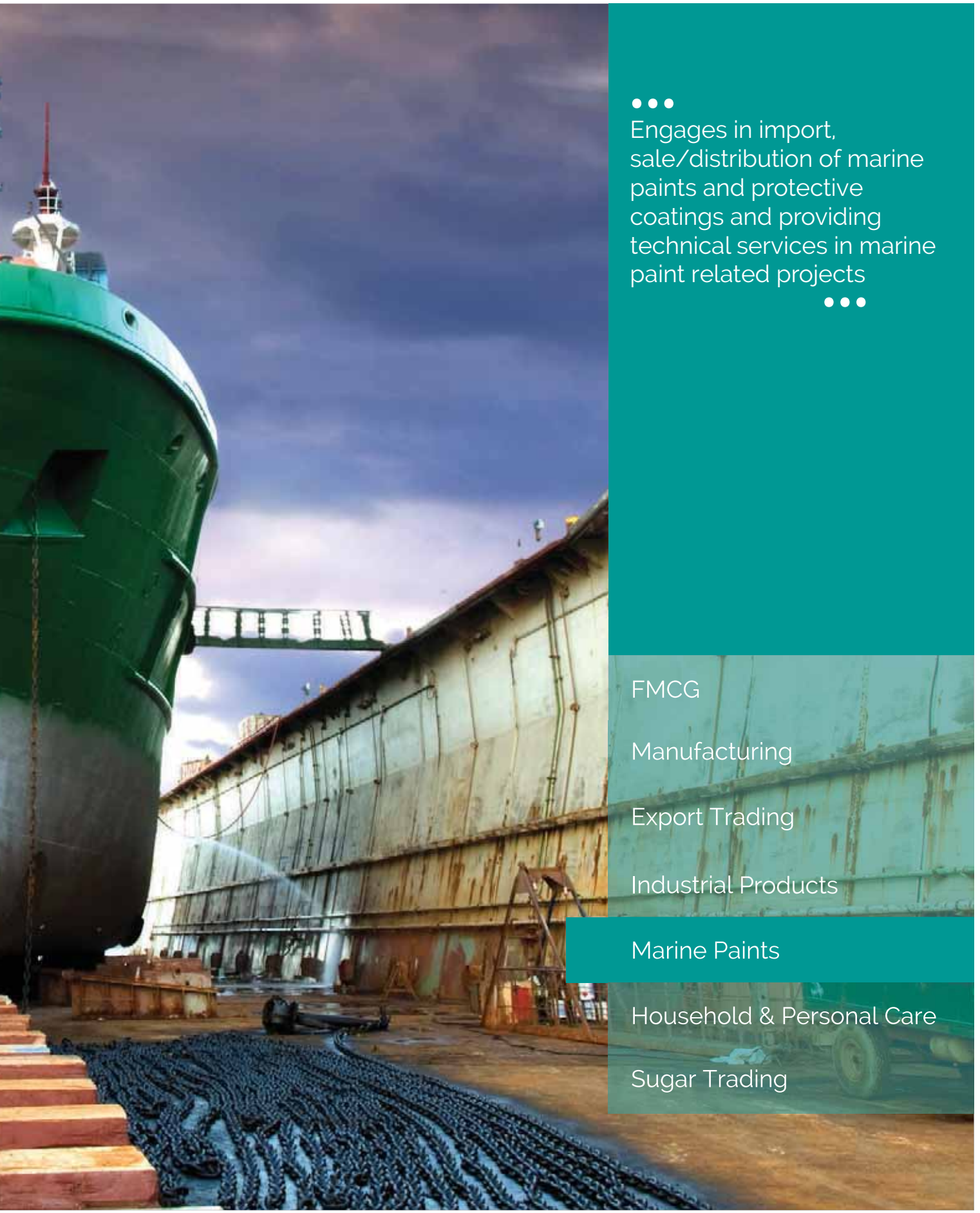
5. Refrigeration and Air-conditioning Equipment, Components, Accessories and Refrigerant Gases

Authorised Importer/Distributor and Sales Services for :

- DANFOSS - Denmark : Refrigeration and air-conditioning equipment, components and accessories
- FRASCOLD - Italy : Semi hermatic compressors
- ROLLER GmbH - Germany : Evaporators and condensers
- RUBY - Vietnam : Copper tubes
- ICOOL - China : Refrigerant gases

Maintenance and Services

We provide after sales services to our valued customers at our fully equipped workshop facility in Horana in the areas of assembling refrigeration condensing units, repair and servicing welding equipment, power generators and other workshop machinery and carry out reclamation and preventive maintenance welding jobs with high quality welding alloys using state-of-the-art technology in welding methods by our well trained and highly qualified Technical Team.



Engages in import, sale/distribution of marine paints and protective coatings and providing technical services in marine paint related projects

FMCG

Manufacturing

Export Trading

Industrial Products

Marine Paints

Household & Personal Care

Sugar Trading

Marine Paints

C.W. Mackie's Hempel Division is in the business of selling and distribution of marine paints and protective coatings under the world renowned brand "Hempel" since 1982 and was appointed as sole distributor, both in Sri Lanka and the Maldives, in 2008. Hempel Division mainly serves foreign and local ship owners, government established entities, multi-national and local companies.

All stocks of marine paints and protective coatings are imported from Hempel, Singapore and held at a bonded warehouse in the Port of Colombo and at our warehouse in Mattakkuliya.

Net turnover recorded a 29% growth and 20% volume (ltrs) growth year-over-year compared to 2013/14.

Customer Segments

- Marine Segment

  Marine segment offers marine paint related solutions to vessels dry docking in the Colombo Dockyard and other smaller vessels at other locations in Sri Lanka which obtain the services of Hempel Division. During the year, a notable number of dry dockings were carried out in the Colombo Dockyard for both Hempel Associates orders and orders secured from local customers. We have been able to arrange sea stock supplies for day-to-day maintenance of sea going vessels to keep the vessel free of corrosion and in good shape. High quality Hempel antifouling, primers, intermediate coats and various types of finishing coat paints are readily available for this purpose.

  Marine segment of the Hempel Division provide services not only to the sea going vessels but also to the other structures in the marine environment like port cranes, wind turbines etc.

- Protective Coating Segment

  Drawing on decades of experience from the marine segment, Hempel offers anti-corrosive coatings for virtually any types of steel structures. The ability of being able to supply a high quality paint has been a major attraction to the customers. It is a proven economical solution to many customers by way of minimum maintenance cost and shut down periods etc.

Mini hydro power projects, thermal power plants, bridges, steel building structures, galvanized telecommunication towers and various applications in the factories include the areas served by Hempel in the protective coating segment. During the financial year 2014/15, Hempel Division has been able to supply paints for refurbishment of sluice gates of major dams of Sri Lanka which is a remarkable achievement.

- Container Coating Segment

  Hempel brand is among the handful products that has been recognized by international container lines to protect their containers. We supply around 70% of paint related requirement to container yards for repairing container boxes in Sri Lanka.

Technical Services

Our Technical Services Team includes personnel who are qualified up to Level 3 certification of National Association of Corrosion Engineers (NACE). They provide the necessary inspection and advise to make sure that the paint specification is followed through in all aspects of the coating process.

LANKEM
teepol
Hand Wash
Anti-Bacterial
with Vitamin E
& Mint

Engages in marketing, sale/distribution of branded Household and Personal Care Products

FMCG

Manufacturing

Export Trading

Industrial Products

Marine Paints

Household & Personal Care

Sugar Trading

Household & Personal Care

Household and Personal Care Division, a new operating division established in December 2014 and currently engaged in marketing and distribution of laundry soap, detergent powder, detergent liquids, household cleaning products and general cleaners.

The range of products are manufactured under high quality standards at the ISO certified factory of the parent company, Lankem Ceylon PLC, in Sapugaskanda.

The Division focuses on activities to create greater brand value and maintain its competitor positioning and continuous market sustainability in the Household and Personal Care Sector.

This Division is an extension of the C.W. Mackie's internal trading activities which has considerable potential for expansion.

Product Portfolio

Household and Personal Care products portfolio consist of well known brands such as:

- Sunny (laundry soap and detergent powder)
- Bubble (compact washing machine powder)
- Dimple (air freshener)
- Teepol (hand wash, dish wash, car wash, tile cleaner, glass cleaner and air freshener)
- Fenol (highly concentrated emulsified liquid disinfectant)
- Flush Mate (sanitary cleaner).

All these products are available in different fragrances and sizes as per customer requirements.

"Teepol" and "Sunny" are the flagship brands of the Division.

C. W. Mackie PLC is in the process of adding new products/brands to complement the product portfolio in this Division since Household and Personal Care industry is one of the fastest growing segments in Sri Lanka.

Engages in import and wholesale distribution of Sugar to industrial users

FMCG

Manufacturing

Export Trading

Industrial Products

Marine Paints

Household & Personal Care

Sugar Trading

Sugar Trading

C.W. Mackie PLC is well known for its proven track record as an importer and supplier of high quality sugar in Sri Lanka.

Sugar Trading Division of the Company engages in import and wholesale distribution of high quality fine granulated refined white sugar to industrial customers and provides outsourcing services to them.

Our import, supply and distribution policy positions has placed the Sugar Trading Division of the Company at a higher level among our competitors for fine granulated refined white sugar in Sri Lanka.

This Division is the second highest contributor of the Company in terms of profitability.

Categories of Imports

Refined sugar	- Thailand and Malaysia
Non-refined sugar	- Brazil and India
Super refined sugar	- Thailand and Malaysia

Major Suppliers/Customers

Our prestigious supplier/customer base includes mainly industrial users engaged in the food and beverage, carbonated drinks, dairies, bakery and pharmaceutical industries. We supply through our centrally located warehouse with infrastructure facilities that meets with customer specifications.

We also supply refined white sugar packets to the catering and restaurant sector that warrants high quality and strict hygienic standards as per their customer specifications.

Our Standards

Sugar that we supply ensures stringent international quality standards applicable to the sugar manufacturing industries and are free of Genetically Modified Organisms (GMO) as per the Non-GMO Certification - Certificate of Analysis.

Sunquick, wins for the third time at the SLIM Brand Excellence Awards

We are proud to announce another great win for the third consecutive year at the prestigious SLIM Brand Excellence Awards.

Board of Directors

Mr. W. T. Ellawala
Chairman/Chief Executive Officer

A Director since 24 November 1995 and Chairman/Chief Executive Officer from 1 July 2002. An Economics Graduate, he worked for Brooke Bond Ceylon Ltd. from 1962 to 1987 and was a director of that company for 17 years. Commercial Director, Ceylon Trading Company Limited since 1988 and Managing Director since December 2000. Also holds positions on the Boards of other companies, as a director of Maersk Lanka (Private) Limited and Chairman, Janashakthi Insurance PLC. Currently he is the Chairman of The Sri Lanka Society of Rubber Industry and a past Chairman of The Colombo Rubber Traders' Association and The Sri Lanka Shippers' Council. He is an Honorary Member of The Colombo Tea Traders' Association and President & Trustee of the Singhalese Sports Club. Is a former member of the Committee of the Ceylon Chamber of Commerce and Chairman of its Advisory Council. He was a former Advisor to the Ministry of Ports & Shipping and served as a Consultant on Sea Transport at UN-ESCAP in Bangkok, Thailand.

Ms. C. R. Ranasinghe
Company Secretary

A Director from 14 June 2002. Is also the Company Secretary. An Attorney-at-Law by profession. With the Group since October 1999 on retirement as a Partner of Messrs. Julius & Creasy, Attorneys-at-Law & Notaries Public. She is also Director-Corporate Affairs and Company Secretary of Ceylon Trading Company Ltd.

Deshabandu A. M. de S. Jayaratne
Non-Executive/Independent Director

A Director from 23 May 2007. He holds a Degree in Economics from the University of Southampton in England and is a member of the Institute of Chartered Accountants of England and Wales and Institute of Chartered Accountants of Sri Lanka. He is a former Chairman and Managing Director of Forbes & Walker Ltd., Chairman of the Ceylon Chamber of Commerce and Colombo Stock Exchange. Also served as Sri Lanka's High Commissioner in Singapore. Currently he serves on the Boards of several public companies.

Mr. R. C. Peries
Non-Executive Director

A Director from 1 April 2010. Having started his career with Carson Cumberbatch & Co., he then moved to George Steuarts, one of the premier Agency Houses. He has served as Manager of some of the most prestigious rubber properties in the low country and also held senior appointments in the industry and served on the Rubber Research Board Advisory Panel. In 1983 he was appointed the Regional Director of the JEDB Hatton Board and in 1988 he was made Director General of Kegalle-Avissawella Zone of the JEDB. In 1992, after the privatisation of the management of plantations, he joined George Steuart Plantation Management Services as the General Manager of low country rubber estates of Kotagala Plantations. He continued to serve in this position even after the takeover by Lankem Tea & Rubber Plantations (Pvt.) Ltd. (LT&RP) in 1995 as Managing Agents for Kotagala Plantations. He was appointed to the directorate of LT&RP in 2002 and to the Board of Kotagala Plantations PLC (KP) in 2005 and is presently a Director/Consultant of LT&RP, KP and Agarapathana Plantations Ltd. He is also a member of the Rubber Research Board and a member of the Rubber Wages Board. He is a member of the Ceylon Institute of Planting.

Mr. Anushman Rajaratnam
Non-Executive Director

A Director from 1 April 2010. He was appointed to the Board of Lankem Ceylon PLC as Deputy Managing Director in 2005 and appointed Managing Director in April 2009. He has spent several years working overseas as a Consultant for a leading accountancy firm. He also serves on the Boards of several subsidiaries of the Lankem Group. He holds a Bachelor of Science in Economics from University of Surrey, UK and MBA from Massachusetts Institute of Technology, USA.

Mr. S. D. R. Arudpragasam
Non-Executive Director

A Director from 1 April 2010. He is a Fellow of the Chartered Institute of Management Accountants, London. He serves as Chairman of several subsidiaries of The Colombo Fort Land & Building PLC (CFLB) and he holds the positions of Deputy Chairman of the CFLB and Lankem Ceylon PLC. He also functions as the Managing Director of E. B. Creasy & Company PLC, in addition to serving on Boards of other companies within the CFLB Group.

Dr. T. Senthilverl
Non-Executive Director

A Director from 3 May 2010. He counts over four decades of active engagement in manufacturing, trading, land development, power and energy sectors, industrial turnkey projections, construction and management. He currently serves on the Boards of several public, public listed and private companies.

Mr. H. D. S. Amarasuriya
Non-Executive/Independent Director

A Director from 22 February 2011. He brings to C. W. Mackie PLC an impressive range of management, industrial, marketing and business skills from his tenure as Chairman of the industrial and retailing conglomerate Singer Group, and his experience on the Boards of companies such as Regnis Lanka, National Development Bank PLC and Bata Shoe Company of Ceylon. He also brings with him substantial experience in international management as a former Senior Vice President of Singer Asia Limited, Retail Holdings Limited, USA and Chairman of the Singer Worldwide Business Council. An Accountant by profession, he is a former Chairman of the Employer's Federation of Ceylon, First President of the Chartered Institute of Marketing-Sri Lanka Region. Presently he serves as Chairman of the Industrial Service Committee-Southern Province of the Ministry of Industries & Commerce, Sri Lanka Insurance Corporation Limited and Canwill Holdings (Pvt.) Limited, the property owning company of Grand Hyatt, Colombo and serves on the Boards of several public, public listed and private companies.

Mr. K. T. A. Mangala Perera
Executive Director

A Director from 2 April 2012. He is a graduate from the University of Sri Jayawardenepura with a B.Sc. (Hons.), Marketing Management (Special) Degree and a post graduate diploma in Business & Financial Administration from the Institute of Chartered Accountants Sri Lanka. He possesses more than 16 years experience in branding, marketing and general management functions. A one-time visiting lecturer at the Management Faculty of the University of Sri Jayawardenepura, he is also a fellow member of the Australian Sales and Marketing Association. He currently serves as Executive Director - Internal Trading of C. W. Mackie PLC.

Mr. Alagarajah Rajaratnam
Non-Executive Director

A Director from 27 June 2012. He serves as Chairman of The Colombo Fort Land & Building PLC (CFLB) and several listed companies within the CFLB Group in addition to holding other Directorships within the Group. Mr. Rajaratnam is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

Annual Report of the Board of Directors

For the financial year ended 31 March 2015

The Board of Directors have pleasure in presenting their Annual Report on the affairs of the Company together with the audited Financial Statements for the financial year ended 31 March 2015 and the auditor's report on the Consolidated Financial Statements.

Principal Activities

The principal activities of the Company and each of its subsidiary companies are described on page 4.

There were no significant changes in the nature of principal activities of the Company and its subsidiaries during the year under review, other than setting up of the Household and Personal Care Division as a business segment of the Company.

Review of Operations

A detailed review of business operations by the Chairman/ Chief Executive Officer is given on pages 5 to 12.

Future Developments

The Group intends to continue to pursue a strategy of focusing on its current business activities and related new business avenues. In order to achieve this, the Group will concentrate on enhancing the performance of its FMCG Sector by backward integration and diversifying the Industrial Products and Trading Sectors. Further information on future developments is provided in the Chairman/CEO's Review and Sector Reviews of this Annual Report.

Going Concern

The Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared based on the going concern concept.

Shares

Stated Capital

The stated capital of the Company is Rs.507,047,486 as at 31 March 2015 represented by 35,988,556 shares.

The entire issued stated capital of the Company consisting of 35,988,556 ordinary shares is listed on the trading floor of the Colombo Stock Exchange.

Issue of Shares

The Company did not make any share issues during the year under review.

Share Information

Details of share-related information including distribution schedule of number of holders of shares in the Company are given on pages 109 and 110 and information relating to earnings, dividends and net assets per share is given in the Financial Highlights on page 3.

The Twenty Largest Shareholders of the Company and details of public holding as at 31 March 2015 are indicated on page 110.

Finance

Accounting Policies

The Company prepared its Financial Statements according to the Sri Lanka Accounting Standards (SLFRS/LKAS). All relevant applicable standards have been followed in presenting the Financial Statements for the year ended 31 March 2015. The significant accounting policies adopted in the preparation of the Financial Statements are given in Note 3.

Financial Results

Group summarized results for the financial year under review are shown in the analysis below:

Year ended 31 March	2015 Rs. 000's	2014 Rs. 000's
Revenue	7,618,108	7,343,741
Results from operating activities	326,484	374,629
Net financing costs	(52,711)	(62,146)
Profit before taxation	273,773	312,483
Income tax expense	(94,318)	(103,154)
Profit for the year	179,455	209,329
Non-controlling interests	10,244	(1,013)
Profit attributable to equity holders	189,699	208,316

The Financial Statements of the Company and Group are set out in pages 60 to 106 of the Annual Report.

Dividend

The Directors have authorised the distribution of a first and final dividend of Rs.3/- per share for the financial year ended 31 March 2015 for approval by the Shareholders at the Annual General Meeting.

As required by Section 56(2) of the Companies Act No.7 of 2007 (the Act) the Directors have confirmed that the Company satisfies the solvency test in terms of Section 57 of the Act and have obtained a certificate from the Auditors.

Reserves
The Group's total reserves as at 31 March 2015 amounted to Rs.1,330 million (2014 - Rs.1,257 million). The movement of the reserves is given on page 62 under Statement of Changes in Equity and in Note 20 and 21 to the Financial Statements.

Group Revenue
Group revenue was Rs.7,618.1 million during the year under review (2014 - Rs.7,343.7 million).

Donations
The Directors have approved and made donations of Rs.101,800/- (2014 - Rs.190,825/-) to charities during the year under review.

Taxation
The Company has adopted the accounting policy of making provision for deferred taxation. The Company's liability to income tax has been determined according to the provisions of Inland Revenue Act No.10 of 2006 and subsequent amendments thereto. Details are given in Note 9 to the Financial Statements.

Capital Expenditure
The Group's capital expenditure on fixed assets and investments other than investments in subsidiaries during the year under review was Rs.88 million (2014 - Rs.47 million).

Borrowings
Group total borrowing was Rs.731.7 million as at 31 March 2015 (2014 - Rs.985.5 million).

Events after the Reporting Date
Subsequent to the reporting date, no circumstances have arisen which would require adjustment to or disclosure in the Financial Statements, other than those disclosed in Note 30.

Board of Directors

The present Directors of the Company are given on pages 42 and 43.

The Board has made a determination as to the independence of each non-executive Director and confirms that the required number of non-executive Directors meet the criteria of independence in terms of Rule 7.10.4 of the Listing Rules.

Each non-executive Director has submitted a signed and dated declaration of his independence against the specified criteria as per the Listing Rules of the Colombo Stock Exchange for the year under review.

During the year under review, Deshabandu A. M. de S. Jayaratne and Mr. H. D. S. Amarasuriya served as non-executive/independent Directors on the Board of the Company.

Deshabandu A. M. de S. Jayaratne is a Director of the ultimate parent company, The Colombo Fort Land and Building PLC and on the Boards of some of its subsidiaries. However, the Board of the Company having taken into consideration all other circumstances listed in the Rules of the Colombo Stock Exchange pertaining to the criteria for defining independence is of the opinion that Deshabandu A. M. de S. Jayaratne is nevertheless independent.

Mr. Anushman Rajaratnam retires by rotation in terms of Article 89 of the Articles of Association and being eligible, offers himself for re-election with the unanimous support of the Board of Directors.

As Mr. W. T. Ellawala, Deshabandu A. M. de S. Jayaratne, Mr. R. C. Peries, Mr. Alagarajah Rajaratnam and Mr. H. D. S. Amarasuriya are over the age of 70 years, their appointment as Directors of the Company require the approval of a resolution of the Company in general meeting. Notices dated 20 May 2015 have been received by the Company from shareholders in regard to the resolutions for the approval of their appointment under and in terms of Section 211 of the Companies Act No.7 of 2007 and this is referred to in the Agenda of the Notice convening the Annual General Meeting on page 111. The appointment of Mr. W. T. Ellawala, Deshabandu A. M. de S. Jayaratne, Mr. R. C. Peries, Mr. Alagarajah Rajaratnam and Mr. H. D. S. Amarasuriya have the unanimous support of the Board of Directors.

Disclosure of Directors' Interests

The Company maintains an Interest Register as required by the Companies Act No.7 of 2007 (Act).

The Directors of the Company have made the general disclosures provided for in Sections 192, 197 and 200 of the Act. Note 29 to the Financial Statements dealing with related party disclosures include details of their interests in transactions.

Annual Report of the Board of Directors (Contd.)

None of the Directors of the Company had, directly or indirectly, during the financial year under review, any material beneficial interest in any contract to which the Company or any of its subsidiaries was a party or which is or was significant in relation to the Company's business, other than those disclosed in Note 29 to the Financial Statements and declared at meetings of the Directors.

Details of the remuneration and other benefits received by the Directors are set out in Note 29.2 to the Financial Statements.

The shareholdings of the Directors at the beginning and at the end of the financial year were as follows:

	Share holding as at 31 March 2015	Share holding as at 1 April 2014
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

Directors' Responsibility for Financial Reporting

The Directors responsibility for financial reporting is given on page 48.

Related Party Transactions

There were no transactions entered into by the Company during the year in the ordinary course of business, the value which exceeded 10% of the shareholders' equity or 5% of the total assets of the Company as at 31 March 2015.

The details of the related party transactions are given in Note 29 to the Financial Statements on pages 94 to 96.

Statutory Payments

The Directors confirm that, to the best of their knowledge, all taxes and duties payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees and all other known statutory dues as at the reporting date have been paid and/or provided.

Corporate Governance

The Directors are committed to maintain the highest standards of corporate governance. The main corporate governance practices of the Company are set out on pages 49 and 51.

Property, Plant and Equipment

Details of property, plant and equipment, additions made during the year and depreciation thereof for the year under review are shown in Note 12 to the Financial Statements on pages 80 to 82.

Market Value of Properties

Land and buildings of the Group which is carried at cost was re-valued by a professionally qualified independent valuer as at 31 March 2015. The Directors are of the opinion that the carrying value of the land and building are not in excess of the current market values of such properties.

Environmental Protection

The Directors to the best of their knowledge and belief are satisfied that the Company has not engaged in any activities which have caused adverse effects on the environment and it has complied with the relevant environmental regulations.

Risk Management

The Directors of the Company have reviewed the risk management structure of the Company and confirm that there are no material risk factors foreseeable. The Report on the Risk Management is given on page 54.

Ratios and Market Price Information

Details of ratios and relevant market price information are disclosed under Financial Highlights on page 3.

Remuneration Committee

The composition of the Remuneration Committee and their Report is given on page 56.

Audit Committee

The composition of the Audit Committee and their Report is given on page 57.

Auditors

The Auditor's Report on the Financial Statements for the year under review is given on page 59.

The Financial Statements of the Company for the financial year under review have been audited by KPMG, Chartered Accountants, the retiring Auditors, who being eligible, offer themselves for re-appointment. A resolution to re-appoint them as Auditors and authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Audit fees for the year amounted to Rs.1.8 million (2014 - Rs.1.62 million) for the Company and Rs. 2.96 million (2014 - Rs.2.63 million) for the Group, respectively and additionally for non-audit related work Rs.277,071/- (2014 - Rs.555,056/-) for the Company and Rs.386,121/- (2014 - Rs.682,096/-) for the Group, respectively.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries. The Auditors also do not have any interests in the Company or any of its subsidiary companies.

By Order of the Board

W. T. Ellawala
Chairman/CEO

K. T. A. Mangala Perera
Executive Director

Ms. C. R. Ranasinghe
Company Secretary

Colombo
26 May 2015

Statement of Directors' Responsibility

The Directors are responsible for the Company's overall internal control systems. The Directors confirm that the existing internal controls introduced by them, which consists of internal audit, internal checks and other controls, are designed to give a reasonable assurance that all assets are safeguarded and the transactions are properly authorized and recorded either to prevent or detect material misstatements and irregularities within a reasonable time period.

The Directors are of the view that the Company and its subsidiaries have adequate resources to continue operations in the foreseeable future and have continued to use the 'going concern' basis in the preparation of the Financial Statements.

The Directors have provided the Auditors, KPMG, Chartered Accountants, with every opportunity to carry out reviews, tests and inspections that they consider appropriate and necessary to give their audit opinion. The opinion expressed by the Auditors appear on page 59 of this Annual Report.

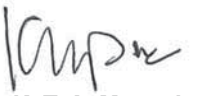
The Directors are responsible:

- for the preparation of the Annual Report and the Company and its subsidiaries Financial Statements in accordance with applicable laws and regulations;
- for the preparation of the Financial Statements of the Company and its subsidiaries to reflect a true and fair view of the state of affairs of the Company as at the reporting date in accordance with SLFRSs and LKASs;
- to comply and provide the information required by the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange;
- to ensure the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of the its subsidiaries;
- to select suitable accounting policies which are applied in a consistent manner disclosing and explaining material departures therefrom, if any.

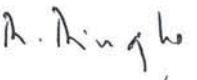
The Directors are of the view that they have discharged their responsibilities to the extent required as set out in this Statement during the year under review.

By order of the Board

W. T. Ellawala
Chairman/CEO



K. T. A. Mangala Perera
Executive Director



Ms. C. R. Ranasinghe
Company Secretary

Colombo
26 May 2015

Corporate Governance

The Directors are committed to maintain the highest standards of corporate governance practiced in the interest of stakeholders (notwithstanding that during the year under review the principal shareholders held 88.83% of the issued stated capital of the Company) having regard to the requirements of the Companies Act No.7 of 2007, Securities and Exchange Commission of Sri Lanka and Colombo Stock Exchange and to this end, *inter alia*, have established internal control systems, including a comprehensive risk identification, measurement and mitigation process which is in place designed to carry on the business of the Company in an orderly manner, to safeguard its assets and secure as far as possible the accuracy and reliability of the records and protect the rights and interests of shareholders and accountable to them for the overall management of the Company. The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Board of Directors

The Board, Composition and Meetings

The Board of Directors of the Company is responsible for the governance practices adopted in all the companies within the Group. The Board comprises the Chairman/Chief Executive Officer, Company Secretary, Executive Director and seven other Directors.

The Directors have a wide range of expertise as well as significant experience and knowledge in the areas of management, commercial, financial, legal and marketing enabling them to discharge their governance duties in an efficient and effective manner. The present Directors and their profiles are given on pages 42 and 43 of the Annual Report.

Each Non-Executive Director has submitted a declaration of independence/non-independence for the year. The Board makes a determination annually as to the independence/ non-independence of each Non-Executive Director.

During the year under review, the Board met on four (4) occasions, the individual attendance by members is given below:

Name of Director	Board Meetings Attended (1 April 2014 - 31 March 2015)
Mr. W. T. Ellawala	4/4
Ms. C. R. Ranasinghe	4/4
Deshabandu A. M. de S. Jayaratne	4/4
Mr. R. C. Peries	4/4
Mr. Anushman Rajaratnam	4/4
Mr. S. D. R. Arudpragasam	3/4
Dr. T. Senthilverl	3/4
Mr. H. D. S. Amarasuriya	4/4
Mr. K. T. A. Mangala Perera	4/4
Mr. Alagarajah Rajaratnam	3/4

In order to apprise the members of the Board with the activities carried out by the Group companies, board papers are submitted in advance with all relevant management information, including Group performance, new investments, capital projects and other issues which require specific attention and approval of the Board. A Statement of Statutory Compliance is submitted by all the key management personnel on a quarterly basis to the Board.

Chairman/Chief Executive Officer (CEO) and Chairman's Role

The Chairman, who is also the Chief Executive Officer, facilitates the effective discharge of functions of the Board and ensures that the business affairs are directed as per the set strategies, goals and objectives of the Group while maintaining interests of the Group's various stakeholders and promoting high standards of governance. The Chairman/CEO is assisted by the members of the Board, Chief Financial Officer and the Group Management Committee in discharging these functions.

Financial and Business Acumen

The Board comprises professionals and high calibre business leaders who possess the required knowledge and experience to offer the Board the necessary guidance on matters relating to finance and business activities.

Supply of Information

The Company has set up procedures to receive timely information, including a clear agenda in advance of the meetings. Minutes of all the meetings are properly recorded and circulated among all Directors.

Corporate Governance (Contd.)

Apart from regular meetings of the Board, meetings headed by Chairman/CEO with the Executive Director, Group Management Committee and Senior Managers are held in order to discuss day-to-day specific matters. Decisions and important information of these meetings are conveyed to the Board members as and when necessary.

Appointments to the Board

The Board, as a whole, decides on the appointments of Directors in accordance with the Articles of Association of the Company and in compliance with rules on governance.

The details of new appointments to the Board (and any other changes) are made available to shareholders by way of prompt announcements to the Colombo Stock Exchange.

Re-election of Directors

In terms of the Articles of Association of the Company, a Director appointed to the Board holds office until the next Annual General Meeting and seeks re-election by the shareholders at that meeting. The Articles require one Director in office (excluding the Chief Executive Officer) to retire at each Annual General Meeting. The Director to retire is a Director who has been longest in office since his last election. A retiring Director is eligible for re-election at the Annual General Meeting by the shareholders.

Procedures for Directors to obtain independent professional advice

The Board seeks professional advice as and when and where necessary from independent external professionals.

Disclosure of Directors Remuneration

Aggregate remuneration paid to Directors is disclosed in Note 29.2 to the Financial Statements on page 97.

Remuneration Committee

The composition of the Remuneration Committee and their Report is given on page 56 of this Annual Report.

Relationship with Shareholders

The Company has opened up several channels to ensure sound communication with the shareholders. The Chairman/CEO, the Executive Director and the Company Secretary are available to shareholders in respect of matters relating to them.

Annual General Meeting

The Company regards the Annual General Meeting as an opportunity towards constructively enhancing relationship with the shareholders and to this end the following procedures are followed:

- Notice of the Annual General Meeting and related documents are sent to shareholders along with the Annual Report within the specified period.
- Summary of procedures governing voting at the Annual General Meeting are clearly communicated.
- All the Directors are available to answer queries.
- The Chairman ensures that the relevant Senior Managers, External Auditors and Legal Advices are available at the Annual General Meeting to answer specific queries.
- Separate resolutions are proposed for each item.
- Proxy votes are counted.

Release of Information to the Public and Colombo Stock Exchange

The Board of Directors, in conjunction with the Audit Committee, is responsible in ensuring the accuracy and timeliness of published information and in presenting an accurate and balanced assessment of results in the quarterly and annual Financial Statements.

All other material and price sensitive information about the Company as and when necessary is promptly communicated to the Colombo Stock Exchange and such information is also simultaneously released to the shareholders and employees.

Accountability and Audit

Financial Reporting

The Company and its Board of Directors consider timely publication of its annual and quarterly Financial Statements as a high priority. These publications include all material financial and non-financial information, in order to facilitate the requirements of existing and potential shareholders. Financial Statements have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKAS).

After adequate assessment of the Company's financial position and resources, the Directors are of the opinion that the Company is capable of operating in the foreseeable future. In view of this, the "going concern" principle has been adopted in the preparation of the Financial Statements. The Auditors' Report on the Financial Statements for the year under review is given on page 59.

Internal Controls

The Board of Directors takes overall responsibility for the Company's internal control system. A separate section for audit and compliance has been established within the Corporate Finance Division to review the effectiveness of the Company's internal controls in order to ensure reasonable assurance that assets are safeguarded and all transactions are properly authorized and recorded.

The Board of Directors has ensured that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes which have been carried out in accordance with Sri Lanka accounting standards and regulatory requirements.A statement on Directors' Responsibility for Financial Reporting is given on page 48.

Audit Committee

The composition of the Audit Committee and their Report is given on page 57 of this Annual Report.

The Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries. The Auditors also do not have any interests in the Company or any of its subsidiaries.

Annual Report of the Board of Directors

The Annual Report of the Board of Directors on the Affairs of the Company for the year under review is given on pages 44 to 47 of this Annual Report.

Sustainability Reporting

Corporate Social Responsibility

Environment

The environmental friendly production facilities of C. W. Mackie PLC Group are in line with regulatory requirements. Well planned waste water management and waste air management is strictly controlled and managed minimizing the impact on the environment due to the discharge of waste water and odour. We have installed effluent treatment plants in our rubber manufacturing facilities, as well as the food products manufacturing facilities.

Community

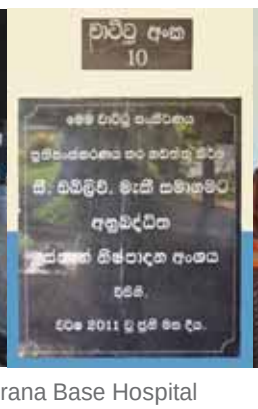
Our responsibility to the community is well defined in carrying out planned community services. This is in line with the Company's policy of meeting its social obligations. Our stringent food safety and good manufacturing practices ensure the quality of our products delivered to the community - the end consumer.

During the year under review, the Company has conducted several community service projects, which include donating bottled water to drought victims, distributing workbooks to the 'daham pasal' students in Horana and maintaining a ward at the base hospital in Horana, as well as routine educational programmes in public schools, to name a few.

Waste Water Management, Horana Plant

Supporting and uplifting the National Game - Mercantile Volleyball Tournament

Ward maintained in Horana Base Hospital



Book Donation to "Dhaham pasal" children in Horana

Nurturing the younger generation with nutritional values

Human Capital

C. W. Mackie PLC strongly believes its human capital as the Group's most valuable asset who make the difference to the overall performance. The Company adopts a transparent and unbiased recruitment policy. Utmost priority is given to its human capital in different aspects in the development of their skills, providing necessary training/guidance, both in the interests of the Company, as well as our staff.

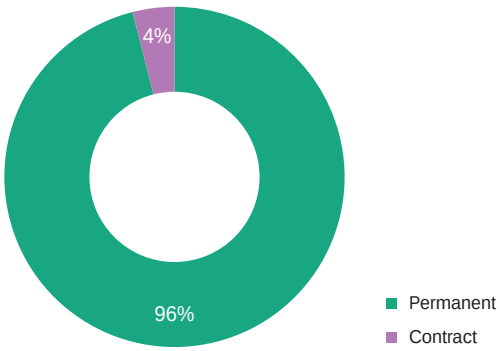
Rewarding and recognizing performance of staff at all levels is purely based on assessing individual KPIs through a well-structured performance evaluation (PE) process.

We are proud of our staff retention level and also recognize the same factor by rewarding their long service on the completion of 25 years. During the year 2014/15 eleven (11) staff members were recipients of this award.

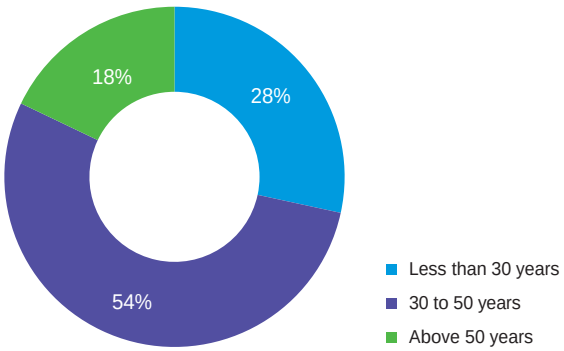
Industrial relation environment in all companies within the Group was stable during the year under review and employees at all levels co-operated with the Management in the conduct of the Group's business affairs.

Manning levels as at 31 March 2015 is given in the Chairman/ CEO's Review on page 11.

Employment Type Analysis



Employee Age Analysis



Towards market driven thinking -
Annual Sales Conference Training Session

Bonding Staff - "Sunquick" Sports Day

Risk Management

Overview

Risk Management framework of C. W. Mackie PLC is designed to achieve maximum integration of risk management in the normal business processes. The aim of the risk management system, *inter alia*, is to ensure that the extent to which the Company's strategy and operational objectives are being achieved is understood, the Company's reporting is reliable and that it complies with relevant laws and regulations. The management of the Company is primarily responsible for risk management, but the Board of Directors, internal auditor and the external auditor play critical roles.

Our Approach to Risk

Risk Management is considered as one of the important functions of our Group. The Group reviews and assesses significant risks on a regular basis. It is important to identify risks that may prevent a business from realizing its potential and to manage them in order to minimize adverse effects and maximize positive outcomes.

Our risk management process involves identifying, analyzing and evaluating risks and treating such risks by taking steps to reduce and eliminate the losses which may be faced by the Group. As a part of the Risk Management process, at the Group level, the Board of Directors review its strategies, processes, procedures and guidelines on a continuous basis to effectively identify assess and respond to risks.

The Company has established comprehensive internal control systems and other risk mitigation techniques to ensure a sustainable return to shareholders on their investment and to meet its obligations to other stakeholders. Our risk infrastructure is designed to identify, evaluate and mitigate risks within each of the following categories:

Risk Factors

1. Strategic Risk

Strategic risk relates to the Group's future business plans and strategies and includes risks associated with the markets and industries in which we operate, demand for our products and services, competitor threats, technology and product innovation.

2. Operational Risk

Operational risk relates to the risk arising from the execution of business operations. The Group has established sound internal control systems in all its operations and continuously reviews and monitors those procedures to ensure accountability and transparency in all its operations.

The Group faces a number of operational risks on an ongoing basis, including: Stock management; Supply chain management; Key supplier failure and IT security. The Group is focused on continuously improving its controlling and monitoring processes to ensure smooth functioning of all operations.

3. Financial Risk

Financial risk relates to our ability to meet financial obligations and mitigate, *inter alia*, credit risk, liquidity risk including volatility in foreign currency exchange rates and interest rates and commodity prices.

Financial risk covers the broad area of risk and mainly incorporates credit risk and market risk stemming from business operations.

3.1. Credit Risk Management

Credit risks arise due to the non-payment by customers, which can lead to financial losses. Due to the nature of operations and economic conditions, the Company has provided its customers with fair credit periods to facilitate a smooth flow in operations. The Company implements proper credit control policies, which evaluates customers periodically, structured approval levels, recovery procedures, obtaining adequate security via bank guarantees and debt collection policies to ensure that the Company selects and maintains only reliable distributors who are able to honor their debts.

3.2. Market Risk Management

Market risk refers to the risk arising from the volatilities in market forces. The Company faces market risk in the financial sphere in terms of the local rates of interest, inflation and exchange rate. In order to mitigate these risks the Company monitors and evaluates market forces and implements adequate controls.

3.2.1. Foreign Exchange Risk

The Company operates in a business model where it has exports and imports. As a result, the Company is exposed to foreign exchange rate fluctuations. The Company mostly uses its export proceeds to settle import bills. By this means the Company effectively provides for its foreign exchange exposure by minimizing any adverse impact.

3.2.2. Interest Rate Risk

This risk may arise due to potential losses as a result of adverse movement of interest rates. By having a centralized treasury management system and through appropriate financial risk management techniques, the Company has been able to mitigate losses arising through interest rate fluctuations.

3.2.3. Inflation Rate Risk

The Company serves both individuals and institutional clients. Upward movements in inflation rates deteriorates the purchasing power of customers and will reduce the potential demand for products and increase the Company's cost base. The Company closely monitors fluctuations in price levels and focuses on the efficient management of its cost base to ensure minimal increase in price to customers.

3.2.4. Liquidity Risk

Due to the nature of the businesses that the Company operates in, we need to ensure that working capital cycles are properly maintained to ensure that operations are not compromised due to the lack of adequate working capital. The Company implements effective credit control policies to ensure collection from debtors, maintain proper inventory levels and the obligations to its creditors are met on time.

4. Legal and Compliance

Legal and compliance risk relates to changes in the Government and regulatory environment, compliance requirements with policies and procedures, including those relating to financial reporting, environmental health and safety and intellectual property risks. Government and regulatory risk is the risk that the Government or regulatory actions which will impose additional cost or cause us to change our business models or practices.

5. Business Risk

New entrants into the markets and the intensification of competition from existing players in these markets, variation in consumer spending patterns and effects of the weather conditions for certain business segments are the significant business risks that the Group faces.

6. Human Resource Risk

This risk arises as a result of failure to attract, develop and retain a skilled workforce. Well-structured processes are in place to identify critical employees and retain them in the long run.

7. Principal Risk

This can be defined as loss of principals or business partners due to intense competition and global mergers and acquisitions. In order to mitigate this risk, the Company maintains relationships with principals or business partners in a manner that mutually benefits all parties involved. Further, regular assessment of service levels is done in order to ensure that business partner expectations are met.

Report of the Remuneration Committee

The Remuneration Committee of the Board of Directors of C. W. Mackie PLC consists of the two (2) Independent/Non-Executive Directors, viz. Deshabandu A. M. de S. Jayaratne (Chairman of the Committee) and Mr. H. D. S. Amarasuriya and Non-Executive Director, Mr. S. D. R. Arudpragasam. Mr. W. T. Ellawala (Chairman/Chief Executive Officer of the Company) also participates by invitation and assists by providing relevant information during deliberations of the Committee. The Company Secretary functions as Secretary to the Remuneration Committee.

Written Terms of Reference approved by the Board of Directors deal clearly with the authority and duties of the Remuneration Committee.

The Remuneration Committee determines and recommends to the Board the remuneration levels of Executive Director/s, Group Management/Senior Executives based on a structured methodology in evaluating their performance annually. It is ensured that the remuneration at each level of management is competitive and based on performance they are rewarded in a fair manner.

The remuneration policy of the Company is to attract, motivate and retain high quality executive talent by reference to corporate goals and objectives resolved by the Board from time to time.

Proceedings of the Remuneration Committee meetings are circulated to the full Board of the Company.

A. M. de S. Jayaratne
Chairman
Board of Directors Remuneration Committee

26 May 2015

Report of the Audit Committee

Composition of the Committee and Meetings

The Audit Committee of the Board of Directors of C. W. Mackie PLC consists of the two (2) Independent/Non-Executive Directors, viz. Deshabandu A. M. de S. Jayaratne (Chairman of the Committee), Mr. H. D. S. Amarasuriya and Non-Executive Director, Mr. Anushman Rajaratnam. They possess a wide range of financial knowledge, professional skills and business acumen in order to efficiently and effectively carry out their functions. Mr. W. T. Ellawala (Chairman/Chief Executive Officer of the Company) and Mr. B. A. F. G. Suares (Chief Financial Officer) attend meetings as *ex-officio* members. The External Auditors, KPMG, Chartered Accountants, attend meetings on invitation. Other officials of the Company and the outsourced Internal Auditors will attend meetings on a need basis. The Company Secretary functions as Secretary to the Audit Committee.

During the financial year ended 31 March 2015 the Audit Committee had four (4) meetings. The minutes of the Audit Committee meetings are circulated to the full Board of the Company.

Role of the Committee

Written Terms of Reference approved by the Board of Directors deal clearly with the authority and duties of the Audit Committee. It is, *inter alia*, empowered to review the adequacy and effectiveness of the internal control and risk management systems of the Group and its compliance with legal and regulatory requirements; the adequacy and performance of the Internal Audit function and the External Auditors qualifications, performance and independence.

Financial Reporting

The Audit Committee, *inter alia*, reviewed and discussed the quarterly and annual Financial Statements of the Group with the Management, particularly with reference to compliance with statutory requirements of Sri Lanka Accounting Standards, Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange and recommended to the Board they approve the same prior to their release to the Colombo Stock Exchange and Shareholders.

Internal Audit, Risks and Control

In view of the fact that the Company has adopted a risk based audit approach, the effectiveness of the internal control procedures in place to identify and manage all significant risks are being reviewed by the Audit Committee. A Risk Management Framework (Risk Grid and Risk Register) assesses and measures all risks. The Audit Committee seeks and obtains the required assurances from the Group Management Committee and the Internal Auditors on the remedial action in respect of the identified risks in order to maintain the effectiveness of internal control procedures in place.

Accordingly, the Audit Committee is satisfied that organizational controls and the Risk Management Framework in place provide a reasonable assurance as to the reliability of the Company's financial reporting, safeguarding of its assets and compliance with statutory requirements, as well as compliance with the Listing Rules of the Colombo Stock Exchange.

During the year the Company outsourced its internal audit function to a leading professional firm of Chartered Accountants. The internal audit function was formerly carried out by a team of internal audit staff of the Company headed by a Chartered Accountant.

The adequacy of the internal audit plans and scope for the Group was reviewed by the Committee. Reports issued by the Internal Auditors on the operations of the Company and its subsidiaries were reviewed and discussed with the Management.

External Audit

The Audit Committee has discussed with the External Auditors the scope and conduct of the annual audit.

Before the conclusion of the audit the Committee met with the External Auditors to discuss all audit issues and to agree on their treatment.

Having reviewed the performance of the External Auditors, the Audit Committee has no reason to doubt their effectiveness and independence. A confirmation has been received from the External Auditors as to their compliance with the independence guidance as given in the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

After evaluating and discussing the performance of the External Auditors with the senior management of the Company, the Audit Committee has recommended to the Board of Directors that KPMG, Chartered Accountants, be re-appointed as Auditors for the financial year ending 31 March 2016 at a remuneration to be determined by the Board, subject to the approval of the Shareholders at the Annual General Meeting.

A. M. de S. Jayaratne
Chairman
Board of Directors Audit Committee

26 May 2015

Financial Statements

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61 Statement of Financial Position

62 Statement of Changes in Equity

64 Statement of Cash Flow

66 Notes to the Financial Statements

Independent Auditors' Report

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(Chartered Accountants)
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Internet : www.lk.kpmg.com

TO THE SHAREHOLDERS OF C.W. MACKIE PLC

Report on the Financial Statements

We have audited the accompanying financial statements of C.W. Mackie PLC (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the " Group"), which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 60 to 106.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following;

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

- We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.
- The financial statements of the Company give a true and fair view of its financial position as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
- The financial statements of the Company and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

Chartered Accountants
26 May 2015
Colombo

KPMG, a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA, T.J.S. Rajakarier FCA, Ms. S.M.B. Jayasekara ACA, G.A.U. Karunaratne ACA, R.H. Rajan ACA, P.Y.S. Perera FCA, W.W.J.C. Perera FCA, W.K.D.C. Abeyrathne ACA, R.M.D.B. Rajapakse ACA, C.P. Jayatilake FCA, Ms. S. Joseph ACA, S.T.D.L. Perera ACA, Ms. B.K.D.T.N. Rodrigo ACA

Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Statement of Comprehensive Income

For the year ended 31 March	Note	Group 2015 Rs. 000's	Group 2014 Rs. 000's	Company 2015 Rs. 000's	Company 2014 Rs. 000's
Revenue	5	7,618,108	7,343,741	6,671,012	6,266,782
Cost of sales		(6,585,894)	(6,401,050)	(5,697,421)	(5,368,456)
Gross profit		1,032,214	942,691	973,591	898,326
Other operating income	6	98,060	95,704	112,352	90,685
Distribution expenses		(416,201)	(334,632)	(405,580)	(360,744)
Administrative expenses		(387,589)	(316,213)	(316,324)	(279,109)
Other expenses	7.4	-	(12,921)	-	-
Results from operating activities	7	326,484	374,629	364,039	349,158
Finance income		2,139	523	1,330	6,977
Finance costs		(54,850)	(62,669)	(37,228)	(43,784)
Net financing costs	8	(52,711)	(62,146)	(35,898)	(36,807)
Profit before taxation		273,773	312,483	328,141	312,351
Income tax expense	9	(94,318)	(103,154)	(91,406)	(96,859)
Profit for the year		179,455	209,329	236,735	215,492
Other comprehensive income/(expense) net of income tax					
Actuarial gain/(loss) on defined benefit plans		(8,791)	2,376	(7,662)	2,750
Fair value gain/(loss) on available-for-sale investments		142	(21)	142	(21)
Other comprehensive income/(expense) for the year, net of tax		(8,649)	2,355	(7,520)	2,729
Total comprehensive income for the year		170,806	211,684	229,215	218,221
Profit attributable to:					
Equity holders of the parent		189,699	208,316	236,735	215,492
Non-controlling interests		(10,244)	1,013	-	-
Profit for the year		179,455	209,329	236,735	215,492
Total comprehensive income attributable to:					
Equity holders of the parent		180,669	210,513	229,215	218,221
Non-controlling interests		(9,863)	1,171	-	-
Total comprehensive income for the year		170,806	211,684	229,215	218,221
Basic earnings per share (Rupees)	10	5.27	5.79	6.58	5.99
Dividend per share (Rupees)	11	3.00	3.00	3.00	3.00

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements set out on pages 66 to 106.

Statement of Financial Position

As at 31 March	Note	Group 2015 Rs.000's	Group 2014 Rs.000's	Company 2015 Rs.000's	Company 2014 Rs.000's
Assets					
Non-current assets					
Property, plant and equipment	12.1 / 12.2	826,944	832,173	311,431	314,644
Investment property	12.3	43,206	48,050	43,206	48,050
Investments in subsidiaries	13	-	-	612,196	612,156
Available-for-sale investments	14	1,312	1,171	1,312	1,171
Deferred tax asset	25.1	9,001	4,885	-	-
Total non-current assets		880,463	886,279	968,145	976,021
Current assets					
Inventories	15	685,916	656,934	562,210	537,985
Trade and other receivables	16	1,535,409	1,787,752	1,377,080	1,579,148
Held to maturity investments	17	360	3,010	-	-
Cash and cash equivalents	18	81,005	66,542	62,816	36,659
Total current assets		2,302,690	2,514,238	2,002,106	2,153,792
Total assets		3,183,153	3,400,517	2,970,251	3,129,813
Equity and liabilities					
Equity					
Stated capital	19	507,047	507,047	507,047	507,047
Capital reserves	20	8,734	8,734	14,909	14,909
Revenue reserves	21	1,320,112	1,247,551	1,371,377	1,250,270
Available-for-sale reserve		1,236	1,094	1,236	1,094
Equity attributable to equity holders of the Parent		1,837,129	1,764,426	1,894,569	1,773,320
Non-controlling interests	22	34,615	46,190	-	-
Total equity		1,871,744	1,810,616	1,894,569	1,773,320
Liabilities					
Non-current liabilities					
Lease payable after one year	23.1	22,567	60,506	1,873	3,301
Retirement benefit obligation	24	53,739	45,877	26,886	21,604
Deferred tax liability	25.1	43,479	44,162	36,004	37,396
Total non-current liabilities		119,785	150,545	64,763	62,301
Current liabilities					
Lease payable within one year	23.2	34,343	31,316	1,427	2,208
Interest bearing short term borrowings	26	600,683	780,240	487,402	691,240
Income tax payable	27	44,307	43,905	41,779	42,714
Trade and other payables	28	438,189	470,465	448,579	473,076
Bank overdrafts	18	74,102	113,430	31,732	84,954
Total current liabilities		1,191,624	1,439,356	1,010,919	1,294,192
Total liabilities		1,311,409	1,589,901	1,075,682	1,356,493
Total equity and liabilities		3,183,153	3,400,517	2,970,251	3,129,813
Net asset value per share (Rupees)		51.05	49.03	52.64	49.27

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements set out on pages 66 to 106.
I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

B. A. F. Gerard Suares
Chief Financial Officer

The Board of Directors are responsible for preparation and presentation of these Financial Statements.
The Financial Statements on pages 60 to 106 were approved by the Board of Directors and were signed in Colombo on 26 May 2015 on its behalf by :

W. T. Ellawala
Director

K. T. A. Mangala Perera
Director

Statement of Changes in Equity

For the year ended 31 March 2015

Group	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Stated capital	Capital reserve	Available for sale reserve	General reserve	Retained earnings	Total		
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Balance as at 1 April 2013	507,047	8,734	1,115	7,000	1,137,983	1,661,879	29,817	1,691,696
Total comprehensive income for the year								
Profit for the year	-	-	-	-	208,316	208,316	1,013	209,329
Other comprehensive income, net of tax	-	-	(21)	-	2,218	2,197	158	2,355
Total comprehensive income for the year	-	-	(21)	-	210,534	210,513	1,171	211,684
Contributions by and distributions to equity holders								
Dividends	-	-	-	-	(107,966)	(107,966)	-	(107,966)
Acquisition of subsidiary	-	-	-	-	-	-	15,202	15,202
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)	15,202	(92,764)
Balance as at 31 March 2014	507,047	8,734	1,094	7,000	1,240,551	1,764,426	46,190	1,810,616
Balance as at 1 April 2014	507,047	8,734	1,094	7,000	1,240,551	1,764,426	46,190	1,810,616
Total comprehensive income for the year								
Profit for the year	-	-	-	-	189,699	189,699	(10,244)	179,455
Other comprehensive income, net of tax	-	-	142	-	(9,172)	(9,030)	381	(8,649)
Total comprehensive income for the year	-	-	142	-	180,527	180,669	(9,863)	170,806
Contributions by and distributions to equity holders								
Dividends	-	-	-	-	(107,966)	(107,966)	-	(107,966)
Subsidiary dividends to non-controlling interests	-	-	-	-	-	-	(1,672)	(1,672)
Purchase of subsidiary shares from non controlling interests	-	-	-	-	-	-	(40)	(40)
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)	(1,712)	(109,678)
Balance as at 31 March 2015	507,047	8,734	1,236	7,000	1,313,112	1,837,129	34,615	1,871,744

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements set out on pages 66 to 106.

Statement of Changes in Equity

For the year ended 31 March 2015

Company	Stated capital	Capital reserve	Available for sale reserve	General reserve	Retained earnings	Total
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Balance as at 1 April 2013	507,047	14,909	1,115	7,000	1,132,994	1,663,065
Total comprehensive income for the year						
Profit for the year	-	-	-	-	215,492	215,492
Other comprehensive income, net of tax	-	-	(21)	-	2,750	2,729
Total comprehensive income for the year	-	-	(21)	-	218,242	218,221
Contributions by and distributions to equity holders						
Dividends	-	-	-	-	(107,966)	(107,966)
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)
Balance as at 31 March 2014	507,047	14,909	1,094	7,000	1,243,270	1,773,320
Balance as at 1 April 2014	507,047	14,909	1,094	7,000	1,243,270	1,773,320
Total comprehensive income for the year						
Profit for the year	-	-	-	-	236,735	236,735
Other comprehensive income, net of tax	-	-	142	-	(7,662)	(7,520)
Total comprehensive income for the year	-	-	142	-	229,073	229,215
Contributions by and distributions to equity holders						
Dividends	-	-	-	-	(107,966)	(107,966)
Total distributions to equity holders	-	-	-	-	(107,966)	(107,966)
Balance as at 31 March 2015	507,047	14,909	1,236	7,000	1,364,377	1,894,569

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements set out on pages 66 to 106.

Statement of Cash Flow

For the year ended 31 March	Group		Company	
	2015 Rs.000's	2014 Rs. 000's	2015 Rs. 000's	2014 Rs. 000's
Cash flows from operating activities				
Profit before taxation	273,773	312,483	328,141	312,351
Adjustments for :				
Depreciation of investment property and property, plant and equipment	89,046	83,817	36,811	33,035
Profit on disposal of property, plant and equipment	(11,206)	(18,273)	(2,277)	(3,067)
Profit on disposal of long term investments	-	(76)	-	(76)
Write-off of property, plant and equipment	832	-	-	-
Impairment loss on goodwill **(Note A)**	-	12,921	-	-
Provision for retirement benefit obligation	13,049	11,124	6,546	6,276
Finance income	(1,592)	(523)	(796)	(6,977)
Finance costs	51,153	60,329	37,228	42,579
Dividend received from subsidiaries	-	-	(14,189)	-
Provision for compensation under voluntary retirement scheme	17,058	-	-	-
Unrealized profit on inventory	2,739	-	-	-
Write back of payables	-	(3,583)	-	(3,583)
Provision for slow moving inventories	24,033	36,289	23,297	36,039
Provision for impairment of trade receivables	16,649	9,645	10,349	8,710
Provision for impairment of other receivables	11,350	3,462	1,350	1,518
Operating profit before working capital changes	486,884	507,615	426,460	426,805
Changes in working capital				
Change in inventories	(55,754)	(135,661)	(47,522)	(101,263)
Change in trade and other receivables	224,344	(237,439)	190,369	(253,777)
Change in trade and other payables	(32,276)	58,186	(24,497)	69,169
Cash generated from operating activities	623,198	192,701	544,810	140,934
Interest paid	(40,510)	(45,019)	(36,592)	(41,575)
Payments to gratuity fund	(12,629)	(5,931)	(8,926)	(4,405)
Compensation paid under voluntary retirement scheme	(17,058)	-	-	-
Income tax/ESC paid	(98,715)	(104,562)	(93,733)	(98,935)
Net cash flows from/(used in) operating activities	454,286	37,189	405,559	(3,981)
Cash flows from investing activities				
Purchase of property, plant and equipment	(88,193)	(30,100)	(28,849)	(24,649)
Proceeds from disposal of property, plant and equipment	19,594	25,062	2,372	3,141
Proceeds from disposal of long term investments	-	76	-	76
Investment in subsidiaries **(Note A and B)**	-	(129,444)	-	(126,874)
Purchase of subsidiary shares from non-controlling interests	(40)	-	(40)	-
Net investment in short term investments	2,650	-	-	-
Dividend received	2	2	14,191	2
Net cash flows used in investing activities	(65,987)	(134,404)	(12,326)	(148,304)
Cash flows from financing activities				
Short term borrowings obtained/(repayments)	(180,909)	259,048	(203,838)	241,453
Lease rental paid	(45,551)	(55,206)	(2,844)	(3,854)
Interest received	1,590	521	794	6,975
Dividend paid	(109,638)	(107,966)	(107,966)	(107,966)
Net cash flows from/(used in) financing activities	(334,508)	96,397	(313,854)	136,608
Net changes in cash and cash equivalents	53,791	(818)	79,379	(15,677)
Cash and cash equivalents at the beginning of the year	(46,888)	(46,070)	(48,295)	(32,618)
Cash and cash equivalents at the end of the year (Note 18)	6,903	(46,888)	31,084	(48,295)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements set out on pages 66 to 106.

Note - Acquisition of Kelani Valley Canneries Limited

(A) The Company, in terms of Share Sale and Purchase Agreement dated 31 March 2014, acquired 30,351,222 ordinary shares (88.23%) held by CIC Agri Businesses (Private) Limited in Kelani Valley Canneries Limited for a purchase consideration of Rs.126.9 million.

The acquisition had the following effects on the Group assets and liabilities:

	Rs.000's
Assets	
Property, plant and equipment	80,564
Inventories	20,910
Trade and other receivables	67,934
Held to maturity financial assets	3,010
Cash and cash equivalents	7,655
	180,073
Liabilities	
Retirement benefit obligation	3,824
Finance lease liability	1,216
Trade and other payables	35,653
Bank overdraft	10,225
	(50,918)
Non controlling interest	(15,202)
Net assets acquired	113,953
Net cash consideration	126,874
Goodwill on acquisition written off **(Note 7.4)**	12,921

(B) Analysis of net outflow of cash and cash equivalents in respect of the acquisition of subsidiary:

	Rs.000's
Net cash consideration	126,874
Cash and cash equivalents at the time of acquisition	(7,655)
Bank overdraft at the time of acquisition	10,225
Net cash outflow on acquisition of subsidiary	129,444

Notes to the Financial Statements

1. Reporting Entity

1.1 Domicile and legal form

C. W. Mackie PLC is a Company incorporated and domiciled in Sri Lanka. The registered office of the Group and principal place of business is located at No.36, D. R. Wijewardena Mawatha, Colombo 10.

The C. W. Mackie PLC Group presently consists of C. W. Mackie PLC and four subsidiary companies namely, Ceymac Rubber Company Limited, Ceytra (Private) Limited, Scan Tours and Travels (Private) Limited and Kelani Valley Canneries Limited.

1.2 Principal activities and nature of operations

The C. W. Mackie PLC Group is engaged in a diversity of activities such as export of natural rubber and desiccated coconut; rubber-based products for export and sale locally; import, manufacture, distribution and export of branded consumer products including processed tropical fruits; import and distribution of sugar; import and resale of branded marine paints and protective coatings; welding equipment and consumables, refrigeration and air-conditioning components and light engineering products; marketing and distribution of household and personal care products and motor car hire to Group Companies.

1.3 Ultimate parent enterprise

The Company is a subsidiary of Lankem Ceylon PLC, whilst its ultimate holding company is The Colombo Fort Land & Building Company PLC.

2. Basis of Preparation

2.1 Statement of compliance

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting standards issued by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No. 7 of 2007.

2.2 Basis of measurement

The Financial Statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant Notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity.The Financial Statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future.

2.3 Functional and presentation currency

The Financial Statements of the Group are presented in Sri Lankan Rupees, which is the Group's functional currency. All values presented in the Financial Statements are in Sri Lankan Rupees unless otherwise indicated.

2.4 Use of estimates and judgments

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Group's Financial Statements is included in the respective notes.

3. Significant Accounting Policies

Except for the changes set out in Note 3.1 the Group has consistently applied the accounting policies set out below to all periods presented in these Consolidated Financial Statements.

3.1 Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

i. SLFRS 10 - "Consolidated Financial Statements"
ii. SLFRS 12 - "Disclosure of Interests in Other Entities"
iii. SLFRS 13 - "Fair Value Measurements"

The nature and the effects of the changes are explained below.

3.1.1 Subsidiaries, including structured entities

As a result of SLFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. SLFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its control over to affect those returns.

In accordance with the transitional provisions of SLFRS 10, the Group re-assessed its control conclusions as of 1 April 2014. However, the re-assessment did not have an impact on the Group's Financial Statements.

3.1.2 Interests in other entities

As a result of SLFRS 12, the Group has expanded disclosures about its interests in its subsidiaries.

3.1.3 Fair value measurement

In accordance with the transitional provisions of SLFRS 13, the Group has applied the definition of fair value, as set out in Note 34.6 prospectively. The change had no significant impact on the measurements of the Group's assets and liabilities, but the Group has included new disclosures in the Financial Statements, which are required under SLFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of SLFRS 13, the Group has provided the relevant comparative disclosures under those standards.

3.2 Basis of consolidation

The Consolidated Financial Statements comprise those of the Company and its subsidiary companies.

3.2.1 Subsidiaries

Subsidiaries are entities controlled by the Company. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3.2.2 Non-controlling interest

The total profits and losses of the subsidiary companies are included in the Consolidated Statement of Comprehensive Income and the proportion of the profit or loss after taxation applicable to outside shareholders of the Group have been shown as non-controlling interest.

All assets and liabilities of the Company and its subsidiaries are included in the Group Statement of Financial Position. The interest of outside shareholders in the net assets employed, represented by the paid up value of shareholders and the respective reserves and retained profits, is stated separately in the Consolidated Statement of Financial Position under the heading "Non-controlling interests".

3.2.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.3 Foreign currency translations

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate ruling as at the reporting date.

Non-monetary assets and liabilities which are stated at historical cost denominated in foreign currencies are translated to Sri Lankan Rupees at the exchange rate ruling at the dates of the transactions. Non-monetary assets and liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lankan Rupees at the exchange rate ruling at the dates that the fair value were determined.

Notes to the Financial Statements (Contd.)

Foreign exchange differences arising on translation are recognized in the Statement of Comprehensive Income.

3.4 Financial instruments

3.4.1 Non-derivative financial assets

The Group's non-derivative financial assets comprise loans and receivables and available-for-sale financial assets.

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group's non-derivative financial assets comprise loans and receivables and available-for-sale financial assets.

3.4.1.1 Loans and receivables

Loans and receivables comprise trade and other receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

3.4.1.2 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

3.4.1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances. Bank overdrafts that are repayable on demand which form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flow.

3.4.1.4 Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

3.4.2 Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The non-derivative financial liabilities of the Group comprise loans and borrowings, finance lease payable, bank overdrafts and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

3.4.3 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.5 Property, plant and equipment

3.5.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which is to carry on the business or to increase the earning capacity of its business has been treated as capital expenditure.

The carrying values of property, plant and equipment are reviewed for impairment when there are indications of impairments that the carrying value of the assets may not be recoverable.

3.5.2 Subsequent costs

The cost of replacing of a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Comprehensive Income as an expense as incurred.

3.5.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings on freehold land	40 years
Buildings on leasehold land	40 years or period of the lease, whichever is less
Plant, machinery and tools	6 2/3 years
Motor vehicles	5 years
Furniture and fittings	6 2/3 years
Computer and other installations	6 2/3 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

3.5.4 Capital work-in-progress

Capital expenses incurred during the period which are not completed as at the reporting date are shown as capital work-in-progress, whilst the capital assets which have been completed during the period and put to use have been transferred to property, plant and equipment, if any.

3.6 Investment property

The land and buildings held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes are classified as ‘investment properties’ to be accounted on the cost model. However, if there is impairment in value, other than of a temporary nature, the carrying amount is reduced to recognize the decline.

Notes to the Financial Statements (Contd.)

3.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as 'finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.8 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in-first-out and weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The Group practises first-in-first-out inventory valuation method for consumer products (FMCG) and weighted average valuation for their inventory categories other than consumer products (FMCG).

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.9 Impairment

3.9.1 Financial assets (including derivatives)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for receivables at collective level. All receivables with similar risk characteristics are grouped together and collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.9.2 Non financial assets

The carrying amounts of the Group's non financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite lived intangible assets are tested annually for impairment.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3.10 Provisions

A provision is recognized in the Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.11 Employee benefits

3.11.1 Defined contribution plans

A defined contribution plan is a post employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in profit or loss in the period during which services are rendered by employees.

Mercantile Service Provident Society
The Group and employees contribute 15% and 10% respectively on the gross salary of each employee to the approved Provident Fund.

Employees Provident Fund
The Group and employees contribute 12% and 8% respectively on the gross salary of each employee to the approved Provident Fund.

Employees Trust Fund
The Group contributes 3% of the gross salary of each employee to the Employees' Trust Fund.

3.11.2 Defined benefit plans

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The defined benefit plan expense is recognized immediately in profit or loss and the Group recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

Retiring gratuity

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No. 12 of 1983. This item is grouped under 'retirement benefit obligation' in the Statement of Financial Position.

Provision for retirement benefit obligation on the employees of the Group is on an actuarial basis using the Projected Unit Credit Method (PUC Method) as recommended by LKAS 19-"Employee Benefits". The Group continues to use actuarial method under LKAS 19-"Employee Benefits".

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The assumptions based on which the results of actuarial revaluation was determined are included in Note 24 to the Financial Statements.

3.12 Commitments and contingencies

Contingencies are possible assets or obligations that arise from past events and whose existence will be confirmed only by occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingencies and capital commitments of the Group are disclosed in Note 31 and 32 respectively to the Financial Statements.

3.13 Events after the reporting period

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

3.14 Revenue

3.14.1 Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Notes to the Financial Statements (Contd.)

3.14.2 Rendering of services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

3.14.3 Other income

Rental income

Rental income from investment property is recognized in profit or loss on an accrual basis. Rental income is recognized as other income.

3.15 Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.16 Other expenditure

All expenditure incurred in running of the business and in maintaining the capital assets in a state of efficiency has been charged to Revenue in arriving at the profit for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

3.16.1 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance Costs comprise interest expense on borrowings recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.16.2 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in Equity or in Other Comprehensive Income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to Income Taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incure expenses, including revenues and expenses that relate to transactions with any of the Group's other components, of which the operating results are reviewed regularly by the Group Management Committee to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

3.18 Basic earnings per share

The Group presents basic Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

3.19 Statement of cash flows

The Cash Flow Statement has been prepared using the "indirect method".

Interest paid is classified as operating cash flows, interest received is classified as investing cash flows for the purpose of presenting the Statement of Cash Flow.

3.20 Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged.

3.21 Comparative information

The comparative information is re-classified wherever necessary to conform with the current year's presentation in order to provide a better presentation.

4. Effect of Accounting Standards Issued but not yet Effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning and after 1 January 2016.

Accordingly, these Standards have not been applied in preparing these Financial Statements.

4.1 SLFRS 9 – Financial Instruments: Classification and Measurement

SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

Effective date of IFRS 9 has been deferred to 1 January 2018.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of SLFRS 9.

4.2 SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. However, IASB has determined the adoption of IFRS 15 which corresponds to SLFRS 15 to be adopted from financial reporting periods beginning on or after 1 January 2018.

4.3 SLFRS 14 – Regulatory Deferral Accounts

SLFRS 14 establishes the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services at a price or rate that is subject to rate regulation.

SLFRS 14 is effective for annual reporting periods beginning on or after 1 January 2016 with early adoption permitted.

Notes to the Financial Statements (Contd.)

For the year ended 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
5. Revenue				
Gross Revenue	7,927,970	7,653,932	6,976,765	6,570,566
Less: Turnover related taxes	(309,862)	(310,191)	(305,753)	(303,784)
Net revenue	7,618,108	7,343,741	6,671,012	6,266,782

Turnover related taxes includes Value Added Tax (VAT) and Nation Building Tax (NBT).

5.1 Operating segments

Segment information is presented in respect of the Group's business segments. Business segments are based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group comprises the following main business segments:

- Commodity trading
  Export and local sale of thick pale crepe rubber (TPC), ribbed smoked sheet rubber (RSS) and desiccated coconut.

- Rubber based products manufacturing
  Manufacture of technically specified rubber (TSR), plantation sole crepe rubber, specialised industrial sole crepe rubber and moulded rubber products.

- Industrial products
  Import and sale of welding equipment and consumables and light engineering products, refrigeration and air-conditioning components and marine paints and protective coatings.

- Consumer goods
  Manufacture and trading of FMCG products, trading of sugar and household and personal care products.

- Other
  Other Group results mainly comprise vehicle hire income and rent income from investment properties.

For the year ended 31 March 2015

Group

Business segments	Commodity Trading Rs.000's	Rubber-Based Products Manufacturing Rs.000's	Industrial Products Rs.000's	Consumer Goods Rs.000's	Other Rs.000's	Consolidated Rs.000's
Total revenue	1,984,497	843,772	589,727	4,410,868	41,435	7,870,299
Inter-segment revenue	(4,393)	(14,846)	-	(191,663)	(41,289)	(252,191)
Revenue from external customers	1,980,104	828,926	589,727	4,219,205	146	7,618,108
Segment gross profit/(loss)	158,568	66,431	153,381	684,301	(30,467)	1,032,214
Operating overheads	(111,764)	(30,416)	(85,075)	(429,107)	(11,626)	(667,988)
Depreciation	(1,899)	(19,063)	(1,634)	(26,779)	(39,671)	(89,046)
Employee benefits	(982)	(5,550)	(1,309)	(3,244)	(1,964)	(13,049)
Provision for impairment of trade debtors	-	(150)	(4,350)	(12,149)	-	(16,649)
Provision for compensation under VRS	-	(17,058)	-	-	-	(17,058)
Other operating income	1,050	2,553	1,321	10,054	83,082	98,060
Profit/(loss) from operating activities	44,973	(3,253)	62,334	223,076	(646)	326,484
Finance income	1,366	156	95	485	37	2,139
Finance costs	(8,649)	(11,904)	(706)	(16,641)	(16,950)	(54,850)
Profit/(loss) before taxation	37,690	(15,001)	61,723	206,920	(17,559)	273,773
Income tax expense	(5,968)	(4,184)	(17,910)	(66,615)	359	(94,318)
Profit/(loss) for the year	31,722	(19,185)	43,813	140,305	(17,200)	179,455
Total assets	347,565	649,308	341,014	1,605,458	239,808	3,183,153
Total liabilities	247,989	154,697	172,949	613,220	122,554	1,311,409
Capital expenditure	4,661	20,198	1,799	37,777	23,758	88,193
Total depreciation	1,899	19,063	1,634	26,779	39,671	89,046

Notes to the Financial Statements (Contd.)

For the year ended 31 March 2014

Group

Business segments	Commodity Trading Rs.000's	Rubber-Based Products Manufacturing Rs.000's	Industrial Products Rs.000's	Consumer Goods Rs.000's	Other Rs.000's	Consolidated Rs.000's
Total revenue	1,932,498	1,120,806	507,850	3,942,370	44,849	7,548,373
Inter-segment revenue	(4,026)	(42,568)	-	(115,936)	(42,102)	(204,632)
Revenue from external customers	1,928,472	1,078,238	507,850	3,826,434	2,747	7,343,741
Segment gross profit/(loss)	151,503	83,863	147,994	589,149	(29,818)	942,691
Operating overheads	(102,604)	(27,825)	(67,225)	(344,753)	(3,852)	(546,259)
Impairment loss on goodwill	-	-	-	-	-	(12,921)
Depreciation	(1,528)	(19,325)	(1,441)	(19,108)	(42,415)	(83,817)
Employee benefits	(628)	(4,847)	(1,255)	(2,511)	(1,883)	(11,124)
Provision for impairment of trade debtors	-	(935)	(267)	(8,443)	-	(9,645)
Other operating income	2,277	1,943	818	6,109	84,557	95,704
Profit from operating activities	49,020	32,874	78,624	220,443	6,589	374,629
Finance income	265	150	50	47	11	523
Finance costs	(18,384)	(10,624)	(544)	(18,766)	(14,351)	(62,669)
Profit/(loss) before taxation	30,901	22,400	78,130	201,724	(7,751)	312,483
Income tax expense	(9,476)	(2,496)	(25,071)	(55,329)	(10,782)	(103,154)
Profit/(loss) for the year	21,425	19,904	53,059	146,395	(18,533)	209,329
Total assets	527,534	736,279	282,653	1,631,092	222,959	3,400,517
Total liabilities	345,657	176,655	57,253	754,406	255,930	1,589,901
Capital expenditure	3,703	6,410	1,239	10,768	24,883	47,003
Total depreciation	1,528	19,325	1,441	19,108	42,415	83,817

For the year ended 31 March		Group		Company	
		2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
6. Other operating income					
Sundry income		9,235	6,215	18,267	16,402
Dividend received from subsidiaries		-	-	14,189	-
Profit on disposal of long term investments		-	76	-	76
Profit on disposal of property, plant and equipment		11,206	18,273	2,277	3,067
Rent income		77,619	71,140	77,619	71,140
		98,060	95,704	112,352	90,685
7. Results from operating activities					
7.1 Results from operations is stated after charging:					
Depreciation on					
- Property, plant and equipment		84,202	79,011	31,967	28,229
- Investment property		4,844	4,806	4,844	4,806
Directors emoluments		22,743	20,470	20,832	18,610
Personnel expenses	**(Note 7.3)**	294,456	248,776	154,036	140,288
Other expenses	**(Note 7.4)**	-	12,921	-	-
Auditors remuneration - Audit fees		2,960	2,635	1,800	1,625
- Non-audit services		386	682	277	555
- Audit related fee and expenses		774	1,829	774	1,829
Provision for obsolete inventories	**(Note 15.1)**	24,033	36,289	23,297	36,039
Provision for impairment of trade receivables	**(Note 16.3)**	16,649	9,645	10,349	8,710
Provision for impairment of other receivables	**(Note 16.5.1)**	11,350	3,462	1,350	1,518
7.2 Results from operations comprise those of the:					
Company		364,039	349,158	364,039	349,158
Subsidiary companies		(37,555)	25,471	-	-
		326,484	374,629	364,039	349,158
7.3 Personnel expenses :					
Salaries and wages		249,752	214,101	126,972	119,654
Contribution to defined contribution plans (EPF/MSPS/ETF)		31,655	23,551	20,518	14,358
Contribution to defined benefit plan for gratuity		13,049	11,124	6,546	6,276
		294,456	248,776	154,036	140,288
7.4 Other expenses					
Impairment loss on goodwill		-	12,921	-	-
		-	12,921	-	-

Notes to the Financial Statements (Contd.)

For the year ended 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
8. Net financing costs				
Interest costs				
Interest on other borrowings	40,510	45,019	31,558	36,442
Lease interest	10,643	15,310	636	1,004
Interest on inter company balances	-	-	5,034	5,133
Net foreign exchange loss	3,697	2,340	-	1,205
	54,850	62,669	37,228	43,784
Interest income				
Interest on fixed deposits/savings accounts	(1,590)	(521)	(673)	(371)
Interest from inter company balances	-	-	(121)	(6,604)
Net foreign exchange gain	(547)	-	(534)	-
Dividend income on available-for-sale investments	(2)	(2)	(2)	(2)
	(2,139)	(523)	(1,330)	(6,977)
	52,711	62,146	35,898	36,807
9. Income tax expense				
9.1 Current tax expense				
Income tax on current year's profit **(Note 9.3)**	98,438	101,476	94,790	96,628
Over provision for previous year	(2,040)	(1,806)	(1,992)	(1,955)
Dividend tax on subsidiary dividend	2,719	-	-	-
	99,117	99,670	92,798	94,673
Deferred tax expense				
Deferred taxation **(Note 25)**	(4,799)	3,484	(1,392)	2,186
	(4,799)	3,484	(1,392)	2,186
	94,318	103,154	91,406	96,859

9.2 The Company and subsidiaries are liable for income tax at the rate of 12% on taxable profits on non-traditional exports and 28% on other profits in accordance with the provisions of Inland Revenue Act No.10 of 2006, as amended.

For the year ended 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
9.3 Reconciliation of accounting profit to income tax:				
Profit before income tax	273,773	312,483	328,141	312,351
Less: Other sources of income	(7,751)	(14,816)	(120)	(6,977)
Aggregate disallowable expenses	201,368	199,866	112,896	113,672
Aggregate allowable expenses	(160,941)	(132,748)	(76,622)	(70,583)
Aggregate disallowable income	(25,396)	(18,272)	(16,467)	(3,065)
Other sources of income	7,910	12,593	120	6,638
Total statutory income	288,963	359,106	347,948	352,036
Tax losses set-off	(1,812)	(3,651)	-	-
Assessable income	287,151	355,455	347,948	352,036
Taxable income	287,151	355,455	347,948	352,036
Applicable tax rates:				
Income tax @ 28%	96,460	99,878	92,812	95,172
Income tax @ 12%	1,978	1,598	1,978	1,456
Total income tax on taxable profit	98,438	101,476	94,790	96,628

For the year ended 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
9.4 Accumulated tax losses				
Tax losses at the beginning of the year	275,823	96,945	-	-
Adjustment to the tax loss brought forward	9,713	10,074	-	-
Loss for the year	51,989	14,900	-	-
Acquisition of subsidiary	-	157,555	-	-
Tax loss set off during the year	(1,812)	(3,651)	-	-
Tax losses at the end of the year	335,713	275,823	-	-
9.5 Economic service charge				
Balance at the beginning of the year	9,435	1,907	-	-
Acquisition of subsidiary	-	6,792	-	-
Payments made during the year	2,674	1,635	-	-
Set off against income tax	(1,925)	(899)	-	-
Write-off during the year	(5)	-	-	-
Balance at the end of the year	10,179	9,435	-	-

10. Basic earnings per share (Rupees)

The calculation of the earnings per share is based on the profit for the year attributable to ordinary shareholders divided by weighted average number of ordinary shares outstanding during the year as given below, as per the requirement of Sri Lanka Accounting Standard (LKAS 33)-"Earnings per Share".

For the year ended 31 March	Group		Company	
	2015	2014	2015	2014
Net profit attributable to ordinary shareholders (Rs.'000)	189,699	208,316	236,735	215,492
Weighted average number of ordinary shares	35,988,556	35,988,556	35,988,556	35,988,556
Earnings per share (Rupees)	5.27	5.79	6.58	5.99

11. Dividend per share (Rupees)

Gross dividend for the year (Rupees)	107,965,668	107,965,668	107,965,668	107,965,668
Weighted average number of ordinary shares	35,988,556	35,988,556	35,988,556	35,988,556
Dividend per share (Rupees)	3.00	3.00	3.00	3.00

Notes to the Financial Statements (Contd.)

12. Property, plant and equipment

12.1 Property, plant and equipment - Group

As at 31 March

	Buildings on Leasehold Land Rs.000's	Freehold Land Rs.000's	Freehold Buildings Rs.000's	Plant, Machinery and Tools Rs.000's	Computer and other Installations Rs.000's	Leasehold Motor Vehicles Rs.000's	Freehold Motor Vehicles Rs.000's	Furniture and Fittings Rs.000's	Capital Work-in-Progress Rs.000's	Total 2015 Rs.000's	Total 2014 Rs.000's
Cost											
Balance at the beginning of the year	38,419	313,000	281,092	406,770	48,217	161,430	74,619	41,366	22	1,364,935	1,250,067
Additions during the year	-	8,050	8,437	16,441	16,319	-	30,857	8,089	-	88,193	47,003
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	105,516
Disposals during the year	-	-	-	(1,117)	-	(20,667)	(10,384)	(3,194)	-	(35,362)	(37,651)
Transfers/write off	-	-	-	(8,312)	-	(6,281)	4,706	(794)	(22)	(10,703)	-
Balance at the end of the year	38,419	321,050	289,529	413,782	64,536	134,482	99,798	45,467	-	1,407,063	1,364,935
Accumulated depreciation											
Balance at the beginning of the year	8,865	-	21,693	309,612	30,465	77,324	58,083	26,720	-	532,762	459,661
Depreciation charge for the year	2,955	-	8,069	28,432	5,678	26,717	8,744	3,607	-	84,202	79,011
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	24,952
Disposals during the year	-	-	-	(1,112)	-	(10,840)	(11,917)	(3,105)	-	(26,974)	(30,862)
Transfers/write off	-	-	-	(7,508)	-	(6,070)	4,495	(788)	-	(9,871)	-
Balance at the end of the year	11,820	-	29,762	329,424	36,143	87,131	59,405	26,434	-	580,119	532,762
Written down value :											
As at 31 March 2015	26,599	321,050	259,767	84,358	28,393	47,351	40,393	19,033	-	826,944	
As at 31 March 2014	29,554	313,000	259,399	97,158	17,752	84,106	16,536	14,646	22		832,173

12.2 Property, plant and equipment - Company

As at 31 March

	Buildings on Leasehold Land Rs.000's	Freehold Land Rs.000's	Freehold Buildings Rs.000's	Plant, Machinery and Tools Rs.000's	Computer and other Installations Rs.000's	Leasehold Motor Vehicles Rs.000's	Freehold Motor Vehicles Rs.000's	Furniture and Fittings Rs.000's	Total 2015 Rs.000's	Total 2014 Rs.000's
Cost										
Balance at the beginning of the year	38,419	105,000	112,807	179,729	43,032	20,173	40,249	30,313	569,722	550,663
Additions during the year	-	2,050	336	1,792	15,545	-	5,642	3,484	28,849	24,649
Disposals during the year	-	-	-	(10)	-	-	(5,742)	(3,194)	(8,946)	(5,590)
Transfers	-	-	-	-	-	(5,974)	5,974	-	-	-
Balance at the end of the year	38,419	107,050	113,143	181,511	58,577	14,199	46,123	30,603	589,625	569,722
Accumulated depreciation										
Balance at the beginning of the year	8,865	-	8,432	147,493	26,716	14,847	28,447	20,278	255,078	232,365
Depreciation charge for the year	2,955	-	2,821	12,484	5,070	2,388	3,830	2,419	31,967	28,229
Disposals during the year	-	-	-	(5)	-	-	(5,741)	(3,105)	(8,851)	(5,516)
Transfers	-	-	-	-	-	(5,973)	5,973	-	-	-
Balance at the end of the year	11,820	-	11,253	159,972	31,786	11,262	32,509	19,592	278,194	255,078
Written down value :										
As at 31 March 2015	26,599	107,050	101,890	21,539	26,791	2,937	13,614	11,011	311,431	
As at 31 March 2014	29,554	105,000	104,375	32,236	16,316	5,326	11,802	10,035		314,644

Notes to the Financial Statements (Contd.)

As at 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
12.3 Investment property				
Cost				
Balance at the beginning of the year	62,344	62,344	62,344	62,344
Balance at the end of the year	62,344	62,344	62,344	62,344
Accumulated depreciation				
Balance at the beginning of the year	14,294	9,488	14,294	9,488
Depreciation charge for the year	4,844	4,806	4,844	4,806
Balance at the end of the year	19,138	14,294	19,138	14,294
Written down value as at 31 March	43,206	48,050	43,206	48,050

The Company has rented out a part of the C. W. Mackie PLC building complex and the value of land and buildings of that part has been classified as 'investment property' and accounted on "cost model" as required by (LKAS 40)-"Investment Property".

As per the valuation carried out on 31 March 2015 by Mr. K. T. D. Tissera, an independent professional valuer J. P. U. M., Diploma in Valuation (Sri Lanka), F. R. I. C. S.(Eng.), F. I. V. (Sri Lanka), Chartered Valuation Surveyor, fair value of the investment property as at 31 March 2015 is Rs.47 million. These properties were valued on an open market value for existing use basis.

Rent income is included in the Statement of Comprehensive Income as:

For the year ended 31 March	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
Rent income	77,619	71,140	77,619	71,140
Direct operating expenses arising from investment property that generated rental income during the year	16,052	21,127	16,052	21,127

12.4 (i) Fully depreciated property, plant and equipment still in use

Group
The gross carrying amount of fully depreciated property, plant and equipment still in use as at 31 March 2015 is Rs.265 million (2014-Rs.253 million)

Company
The gross carrying amount of fully depreciated property, plant and equipment still in use as at 31 March 2015 is Rs.143 million (2014-Rs.118 million)

(ii) Leasehold motor vehicles

The Group has taken on lease motor vehicles under a number of finance lease agreements. At the end of the primary period of such leases, the Group has the option to purchase the equipment at a beneficial price.

(iii) Leasehold land and buildings

The Group has taken certain land and buildings on lease. In terms of the Grant to the Company dated 22 September 1964 under the Crown Lands Ordinance, premises No.34 and 36, D. R. Wijewardena Mawatha, Colombo 10 has been leased for a period of 60 years, 8 months and 10 days (being the residue of the unexpired term under Indenture of Lease by the Crown dated 10 June 1925 granting the Company a 99 year lease of the premises from the said date). At the time of handing over the possession of the premises, the Company is not entitled to any compensation in respect of the land, buildings or improvements thereon.

(iv) Assets pledged as securities against bank borrowings

The Company's freehold property and machinery at Munagama, Horana factory has been pledged as security to Hatton National Bank PLC under primary mortgage in favour of the bank.

12.5 Property, plant and equipment extent

Location	Extent	No. of Buildings
Leasehold Land and Buildings		
No: 36, D.R.Wijewardena Mawatha, Colombo 10	1A, 2R, 13.86P	4
Investment Property		
No: 36, D.R.Wijewardena Mawatha, Colombo 10	52,923 Sq Ft	2
Freehold Land and Building		
Sunquick/Scan Water Bottling Plant - Munagama, Horana	3A, 3R, 4.00P	13
Ceymac Rubber Company Limited - Aramanagolla, Horana	5A, 0R, 0.45P	11
Ceymac Rubber Company Limited - Thebuwana, Narthupana	5A, 1R, 10.00P	8
Kelani Valley Canneries Limited - Kaluaggala, Hanwella	2A, 0R, 35.00P	7

12.6 Capitalisation of borrowing costs

During the year under review, the Group has not capitalised any borrowing costs.

As at 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
13. Investments in subsidiaries				
Ceymac Rubber Company Limited	-	-	424,823	424,823
Ceytra (Private) Limited	-	-	34,652	34,652
Scan Tours and Travels (Private) Limited	-	-	25,807	25,807
Kelani Valley Canneries Limited	-	-	126,914	126,874
	-	-	612,196	612,156

Subsidiaries - Unquoted	Principal Activity	Holding %	Deemed Cost 31.03.2015 Rs.000's	Deemed Cost 31.03.2014 Rs.000's
Ceymac Rubber Company Limited	Manufacture, export and sale locally of technically specified rubber and manufacture and export of plantation sole crepe rubber and specialized industrial sole crepe rubber	98.72%	424,823	424,823
Ceytra (Private) Limited	Manufacture and export of moulded rubber products	62.82%	34,652	34,652
Scan Tours and Travels (Private) Limited	Motor car hire to Group Companies	100%	25,807	25,807
Kelani Valley Canneries Limited	Manufacture, for sale and distribution locally as well as exporting of a wide range of processed tropical fruits, young coconut/king coconut water and beverage products under 'KVC' brand.	88.26%	126,914	126,874

Notes to the Financial Statements (Contd.)

As at 31 March			Group		Company	
			2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
14. Available-for-sale investments						
	No. of Shares	**Cost Rs.000's**				
Quoted investments - at market value						
Trans Asia Hotels PLC	400	1	38	32	38	32
Hotel Sigiriya PLC	14,000	65	1,230	1,092	1,230	1,092
Colombo Dockyard PLC	269	2	44	47	44	47
		68	1,312	1,171	1,312	1,171
15. Inventories						
Raw materials			149,118	82,832	94,675	56,240
Work-in-progress			524	3,826	-	-
Finished goods			498,777	575,847	445,728	481,157
Goods-in-transit			3,709	-	-	-
Other consumables			49,667	32,566	31,758	19,800
			701,795	695,071	572,161	557,197
Less: Provision for slow moving inventories **(Note 15.1)**			(15,879)	(38,137)	(9,951)	(19,212)
			685,916	656,934	562,210	537,985
15.1 Provision for slow moving inventories						
Balance at the beginning of the year			38,137	20,347	19,212	15,405
Acquisition of subsidiary			-	13,733	-	-
Provision made during the year			24,033	36,289	23,297	36,039
Write-off during the year			(46,291)	(32,232)	(32,558)	(32,232)
Balance at the end of the year			15,879	38,137	9,951	19,212

Inventories mentioned above are stated at the lower of cost and net realizable value. Inventories amounting to Rs.572 million (2014-Rs.557 million) have been pledged as security for short term loans and overdraft facilities obtained from banks **(Note 26.2)**

As at 31 March		Group		Company	
		2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
16. Trade and other receivables					
Trade receivables from related parties	**(Note 16.1)**	9,529	6,544	66,515	122,873
Trade receivables	**(Note 16.2)**	1,334,073	1,527,871	1,153,836	1,255,242
Deposits		9,137	10,261	8,180	9,123
Loans to employees	**(Note 16.4)**	13,826	12,063	7,074	2,956
Other receivables	**(Note 16.5)**	168,844	231,013	141,475	188,954
		1,535,409	1,787,752	1,377,080	1,579,148
16.1 Trade receivable from related parties:					
Ceymac Rubber Company Limited		-	-	52,918	111,789
Kelani Valley Canneries Limited		-	-	4,471	4,530
Ceylon Trading Company Limited		138	230	138	240
E.B.Creasy & Company PLC		83	168	83	168
Sigiriya Village Hotels PLC		8	10	8	10
York Hotel Management Services Limited		12	-	12	-
Marawila Resorts PLC		1,088	112	854	112
Beruwala Resorts Limited		536	64	367	64
Creasy Foods Limited		7,664	5,960	7,664	5,960
		9,529	6,544	66,515	122,873

The Company recognizes interest on the amount due from subsidiary companies based on the monthly average outstanding balance at the rate of 7.5% per annum, (2014-10.5%).

16.2 Trade receivables:					
Trade receivables - Local sales		1,279,280	1,305,398	1,093,574	1,045,959
- Export sales		130,107	282,990	93,459	233,983
		1,409,387	1,588,388	1,187,033	1,279,942
Less: Provision for impairment loss	**(Note 16.3)**	(75,314)	(60,517)	(33,197)	(24,700)
		1,334,073	1,527,871	1,153,836	1,255,242

Trade Debtors amounting to Rs.1,187 million (2014-Rs.1,280 million) have been pledged as security for short term loans and overdraft facilities obtained from banks **(Note 26.2)**.

16.3 Provision for impairment loss:				
Balance at the beginning of the year	60,517	17,409	24,700	17,409
Acquisition of subsidiary	-	34,882	-	-
Provision made during the year	16,649	9,645	10,349	8,710
Write-off during the year	(1,852)	(1,419)	(1,852)	(1,419)
Balance at the end of the year	75,314	60,517	33,197	24,700

16.4 Loans to employees:				
Balance at the beginning of the year	12,063	8,704	2,956	1,782
Acquisition of subsidiary	-	878	-	-
Loans granted during the year	12,762	18,280	11,466	9,118
	24,825	27,862	14,422	10,900
Recovered during the year	(10,999)	(15,799)	(7,348)	(7,944)
Balance at the end of the year	13,826	12,063	7,074	2,956

Loans to employees represent short term staff loans and staff advances, where repayment terms are less than 12 months.

Notes to the Financial Statements (Contd.)

As at 31 March	Group 2015 Rs.000's	Group 2014 Rs.000's	Company 2015 Rs.000's	Company 2014 Rs.000's
16.5 Other receivables				
Payments in advance	58,382	101,517	58,142	100,822
Tax refunds due/Economic service charge	10,179	12,687	-	3,145
VAT/NBT receivable	48,460	49,269	17,539	18,583
Prepayments	5,920	10,077	2,915	4,557
Other receivables	70,996	71,206	69,307	66,925
	193,937	244,756	147,903	194,032
Less : Provision for other receivables **(Note 16.5.1)**	(25,093)	(13,743)	(6,428)	(5,078)
	168,844	231,013	141,475	188,954
16.5.1 Provision for other receivables				
Balance at the beginning of the year	13,743	10,281	5,078	3,560
Provision made during the year	11,350	3,462	1,350	1,518
Balance at the end of the year	25,093	13,743	6,428	5,078
17. Held to maturity investments				
Fixed deposits	360	3,010	-	-
	360	3,010	-	-
18. Cash and cash equivalents				
Bank balances	78,879	65,797	60,890	36,089
Cash in hand	2,126	745	1,926	570
	81,005	66,542	62,816	36,659
Bank overdraft	74,102	113,430	31,732	84,954
Cash and cash equivalents for cash flow purpose	6,903	(46,888)	31,084	(48,295)
19. Stated capital				
Ordinary shares (No. of shares 35,988,556)	507,047	507,047	507,047	507,047
	507,047	507,047	507,047	507,047
20. Capital reserves*				
Adjustment due to merger of subsidiary	-	-	14,909	14,909
Export development grant reserve	8,734	8,734	-	-
	8,734	8,734	14,909	14,909
21. Revenue reserves*				
General reserves	7,000	7,000	7,000	7,000
Retained earnings	1,313,112	1,240,551	1,364,377	1,243,270
	1,320,112	1,247,551	1,371,377	1,250,270

* Capital reserves and general reserves represent the amounts set aside by the Directors for future expansion and to meet any contingencies.

Notes to the Financial Statements (Contd.)

22. Non-controlling interests

Non-controlling interest (NCI) in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has a material NCI, before any intra-group eliminations:

	Ceytra (Private) Limited		Other Non-Material NCI		Total	
	2015 Rs. 000's	2014 Rs. 000's	2015 Rs. 000's	2014 Rs. 000's	2015 Rs. 000's	2014 Rs. 000's
NCI percentage (%)	37.18%	37.18%				
Total assets	64,558	107,543	776,587	854,263	841,145	961,806
Total liabilities	14,846	38,203	282,604	318,275	297,450	356,478
Net assets	49,712	69,340	493,983	535,988	543,695	605,328
Carrying amount of NCI	18,483	25,780	16,132	20,410	34,615	46,190
Revenue	91,104	150,504	953,263	970,303	1,044,367	1,120,807
Profit/(loss) after tax	(21,217)	2,883	(23,865)	(4,444)	(45,082)	(1,561)
Total comprehensive income	(20,036)	3,332	(26,174)	(5,267)	(46,210)	(1,935)
Profit/(loss) allocated to NCI	(7,449)	1,239	(2,414)	(68)	(9,863)	1,171
Cash flows from operating activities	1,321	7,899	(2,676)	(9,585)	(1,355)	(1,686)
Cash flows from/(used in) investing activities	1,447	(397)	(33,210)	(1,299)	(31,763)	(1,696)
Cash flows from/(used in) financing activities, before dividend to NCI	253	4	7,702	16,454	7,955	16,458
Cash flows from financing activities	253	4	6,030	16,454	6,283	16,458
Net increase in cash and cash equivalents	3,021	7,506	(29,856)	5,570	(26,835)	13,076

Notes to the Financial Statements (Contd.)

As at 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
23. Finance lease liability				
Balance at the beginning of the year	113,535	144,166	6,990	11,085
Obtained during the year	-	24,031	-	-
Acquisition of subsidiary	-	1,388	-	-
Early settlement discounts	(1,559)	(603)	-	-
VAT in suspense clearance	(126)	(241)	(126)	(241)
Repayments during the year	(45,551)	(55,206)	(2,844)	(3,854)
Balance at the end of the year	66,299	113,535	4,020	6,990
Interest in suspense	(9,389)	(21,713)	(720)	(1,481)
Capital outstanding at the end of the year	56,910	91,822	3,300	5,509
23.1 Payable after one year but less than five years				
Lease rental payable	24,642	70,970	2,176	4,021
Interest in suspense	(2,075)	(10,464)	(303)	(720)
	22,567	60,506	1,873	3,301
23.2 Payable within one year				
Lease rental payable	41,657	42,565	1,844	2,969
Interest in suspense	(7,314)	(11,249)	(417)	(761)
	34,343	31,316	1,427	2,208
24. Retirement benefit obligation				
Present value of defined benefit obligation **(Note 24.2)**	90,847	85,220	61,429	50,505
Fair value of plan assets **(Note 24.3)**	(37,102)	(43,208)	(34,543)	(31,454)
Unrecognized actuarial gain/(loss) **(Note 24.4)**	-	-	-	-
	53,745	42,012	26,886	19,051
Arrears payable to the CWM Staff Non-Contributory Gratuity Fund **(Note 24.5)**	(6)	3,865	-	2,553
	53,739	45,877	26,886	21,604

The contributions of the Company and its subsidiaries (Ceymac Rubber Company Limited and Ceytra (Private) Limited) to the defined benefit plan are determined by a formula stated in the Indenture establishing the CWM Group Staff Non-Contributory Gratuity Fund.

As required by (LKAS 19)-"Employee Benefits" the Fund was actuarially valued by Mr. Piyal S. Goonetilleke, Fellow of the Society of Actuaries (USA), Member of American Academy of Actuaries, Consulting Actuary of Messrs. Piyal S.Goonetilleke and Associates, as at 31 March 2015 and the appropriate adjustments have been effected in the Financial Statements.

As at 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
24.1 Plan assets consist of the following				
Treasury bills	30,940	37,737	28,775	27,397
Balance with Group Companies	-	3,871	-	2,830
Cash	5,280	-	4,910	-
Others	882	1,600	858	1,227
	37,102	43,208	34,543	31,454
24.2 Movement in present value of defined benefit obligations				
Balance at the beginning of the year	85,220	80,601	50,505	46,844
Acquisition of subsidiary	-	3,824	-	-
Current service cost	7,649	6,720	4,225	4,038
Interest cost	8,948	8,060	5,303	4,684
Benefits paid by the plan	(18,730)	(12,181)	(5,627)	(2,943)
Actuarial (gain)/loss	7,760	(1,804)	7,023	(2,118)
Balance at the end of the year	90,847	85,220	61,429	50,505
24.3 Movement in fair value of plan assets				
Balance at the beginning of the year	43,208	43,162	31,454	26,052
Contribution paid into gratuity fund	8,758	7,999	6,373	5,267
Benefits paid by the gratuity fund	(17,381)	(12,181)	(5,627)	(2,943)
Expected return on plan assets	3,548	3,656	2,982	2,446
Actuarial (gain)/loss	(1,031)	572	(639)	632
Balance at the end of the year	37,102	43,208	34,543	31,454
24.4 Unrecognized actuarial gain/(loss)				
Balance at the beginning of the year	-	-	-	-
Actuarial (gain)/loss for year-obligation	7,760	(1,804)	7,023	(2,118)
Actuarial (gain)/loss for year-plan assets	1,031	(572)	639	(632)
Actuarial gain/(loss) recognized during the year	(8,791)	2,376	(7,662)	2,750
Balance at the end of the year	-	-	-	-

Notes to the Financial Statements (Contd.)

As at 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
24.5 Arrears payable to the CWM Staff Non-Contributory Gratuity Fund				
Balance at the beginning of the year	3,865	1,797	2,553	1,691
Contribution for the year	8,758	7,999	6,373	5,267
Paid to the fund	(12,629)	(5,931)	(8,926)	(4,405)
Balance at the end of the year	(6)	3,865	-	2,553
24.6 Amount recognized in the Statement of Comprehensive Income				
Recognized in profit or loss				
Current service cost	7,649	6,720	4,225	4,038
Interest cost	8,948	8,060	5,303	4,684
Expected return on plan assets	(3,548)	(3,656)	(2,982)	(2,446)
	13,049	11,124	6,546	6,276
Recognized in the other comprehensive income				
Recognition of actuarial loss/(gain)	8,791	(2,376)	7,662	(2,750)
Total amount recognized in the Statement of Comprehensive Income	21,840	8,748	14,208	3,526
24.7 Actuarial assumptions				
Discount rate	10%	10.50%	10%	10.50%
Expected return on plan assets	10%	10.50%	10%	10.50%
Future salary increases	12%	12%	12%	12%
Retirement age:				
Management staff	60 years	60 years	60 years	60 years
Allied staff	60 years	60 years	60 years	60 years
Other staff	55 years	55 years	55 years	55 years

24.8 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Total Comprehensive Income and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on to total Comprehensive Income and employment benefit obligation for the year.

As at 31 March 2015	Sensitivity effect on			
	Total Comprehensive Income increase/(reduction)		Employment benefit increase/ (reduction) in the liability	
	Group Rs.000's	Company Rs.000's	Group Rs.000's	Company Rs.000's
Decrease in discount rate (1%)	(9,268)	(6,232)	9,268	6,232
Increase in discount rate (1%)	7,933	5,315	(7,933)	(5,315)
Decrease in salary escalation rate (1%)	7,664	5,124	(7,664)	(5,124)
Increase in salary escalation rate (1%)	(8,756)	(5,875)	8,756	5,875

As at 31 March 2014	Sensitivity effect on			
	Total Comprehensive Income increase/(reduction)		Employment benefit increase/ (reduction) in the liability	
	Group Rs.000's	Company Rs.000's	Group Rs.000's	Company Rs.000's
Decrease in discount rate (1%)	(7,987)	(5,001)	7,987	5,001
Increase in discount rate (1%)	6,917	4,311	(6,917)	(4,311)
Decrease in salary escalation rate (1%)	8,244	4,945	(8,244)	(4,945)
Increase in salary escalation rate (1%)	(9,342)	(5,654)	9,342	5,654

As at 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
25. Deferred taxation				
Balance at the beginning of the year	39,277	35,793	37,396	35,210
(Charge)/reversal for the year	(4,799)	3,484	(1,392)	2,186
Balance at the end of the year	34,478	39,277	36,004	37,396
25.1 Deferred tax asset	(9,001)	(4,885)	-	-
Deferred tax liability	43,479	44,162	36,004	37,396
	34,478	39,277	36,004	37,396

25.2 The effective tax rate of 28% (2014-28%), 18%(2014-17%), 16% (2014-13%) and 28% (2014 -28%) were applied respectively by the Company and its subsidiaries: Ceymac Rubber Company Limited, Ceytra (Private) Limited and Scan Tours and Travels (Private) Limited, for calculation of deferred tax asset/liability as at the reporting date.

25.3 The deferred tax asset/liability recognized on temporary differences are as follows:

As at 31 March	2015		2014	
Group	Temporary differences Rs.000's	Tax Effect Rs.000's	Temporary differences Rs.000's	Tax Effect Rs.000's
On property, plant and equipment	299,216	70,495	295,524	67,334
On retirement gratuity	(53,739)	(11,732)	(45,877)	(9,369)
On tax losses carried forward	(335,713)	(24,285)	(275,823)	(18,688)
	(90,236)	34,478	(26,176)	39,277

	2015		2014	
Company	Temporary differences Rs.000's	Tax Effect Rs.000's	Temporary differences Rs.000's	Tax Effect Rs.000's
On property, plant and equipment	155,474	43,533	155,162	43,445
On retirement gratuity	(26,886)	(7,529)	(21,604)	(6,049)
	128,588	36,004	133,558	37,396

Notes to the Financial Statements (Contd.)

25.4 Deferred tax asset - Kelani Valley Canneries Limited

Kelani Valley Canneries Limited has not recognized the deferred tax asset amounting to Rs.51 million (2014-Rs.39 million) for the year ended 31 March 2015, as the Management was of the view that the asset will not be crystallized in the foreseeable future.

The deferred tax asset on temporary differences are as follows :

As at 31 March	2015		2014	
	Temporary differences Rs.000's	Tax Effect Rs.000's	Temporary differences Rs.000's	Tax Effect Rs.000's
On property, plant and equipment	18,221	5,102	21,915	6,136
On retirement gratuity	(3,698)	(1,035)	(3,825)	(1,071)
On tax losses carried forward	(196,206)	(54,938)	(157,555)	(44,116)
	(181,683)	(50,871)	(139,465)	(39,051)

As at 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
26. Interest bearing short term borrowings				
Short term money market loans	600,683	780,240	487,402	691,240
	600,683	780,240	487,402	691,240
26.1 Sources of finance				
Hatton National Bank PLC	274,981	229,039	161,700	140,039
Commercial Bank of Ceylon PLC	165,000	118,000	165,000	118,000
NDB Bank PLC	25,702	343,201	25,702	343,201
Standard Chartered Bank	135,000	90,000	135,000	90,000
	600,683	780,240	487,402	691,240

26.2 Assets pledged as securities against short term borrowings:

Lending Institution	Facility Obtained	Assets Pledged	Interest Rate
C. W. Mackie PLC			
Hatton National Bank PLC	For financing of exports, imports and working capital requirements	Primary and secondary mortgage over stocks and book debts Registered primary floating mortgage over land, building and machinery at the Munagama, Horana factory.	Available money market rates
Commercial Bank of Ceylon PLC	For financing of exports, imports and working capital requirements	Primary and secondary mortgage over stocks and book debts	Available money market rates
NDB Bank PLC	For financing of exports, imports and working capital requirements	Primary and secondary mortgage over stocks and book debts	Available money market rates
Standard Chartered Bank	For financing of exports, imports and working capital requirements	Primary mortgage over stocks and book debts	Available money market rates

Lending Institution	Facility Obtained	Assets Pledged	Interest Rate
Ceymac Rubber Company Limited			
Hatton National Bank PLC	To finance the manufacture and export of rubber and for working capital requirements	Registered primary floating mortgage over stocks and book debts	Available money market rates
Kelani Valley Canneries Limited			
Commercial Bank of Ceylon PLC	For financing of working capital requirements	Lien over savings account, registered floating tertiary to seventh mortgage bond over the property, plant and machinery at Kaluaggala, Hanwella.	Available money market rates

As at 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
27. Income tax payable				
Balance at the beginning of the year	43,905	48,797	42,714	46,976
Add:				
Income tax provision for the year	98,438	101,476	94,790	96,628
Under/ (over) provision in respect of previous year	(2,040)	(1,806)	(1,992)	(1,955)
Dividend tax on subsidiary dividend	2,719	-	-	-
Less:				
Income tax/ ESC payments during the year	(98,715)	(104,562)	(93,733)	(98,935)
Balance at the end of the period	44,307	43,905	41,779	42,714
28. Trade and other payables				
Trade payables to related parties **(Note 28.1)**	16,581	1,978	69,508	67,646
Other trade payables	204,930	277,202	175,687	240,179
Dividends payable	4,158	3,486	4,158	3,486
Accruals	25,568	34,982	23,190	27,184
Pre-paid advances	32,615	29,893	32,615	29,893
Sundry creditors	8,525	13,944	8,499	13,944
VAT and NBT payables	32,494	31,180	30,407	26,985
Other provisions	108,565	65,944	101,602	63,492
Other payables	4,753	11,856	2,913	267
	438,189	470,465	448,579	473,076
28.1 Trade payables to related parties:				
Scan Tours and Travels (Private)Limited	-	-	32,062	38,842
Ceytra (Private) Limited	-	-	9,085	26,826
Kelani Valley Canneries Limited	-	-	11,780	-
Lankem Tea and Rubber Plantations (Private) Limited	22	22	22	22
Union Commodities (Private) Limited	10,704	1,956	10,704	1,956
Lankem Ceylon PLC	5,855	-	5,855	-
	16,581	1,978	69,508	67,646

The Company recognizes interest on the amount due to subsidiary companies based on the monthly average outstanding at the rate of 7.5% per annum (2014-10.5%).

Notes to the Financial Statements (Contd.)

29. Related party disclosures

29.1 Related party transactions

The Company's related parties include key management personnel, close family members of key management personnel and entities which are controlled, jointly controlled or significantly influenced for which significant voting power is held by key management personnel or their close family members.

29.1.1 Transactions with subsidiary companies

Name of the Related Party	Relationship	Nature of the Transaction	Amounts (Paid) / Received	
For the year ended 31 March			**2015 Rs.000's**	**2014 Rs.000's**
Ceymac Rubber Company Limited	Subsidiary	Interest on current account balance	120	6,605
		Service fees	6,735	6,600
Director :		Fund transfers	(58,803)	35,926
Mr. W. T. Ellawala		Expense reimbursements	63,649	40,644
		Inter company settlements	(70,573)	(47,000)
Corporate guarantee of C. W. Mackie PLC for packing credit/ short loans and export bill discounting facilities of Rs.99.0 million to Hatton National Bank PLC.				
Scan Tours and Travels (Private) Limited	Subsidiary	Interest on current account balance	(2,610)	(2,961)
		Vehicle hire charges	(47,082)	(44,003)
Directors :		Expense reimbursements	3,379	1,253
Mr. W. T. Ellawala		Fund transfers	6,500	(32,056)
Ms. C. R. Ranasinghe		Inter company settlements	46,594	42,522
Mr. K. T. A. Mangala Perera				
Ceytra (Private) Limited	Subsidiary	Interest on current account balance	(2,422)	(2,180)
		Service fees	3,618	3,600
Director :		Inter company sales	4,393	4,026
Mr. W. T. Ellawala		Fund transfers	7,095	(64,373)
		Expense reimbursements	1,299	778
		Inter company settlements	3,758	47,000
Corporate guarantee of C. W. Mackie PLC for packing credit/ short term loans and export bill discounting facilities of Rs.8.0 million to Hatton National Bank PLC.				
Kelani Valley Canneries Limited	Subsidiary	Inter company purchases	(88,880)	8,588
		Inter company sales	24,549	-
Directors :		Expense reimbursements	63	-
Mr. W. T. Ellawala[*]		Inter company settlements	52,428	-
Dr. T. Senthilverl[*]				
Mr. K. T. A. Mangala Perera				
Mr. Anushman Rajaratnam				
Ms. C. R. Ranasinghe				

29.1.2 Transactions with other related companies

Ceylon Trading Company Limited	Affiliate	Rent income	2,400	2,100
		Secretarial and legal fees	(13,811)	(11,636)
Directors :		Management fees/overheads	(17,146)	(15,035)
Mr. W. T. Ellawala		Inter company settlements	28,455	25,332
Ms. C. R. Ranasinghe				

Name of the Related Party	Relationship	Nature of the Transaction	Amounts (Paid) / Received	
For the year ended 31 March			**2015 Rs.000's**	**2014 Rs.000's**
Maersk Lanka (Private) Limited	Affiliate	Rent income	19,443	18,264
		Recovery of overheads	13,140	11,438
Director :				
Mr. W. T. Ellawala				
Janashakthi Insurance PLC	Common directors	Insurance premium paid	5,042	4,613
Director/Chairman :				
Mr. W. T. Ellawala				
Kotagala Plantations PLC	Common directors	Purchase of rubber through commodity brokers at the auction	56,455	117,608
Directors :				
Mr. R. C. Peries				
Mr. S. D. R. Arudpragasam				
Mr. A. Rajaratnam				
Lankem Tea & Rubber Plantations (Private) Limited	Common directors	Inter company purchases	-	(28,957)
Directors :				
Mr. A. Rajaratnam				
Mr. S. D. R. Arudpragasam				
Mr. Anushman Rajaratnam				
Union Commodities (Private) Limited	Common directors	Inter company purchases	(82,695)	(36,168)
		Inter company settlements	73,948	34,212
Director :				
Mr. Anushman Rajaratnam				
Lankem Ceylon PLC	Common directors	Short term fund transfers	-	(39,000)
		Inter company purchases	(8,758)	-
Directors :		Inter company settlements	2,902	-
Mr. A. Rajaratnam				
Mr. S. D. R. Arudpragasam				
Mr. Anushman Rajaratnam				

Notes to the Financial Statements (Contd.)

Name of the Related Party	Relationship	Nature of the Transaction	Amounts (Paid) / Received	
For the year ended 31 March			**2015 Rs.000's**	**2014 Rs.000's**
E. B. Creasy & Company PLC	Common directors	Inter company purchases	(6,270)	115
		Inter company sales	717	-
Directors :		Inter company settlements	5,467	-
Mr. A. Rajaratnam				
Mr. S. D. R. Arudpragasam				
C. W. Mackie Group Staff Non-Contributory Gratuity Fund	Defined benefit plan	Amount paid to gratuity fund	(8,926)	(4,405)
		Amount paid by gratuity fund to employees	5,627	2,943
Sigiriya Village Hotels PLC	Common directors	Inter company sales	22	42
		Inter company settlements	(24)	(33)
Directors :				
Mr. A. Rajaratnam				
Mr. S. D. R. Arudpragasam				
York Hotel Management Services Limited	Common directors	Inter company sales	31	-
		Inter company settlements	(19)	-
Director :				
Mr. A. Rajaratnam				
Beruwala Resorts Limited	Common directors	Inter company sales	616	257
		Inter company settlements	(313)	(193)
Directors :				
Mr. A. Rajaratnam				
Mr. S. D. R. Arudpragasam				
Creasy Foods Limited	Common directors	Inter company sales	39,338	27,348
		Inter company settlements	(37,634)	(21,388)
Directors :				
Mr. A. Rajaratnam				
Mr. S. D. R. Arudpragasam				
Marawila Resorts PLC	Common directors	Inter company sales	1,955	1,682
		Inter company settlements	(1,213)	(1,569)
Directors :				
Mr. A. Rajaratnam				
Mr. S. D. R. Arudpragasam				

** Mr. W. T. Ellawala, Dr. T. Senthilverl - Appointed on 8 July 2014*

There were no related party transactions entered into by the Company during the year in the ordinary course of business, the value which exceeded 10% of the shareholders' equity or 5% of the total assets of the Company as at 31 March 2015.

29.2 Compensation of key management personnel

Key Management Personnel include members of the Board of Directors of the Company and its Subsidiaries.

For the year ended 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
Short-term employee benefits	22,743	20,470	20,832	18,610
Total compensation paid to key management personnel	22,743	20,470	20,832	18,610

30. Events after the reporting date

The Directors of C. W. Mackie PLC have recommended the payment of a first and final dividend of Rs.3/- per ordinary share amounting to Rs.107,965,668/- for the year ended 31 March 2015 for approval by the shareholders at the Annual General Meeting to be held on 24 June 2015. In accordance with the Sri Lanka Accounting Standard (LKAS 10)-"Events after the Reporting Period", this proposed dividend has not been recognized as a liability as at 31 March 2015.

Subsequent to the reporting date no circumstances have arisen that would require adjustment to or disclosure in the Financial Statements other than as disclosed above.

31. Contingent liabilities

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	2015 Rs.Million	2014 Rs.Million
Letters of comfort and guarantees provided on behalf of the subsidiaries		
Ceymac Rubber Company Limited	99	99
Ceytra (Private) Limited	8	8
Total	107	107
Outstanding short term loan facility		
Ceymac Rubber Company Limited	90	89
Total	90	89

These corporate guarantees have been provided for Hatton National Bank PLC on behalf of the subsidiary companies, Ceymac Rubber Company Limited and Ceytra (Private) 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 Financial Statements.

32. Capital commitments

There are no material capital commitments as at the reporting date.

33. Comparative figures

Comparative figures have been reclassified to conform to the current year presentation.

Notes to the Financial Statements (Contd.)

34. Financial risk management

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework, including policies and procedures. In discharging its governance responsibility it operates through two key committees - the Group Management Committee and the Board of Directors Audit Committee. Risk management framework is reviewed regularly to reflect changes.

The Company has exposure to the following risks from its use of financial instruments

- Credit risk **(Note 34.1)**
- Liquidity risk **(Note 34.2)**
- Market risk **(Note 34.3)**
- Operational risk **(Note 34.4)**

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks and the Company's management of capital.

34.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

As at 31 March	Carrying amount			
	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
Trade receivables from related parties	9,529	6,544	66,515	122,873
Trade receivables	1,334,073	1,527,871	1,153,836	1,255,242
Deposits	9,137	10,261	8,180	9,123
Loans to employees	13,826	12,063	7,074	2,956
Other receivables	168,844	231,013	141,475	188,954
Held to maturity financial assets	360	3,010	-	-
Balances with banks	78,879	65,797	60,890	36,089
Total	1,614,648	1,856,559	1,437,970	1,615,237

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

However, the Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. However, geographically there is no concentration of credit risk.

Impairment losses

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The aging of trade receivables as at the reporting date was as follows:

Group

As at 31 March	2015		2014	
	Gross Balance Rs.000's	Impairment Rs.000's	Gross Balance Rs.000's	Impairment Rs.000's
Past due 0 - 30 days	921,592	-	1,111,707	-
Past due 31 - 90 days	342,400	2,658	324,622	3,404
Past due 91 - 365 days	82,199	9,460	99,928	6,982
More than one year	63,196	63,196	52,131	50,131
Total	1,409,387	75,314	1,588,388	60,517

Company

As at 31 March	2015		2014	
	Gross Balance Rs.000's	Impairment Rs.000's	Gross Balance Rs.000's	Impairment Rs.000's
Past due 0 - 30 days	855,036	-	919,083	-
Past due 31 - 90 days	235,154	2,658	271,547	2,447
Past due 91 - 365 days	74,763	8,459	69,779	4,720
More than one year	22,080	22,080	19,533	17,533
Total	1,187,033	33,197	1,279,942	24,700

The Company holds collateral against some long outstanding customers in the form of bank guarantees and they have been considered when assessing impairment loss.

The maximum exposure to credit risk for net trade receivables as at the reporting date by geographic was as follows:

As at 31 March	Carrying amount			
	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
Domestic	1,176,247	1,224,137	1,032,657	1,001,535
Asian region	62,428	112,433	46,049	84,603
European region	84,724	176,818	75,130	157,366
African region	9,678	-	-	-
Northern American region	996	14,483	-	11,738
Total	1,334,073	1,527,871	1,153,836	1,255,242

Notes to the Financial Statements (Contd.)

Available-for-sale invesments

Sector wise analysis of available-for-sale equity securities:

As at 31 March	Group			Company		
	2015			2015		
Sector	Cost Rs.000's	Market Value Rs.000's	%	Cost Rs.000's	Market Value Rs.000's	%
Hotels and travels	66	1,268	97%	66	1,268	97%
Construction and engineering	2	44	3%	2	44	3%
Total	68	1,312	100%	68	1,312	100%

As at 31 March	2014			2014		
Sector	Cost Rs.000's	Market Value Rs.000's	%	Cost Rs.000's	Market Value Rs.000's	%
Hotels and travels	66	1,124	96%	66	1,124	96%
Construction and engineering	2	47	4%	2	47	4%
Total	68	1,171	100%	68	1,171	100%

Held to maturity investments

The Group has invested Rs.0.4 million (2014-Rs.3.01 million) on fixed deposits as at 31 March 2015 which represent its maximum credit exposure on these assets.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of Rs.81 million (2014-Rs.66.5 million) and Rs.62.8 million (2014-Rs.36.7 million) respectively as at 31 March 2015 which represent its maximum credit exposure on these assets.

Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries. These corporate guarantees have been provided for Hatton National Bank PLC and Commercial Bank of Ceylon PLC on behalf of the subsidiaries' short term loan facilities, where repayment terms are less than 12 months.

Outstanding as at 31 March	2015 Rs.Million	2014 Rs.Million
Letters of comfort and guarantees provided on behalf of the subsidiaries		
Ceymac Rubber Company Limited	99	99
Ceytra (Private) Limited	8	8
Total	107	107
Outstanding short term loan facility		
Ceymac Rubber Company Limited	90	89
Total	90	89

34.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at 31 March 2015, Group has unutilsed banking facilities amounting to Rs.693 million representing 50% of the total bank facilities from the consortium of banks, i.e. Hatton National Bank PLC, Commercial Bank of Ceylon PLC, NDB Bank PLC and Standard Chartered Bank.

The following are the contractual maturities of financial liabilities:

Group

As at 31 March	2015			2014		
	Carrying amount Rs.000's	0-12 months Rs.000's	More than 1 year Rs.000's	Carrying amount Rs.000's	0-12 months Rs.000's	More than 1 year Rs.000's
Financial liabilities (Non derivatives)						
Interest bearing short term borrowings	600,683	600,683	-	780,240	780,240	-
Finance lease liability	56,910	34,343	22,567	91,822	31,316	60,506
Trade and other payables	421,608	421,608	-	468,487	468,487	-
Trade payables to related parties	16,581	16,581	-	1,978	1,978	-
Bank overdraft	74,102	74,102	-	113,430	113,430	-
Total	1,169,884	1,147,317	22,567	1,455,957	1,395,451	60,506

Company

As at 31 March	2015			2014		
	Carrying amount Rs.000's	0-12 months Rs.000's	More than 1 year Rs.000's	Carrying amount Rs.000's	0-12 months Rs.000's	More than 1 year Rs.000's
Financial liabilities (Non derivatives)						
Interest bearing short term borrowings	487,402	487,402	-	691,240	691,240	-
Finance lease liability	3,300	1,427	1,873	5,509	2,208	3,301
Trade and other payables	379,071	379,071	-	405,430	405,430	-
Trade payables to related parties	69,508	69,508	-	67,646	67,646	-
Bank overdraft	31,732	31,732	-	84,954	84,954	-
Total	971,013	969,140	1,873	1,254,779	1,251,478	3,301

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Notes to the Financial Statements (Contd.)

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

34.3.1 Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than Sri Lankan Rupees (LKR), The foreign currencies in which the set transactions primarily denominated are United State Dollars (USD) and Euro.

Exposure to currency risk

The Group's exposure to foreign currency risk based on notional amounts was as follows:

Group

As at 31 March	2015		2014	
	USD	Euro	USD	Euro
Trade and other payables	(198,361)	(347,757)	(198,438)	(481,968)
Trade and other receivables	981,421	188,218	2,099,487	63,300
Cash and cash equivalents	294,552	108,293	278,300	15,731
Gross statement of financial position exposure	1,077,612	(51,246)	2,179,349	(402,937)

Company

As at 31 March	2015		2014	
	USD	Euro	USD	Euro
Trade and other payables	(198,361)	(347,757)	(198,438)	(481,968)
Trade and other receivables	774,909	124,020	1,865,551	63,300
Cash and cash equivalents	253,357	108,293	163,311	15,731
Gross statement of financial position exposure	829,905	(115,444)	1,830,424	(402,937)

The following significant exchange rates were applicable during the year:

	Average rate		Reporting date spot rate	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
USD	130.98	130.11	133.45	131.00
Euro	166.09	174.31	144.51	179.65

Sensitivity analysis

A strengthening or weakening of the LKR, as indicated below, against the USD and Euro at 31 March 2015 would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting peiod. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening	Weakening
	Profit or Loss Rs.000's	Profit or Loss Rs.000's
Group		
As at 31 March 2015		
USD (10% movement)	(14,381)	14,381
Euro (10% movement)	741	(741)
As at 31 March 2014		
USD (10% movement)	(28,549)	28,549
Euro (10% movement)	7,239	(7,239)
Company		
As at 31 March 2015		
USD (10% movement)	(11,075)	11,075
Euro (10% movement)	1,668	(1,668)
As at 31 March 2014		
USD (10% movement)	(23,979)	23,979
Euro (10% movement)	7,239	(7,239)

34.3.2 Interest rate risk

At the reporting date, the Company's interest-bearing financial instruments were as follows:

	Carrying amount			
	Group		Company	
As at 31 March	**2015 Rs.000's**	**2014 Rs.000's**	**2015 Rs.000's**	**2014 Rs.000's**
Fixed rate Instruments				
Financial assets				
Related party receivables - subsidiaries	-	-	57,389	116,319
Financial liabilities				
Related party payables - subsidiaries	-	-	(52,927)	(65,668)
	-	-	4,462	50,651
Variable rate instruments				
Financial assets				
RFC deposits	54,957	39,348	49,460	24,199
Fixed deposits	360	3,010	-	-
Financial liabilities				
Bank overdrafts	(74,102)	(113,430)	(31,732)	(84,954)
Short term money market borrowings	(600,683)	(780,240)	(487,402)	(691,240)
	(619,468)	(851,312)	(469,674)	(751,995)

Notes to the Financial Statements (Contd.)

Sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax:

As at 31 March	2015 Profit or Loss Rs.000's	2014 Profit or Loss Rs.000's
Group		
Variable rate instruments (1% decrease)	6,195	8,513
Variable rate instruments (1% increase)	(6,195)	(8,513)
Company		
Variable rate instruments (1% decrease)	7,267	7,520
Variable rate instruments (1% increase)	(7,267)	(7,520)

34.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

34.5 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding no controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Accordingly, major part of the borrowings comprise short term money market loans and bank overdrafts with variable interest rates being used only to manage the working capital requirements of the day-to-day operations of the Group.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

As at 31 March	Group		Company	
	2015 Rs.000's	2014 Rs.000's	2015 Rs.000's	2014 Rs.000's
Total liabilities	1,311,409	1,589,901	1,075,682	1,356,493
Less:				
Cash and cash equivalents	(81,005)	(66,542)	(62,816)	(36,659)
Net debts	1,230,404	1,523,359	1,012,866	1,319,834
Total equity	1,837,129	1,764,426	1,894,569	1,773,320
Net debt to equity ratio	0.67	0.86	0.53	0.74

There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

34.6 Fair values of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Financial instruments carried at fair value

Group/Company
As at 31 March 2015

	Level I Rs. 000's	Level II Rs. 000's	Level III Rs. 000's	Total Rs. 000's
Available for sale financial assets	1,312	-	-	1,312
	1,312	-	-	1,312

Group/Company
As at 31 March 2014

Available for sale financial assets	1,171	-	-	1,171
	1,171	-	-	1,171

Financial instruments - available for sale as at the reporting date includes investment in quoted equity securities which are carried at fair value in accordance with (LKAS 39)-"Financial Instruments Recognition and Measurements".

Notes to the Financial Statements (Contd.)

Fair values of financial instruments which are not carried at fair value on the Statement of Financial Position.

The table below shows a comparison of the carrying amounts, as reported on the Statement of Financial Position and fair values of financial assets and liabilities carried at amortised cost.

Group

As at 31 March	2015		2014	
	Carrying amount Rs. 000's	Fair value Rs. 000's	Carrying amount Rs. 000's	Fair value Rs. 000's
Assets				
Trade receivables from related parties	9,529	9,529	6,544	6,544
Trade receivables and other receivable	1,525,880	1,525,880	1,781,208	1,781,208
Held to maturity investments	360	360	3,010	3,010
Cash and cash equivalents	81,005	81,005	66,542	66,542
	1,616,774	1,616,774	1,857,304	1,857,304
Liabilities				
Interest bearing short term borrowings	600,683	600,683	780,240	780,240
Finance lease liability	56,910	56,910	91,822	91,822
Trade payables to related parties	16,581	16,581	1,978	1,978
Trade and other payable	421,608	421,608	468,487	468,487
Bank overdraft	74,102	74,102	113,430	113,430
	1,169,884	1,169,884	1,455,957	1,455,957

Company

As at 31 March	2015		2014	
	Carrying amount Rs. 000's	Fair value Rs. 000's	Carrying amount Rs. 000's	Fair value Rs. 000's
Assets				
Trade receivables from related parties	66,515	66,515	122,873	122,873
Trade receivables and other receivable	1,310,565	1,310,565	1,456,275	1,456,275
Cash and cash equivalents	62,816	62,816	36,659	36,659
	1,439,896	1,439,896	1,615,807	1,615,807
Liabilities				
Interest bearing short term borrowings	487,402	487,402	691,240	691,240
Finance lease liability	3,300	3,300	5,509	5,509
Trade payables to related parties	69,508	69,508	67,646	67,646
Trade and other payable	379,071	379,071	405,430	405,430
Bank overdraft	31,732	31,732	84,954	84,954
	971,013	971,013	1,254,779	1,254,779

Ten Year Historical Summary

Year	31 December					31 March				
	2005 Rs.000's	2006 Rs.000's	2007 Rs.000's	2008 Rs.000's	2009 Rs.000's	2011 Rs.000's	2012 Rs.000's	2013 Rs.000's	2014 Rs.000's	2015 Rs.000's
OPERATING RESULTS										
Revenue	2,565,339	4,326,909	4,409,163	5,322,668	4,622,730	9,317,046	9,703,084	7,647,208	7,343,741	7,618,108
Results from operating activities	122,073	260,466	222,492	149,945	282,895	415,428	588,635	306,936	374,629	326,484
Net financing costs	(21,243)	(81,295)	(91,552)	(100,472)	(97,336)	(64,987)	(77,604)	(58,836)	(62,146)	(52,711)
Other operating expenses	-	-	(23,803)	(51)	-	-	-	-	-	-
Profit before taxation	100,830	179,171	107,137	49,422	184,959	350,441	511,031	248,100	312,483	273,773
Income tax expense	(40,245)	(35,682)	10,748	(3,297)	(66,286)	(94,232)	(115,972)	(84,587)	(103,154)	(94,318)
Profit after tax	60,585	143,489	117,885	46,125	118,673	256,209	395,059	163,513	209,329	179,455
Non-controlling interests	1,507	(3,505)	(7,469)	(702)	(11,820)	(1,592)	(2,296)	(1,503)	(1,013)	10,244
Profit for the year	62,092	139,984	110,416	45,423	106,853	254,617	392,763	162,010	208,316	189,699
FINANCIAL POSITION										
Assets										
Non-current assets	434,160	456,453	688,416	761,223	746,698	785,969	853,776	852,228	886,279	880,463
Current assets	840,083	1,214,775	1,120,507	1,176,989	1,149,967	2,227,319	2,427,909	2,102,243	2,514,238	2,302,690
Total assets	1,274,243	1,671,228	1,808,923	1,938,212	1,896,665	3,013,288	3,281,685	2,954,471	3,400,517	3,183,153
Equity and liabilities										
Equity										
Share capital	359,886	359,886	-	-	-	-	-	-	-	-
Share pemium	161,440	161,440	-	-	-	-	-	-	-	-
Stated capital	-	-	507,047	507,047	507,047	507,047	507,047	507,047	507,047	507,047
Capital reserves	305,193	297,297	473,349	458,809	444,359	8,734	8,734	8,734	8,734	8,734
Revenue reserves	(342,581)	(213,673)	(110,519)	(69,714)	24,598	706,808	1,018,527	1,144,983	1,247,551	1,320,112
Available-for-sale reserve	-	-	-	-	-	1,172	1,014	1,115	1,094	1,236
Equity attributable to equity holders of the Company	483,938	604,950	869,877	896,142	976,004	1,223,761	1,535,322	1,661,879	1,764,426	1,837,129
Non-controlling interests	3,280	5,078	13,431	14,133	25,953	26,620	28,397	29,817	46,190	34,615
Total equity	487,218	610,028	883,308	910,275	1,001,957	1,250,381	1,563,719	1,691,696	1,810,616	1,871,744
Non-current liabilities	258,878	270,351	223,157	166,460	183,678	205,572	185,157	159,093	150,545	119,785
Current liabilities	528,147	790,849	702,458	861,477	711,030	1,557,335	1,532,809	1,103,682	1,439,356	1,191,624
Total equity and liabilities	1,274,243	1,671,228	1,808,923	1,938,212	1,896,665	3,013,288	3,281,685	2,954,471	3,400,517	3,183,153
RATIOS										
Basic earnings per share (Rupees)	1.73	3.89	3.07	1.26	2.97	7.07	10.66	4.50	5.79	5.27
Revenue growth rate (%)	5.3%	68.7%	1.9%	20.7%	-13.2%	101.5%	4.1%	-21.2%	-4.0%	3.7%
Net profit ratio (%)	2.4%	3.2%	2.5%	0.9%	2.3%	2.7%	4.0%	2.1%	2.8%	2.5%
Current ratio (1:)	1.59	1.54	1.60	1.37	1.62	1.43	1.58	1.90	1.75	1.93
Net asset per share (Rupees)	13.45	16.81	24.17	24.90	27.12	34.00	42.66	46.18	49.03	51.05
Net return on capital employed (%)	4.8%	8.6%	6.5%	2.4%	6.3%	8.5%	12.0%	5.5%	6.2%	5.6%
Dividends per share (Rupees)	0.50	1.00	0.75	0.75	1.00	1.00	2.00	1.00	3.00	3.00
Dividend payout ratio (%)	29%	26%	24%	59%	34%	14%	19%	22%	52%	57%

Consolidated Statement of Value Added

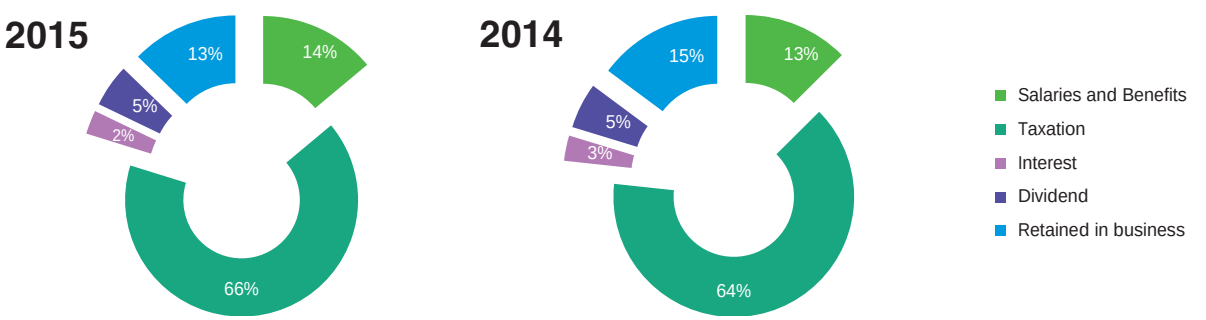
Organizations utilize raw materials and other inputs to create a saleable product. The difference between the sales income and the cost of bought-in-materials and services is generally regarded as the value added by the organization. Value added, therefore, denotes the contribution made to the nation's economy by the efforts of employers and employees, i.e. the wealth created by an organization's activities.

The following statement shows the contribution made to the Sri Lankan economy by C. W. Mackie PLC and its subsidiary companies and their employees during the last two (2) periods. This total value added was distributed to the employees, the Government of the Democratic Socialist Republic of Sri Lanka, lenders and providers of capital, with a part being retained for use within the Group:

For the year ended 31 March	2015 Rs. Million	2014 Rs. Million
Value added		
Sales made to external customers	7,618.1	7,343.7
Less: material and services bought in from outside	(5,601.8)	(5,456.2)
	2,016.3	1,887.5
Add : other income/expenses (net)	98.1	95.7
Total value added available for distribution	2,114.4	1,983.2

	2015 Rs. Million		%	2014 Rs. Million		%
Distribution of value added						
To employees						
-Wages, salaries and benefits		294.5	13.9		248.8	12.6
To Government revenue						
-Import duties and VAT/NBT	1,241.8			1,114.1		
-Export duties	49.0			56.9		
-Income tax	99.1			99.7		
-Economic Service Charge	2.7	1,392.6	65.9	1.6	1,272.3	64.2
To lenders						
-Interest		49.6	2.3		59.8	3.0
To providers of equity capital						
-Dividends		108.0	5.1		108.0	5.4
Retained in business						
-Depreciation on fixed assets	89.0			83.8		
-Retained earnings	180.7	269.7	12.8	210.5	294.3	14.8
Total value added distributed		2,114.4	100.0		1,983.2	100.0
No. of employees in Group*		581			540	
Value added per employee (Rs.000's)		3,639			3,673	

** 2014 - Excluding KVC employees*



Investor Information

Financial Calendar

Ninety Second Annual General Meeting	-	27 June 2014
Interim Reports		
First Quarterly Report 3 months to 30 June 2014	-	4 August 2014
Second Quarterly Report 6 months to 30 September 2014	-	13 November 2014
Third Quarterly Report 9 months to 31 December 2014	-	9 February 2015
Fourth Quarterly Report 12 months to 31 March 2015	-	13 May 2015
Annual Report – Financial Year 2015	-	26 May 2015
Ninety Third Annual General Meeting	-	24 June 2015

Distribution Schedule of Shareholders

Holdings (Shares)	31 March 2015			31 March 2014		
	No. of Holders	Total Shares	Holdings %	No. of Holders	Total Shares	Holdings %
1 - 1,000	1,690	367,462	1.02	1,691	363,795	1.01
1,001 - 10,000	231	759,751	2.11	225	741,943	2.06
10,001 - 100,000	31	1,043,302	2.90	34	1,055,264	2.93
100,001 - 1,000,000	8	1,847,798	5.13	9	1,857,311	5.16
Over - 1,000,000	3	31,970,243	88.84	3	31,970,243	88.84
	1,963	35,988,556	100.00	1,962	35,988,556	100.00

Investor Information (Contd.)

Twenty Largest Shareholders as at 31 March 2015

	Name of Shareholder	31 March 2015		31 March 2014	
		No. of Shares (Voting)	%	No. of Shares (Voting)	%
1	Lankem Ceylon PLC	12,267,526	34.09	12,267,526	34.09
2	Seylan Bank PLC/Dr. T. Senthilverl	10,765,575	29.91	10,765,575	29.91
3	Kotagala Plantations PLC	7,157,857	19.89	7,157,857	19.89
4	Pan Asia Banking Corporation PLC/Lankem Ceylon PLC	1,779,285	4.94	1,779,285	4.94
5	Amana Bank Limited	863.774	2.40	730.570	2.03
6	Mr. P. P. Anandarajah	155,100	0.43	155,100	0.43
7	Mr. M. A. Lukmanjee	155,000	0.43	155,000	0.43
8	Mr. T. L. M. Imtiaz	152,084	0.42	135,901	0.38
9	Navara Capital Limited	147,100	0.41	147,100	0.41
10	Employees Provident Fund	139,740	0.39	139,740	0.39
11	Mr. M. Radhakrishnan (Deceased)	130,000	0.36	130,000	0.36
12	Mr. H . N. De Silva	105,000	0.29	125,000	0.35
13	Mr. M. M. M. Milfer	97,335	0.27	-	-
14	Sir F. I. Rahimtoola	90,000	0.25	90,000	0.25
15	Mr. M. M. M. Mizver	83,168	0.23	76,326	0.21
16	Mr. R. A. Rishard	60,000	0.17	54,100	0.15
17	Mr. Z. G. Carimjee	57,000	0.16	57,000	0.16
18	Mr. I. M. Rishard	56,900	0.16	54,100	0.15
19	Macksons Holdings (Private) Limited	53,304	0.15	3,900	0.01
20	Andaradeniya Estate (Private) Limited	50,000	0.14	50,000	0.14

Categories of Shareholders

Categories	31 March 2015			31 March 2014		
	No. of		Total %	No. of		Total %
	Holders	Shares		Holders	Shares	
Individuals	1,883	2,448,681	6.80	1,883	2,546,526	7.08
Institutions	80	33,539,875	93.20	79	33,442,030	92.92
	1,963	35,988,556	100.00	1,962	35,988,556	100.00
Public	1,960	4,018,313	11.17	1,959	4,018,313	11.17

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Ninety Third Annual General Meeting of **C. W. Mackie PLC** will be held at Level 6, Public Forum, The Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha (Longdon Place), Colombo 7 on Wednesday, 24 June 2015 at 2.30 p.m. for the following purposes :

1. To receive and consider the Annual Report of the Board of Directors and Financial Statements for the year ended 31 March 2015 with the Report of the Auditors thereon.

2. To declare a Dividend as recommended by the Directors.

3. To re-elect Mr. Anushman Rajaratnam, who retires by rotation in terms of Article 89 of the Articles of Association, as a Director of the Company.

4. To approve the re-appointment of Mr. W. T. Ellawala, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company*.

5. To approve the re-appointment of Deshabandu A. M. de S. Jayaratne, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company**.

6. To approve the re-appointment of Mr. R. C. Peries, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company***.

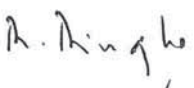
7. To approve the re-appointment of Mr. Alagarajah Rajaratnam, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company****.

8. To approve the re-appointment of Mr. H. D. S. Amarasuriya, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company*****.

9. To authorise the Directors to determine and make donations.

10. To re-appoint KPMG, Chartered Accountants, as Auditors to the Company and authorise the Directors to determine their remuneration.

By Order of the Board



Ms. C. R. Ranasinghe
Director/Company Secretary

Colombo
26 May 2015

Notice of Meeting (Contd.)

Note:

* A Notice dated 20 May 2015 has been received by the Company from a shareholder of the Company giving notice of intention to move the undernoted resolution, with regard to the approval of the appointment of Mr. W. T. Ellawala as a Director of the Company under and in terms of Section 211 of the Companies Act No.7 of 2007:

"That Mr. William Tissa Ellawala who is seventy eight years of age be and is hereby re-appointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Mr. William Tissa Ellawala."

** A Notice dated 20 May 2015 has been received by the Company from a shareholder of the Company giving notice of intention to move the undernoted resolution, with regard to the approval of the re-appointment of Deshabandu A. M. de S. Jayaratne as a Director of the Company under and in terms of Section 211 of the Companies Act No.7 of 2007:

"That Deshabandu Ajit Mahendra de Silva Jayaratne who is seventy five years of age be and is hereby re-appointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Deshabandu Ajit Mahendra de Silva Jayaratne."

*** A Notice dated 20 May 2015 has been received by the Company from a shareholder of the Company giving notice of intention to move the undernoted resolution, with regard to the approval of the re-appointment of Mr. R. C. Peries as a Director of the Company under and in terms of Section 211 of the Companies Act No.7 of 2007:

"That Ranjit Crisantha Peries who is seventy four years of age be and is hereby re-appointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Mr. Ranjit Crisantha Peries."

**** A Notice dated 20 May 2015 has been received by the Company from a shareholder of the Company giving notice of intention to move the undernoted resolution, with regard to the approval of the re-appointment of Mr. Alagarajah Rajaratnam as a Director of the Company under and in terms of Section 211 of the Companies Act No.7 of 2007:

"That Mr. Alagarajah Rajaratnam who is seventy three years of age be and is hereby re-appointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Mr. Alagarajah Rajaratnam."

***** A Notice dated 20 May 2015 has been received by the Company from a shareholder of the Company giving notice of intention to move the undernoted resolution, with regard to the approval of the re-appointment of Mr. H. D. S. Amarasuriya as a Director of the Company under and in terms of Section 211 of the Companies Act No.7 of 2007:

"That Mr. Hemaka Devapriya Senarath Amarasuriya who is seventy one years of age be and is hereby re-appointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Mr. Hemaka Devapriya Senarath Amarasuriya."

(i) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote on his behalf.

(ii) A Proxy need not be a member of the Company.

(iii) A Form of Proxy is enclosed for this purpose.

(iv) The instrument appointing the Proxy must be deposited at the Registered Office of the Company, No. 36, D. R. Wijewardena Mawatha, Colombo 10 before 2.30 p. m. on 22 June 2015.

Notes

Notes

Form of Proxy

I/We……of
……being a member/members of
C. W. Mackie PLC hereby appoint…… ……of
…… ……or failing him/her

William Tissa Ellawala	or failing him
Camani Renuka Ranasinghe	or failing her
Ajit Mahendra de Silva Jayaratne	or failing him
Ranjit Crisantha Peries	or failing him
Anushman Rajaratnam	or failing him
Sri Dhaman Rajendram Arudpragasam	or failing him
Thirugnanasambandar Senthilverl	or failing him
Hemaka Devapriya Senarath Amarasuriya	or failing him
Karawa Thanthrige Aruna Mangala Perera	or failing him
Alagarajah Rajaratnam	

as my/our Proxy to represent me/us and speak and vote on my/our behalf as indicated below at the Ninety Third Annual General Meeting of the Company to be held on Wednesday, 24 June 2015 and at any adjournment thereof and at every poll which may be taken in consequence thereof :

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors and Financial Statements for the year ended 31 March 2015 with the Report of the Auditors thereon.	☐	☐
2.	To declare a Dividend as recommended by the Directors.	☐	☐
3.	To re-elect Mr. Anushman Rajaratnam, who retires by rotation in terms of Article 89 of the Articles of Association, as a Director of the Company.	☐	☐
4.	To approve the re-appointment of Mr. W. T. Ellawala, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company.	☐	☐
5.	To approve the re-appointment of Deshabandu A. M. de S. Jayaratne, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company.	☐	☐
6.	To approve the re-appointment of Mr. R. C. Peries, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company.	☐	☐
7.	To approve the re-appointment of Mr. Alagarajah Rajaratnam, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company.	☐	☐
8.	To approve the re-appointment of Mr. H. D. S. Amarasuriya, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company.	☐	☐
9.	To authorise the Directors to determine and make donations.	☐	☐
10.	To re-appoint KPMG, Chartered Accountants, as Auditors to the Company and authorise the Directors to determine their remuneration.	☐	☐

Signed this ……day of ……2015.

……..
Signature of Member/s

NOTE:

(1) The Proxyholder may vote as he thinks fit on any other resolution, of which due notice has been given, brought before the Meeting.
(2) A Proxyholder need not be a member of the Company.
(3) Instructions for completion of the Proxy are contained overleaf.

Form of Proxy (Contd.)

INSTRUCTIONS FOR COMPLETION OF PROXY

1. Please perfect the Form of Proxy overleaf by signing in the space provided and filling in legibly your full name, address and other required details.

2. If you wish to appoint a person other than the Directors named overleaf as your Proxy, please insert legibly the relevant details in the space provided overleaf and initial against this entry.

3. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

4. If the member is a company or body corporate, the Form of Proxy should be executed under its common seal in accordance with its Articles of Association or Constitution.

5. Please indicate with an `X' in the space provided how your Proxy is to vote on each resolution. If there is any doubt as to how the vote is to be exercised by the Proxyholder, by reason of the manner in which the Form of Proxy has been completed, the Proxyholder will vote as he thinks fit.

6. The completed Form of Proxy should be deposited at the Registered Office of the Company at No.36, D. R. Wijewardena Mawatha, Colombo 10 not later than 2.30 p.m. on 22 June 2015 being 48 hours before the time appointed for the holding of the Meeting.

Corporate Information

Name of Company

C. W. Mackie PLC

Company Registration Number

PQ 47

Legal Form

A public company with limited liability incorporated in Sri Lanka in February 1922. Shares of the Company are listed on the trading floor of the Colombo Stock Exchange.

Directors

W. T. Ellawala *(Chairman/Chief Executive Officer)*
Ms. C. R. Ranasinghe
A. M. de S. Jayaratne
R. C. Peries
Anushman Rajaratnam
S. D. R. Arudpragasam
Dr. T. Senthilverl
H. D. S. Amarasuriya
K. T. A. Mangala Perera
Alagarajah Rajaratnam

Company Secretary

Ms. C. R. Ranasinghe

Registered Office and Corporate Head Office

No. 36, D.R. Wijewardena Mawatha, Colombo 10
Telephone: 2423554 - 62
Fax: 2440228
E-mail: info@cwmackie.com
Website:www.cwmackie.com

Auditors

KPMG
Chartered Accountants

Principal Bankers

Hatton National Bank PLC
Commercial Bank of Ceylon PLC
NDB Bank PLC
Standard Chartered Bank PLC

Legal Advisors

Julius & Creasy
Attorneys-at-Law, Solicitors & Notaries Public

Group Management Committee

W. T. Ellawala
Chairman/Chief Executive Officer

Ms. C. R. Ranasinghe
Director/Company Secretary

K. T. A. Mangala Perera
Executive Director-Internal Trading

E. A. A. K. Edirisinghe
Chief Operating Officer,
Export Division

B. A. F. G. Suares
Chief Financial Officer

G. A. de Silva
Director,
Ceytra (Private) Limited

D. P. P. Mendis
Chief Executive Officer,
Ceymac Rubber Company Limited

T. A. P. Silva
Chief Operating Officer,
Consumer Products Manufacturing

R. L. N. Silva
General Manager - Logistics & Administration

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No. 36
D. R. Wijewardena Mawatha
Colombo 10
Sri Lanka