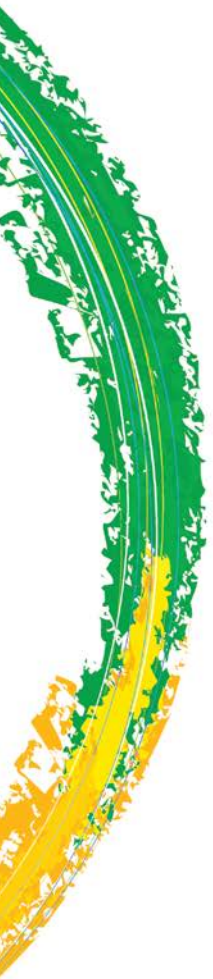


A large, circular graphic made of multiple overlapping brushstrokes in a rainbow color gradient, ranging from blue at the top to red and orange at the bottom. The strokes are thick and textured, giving it a hand-painted appearance. It frames the central text.

*distinctive
excellence*





distinctive excellence

While the pandemic stalled the progress of the economy, we used this time to re-align our business processes to optimise our bottom-line. Well-focused business clusters were formed based on operational activities. Our intention of exploring and innovating on diverse paths allowed us to formulate a milestone year. As we diversify and adapt, we are solidifying our footing as a comprehensive and all inclusive entity. Staying true to our reputation as a brand noted for its distinctive excellence, we continue to demonstrate the strength and resilience of one identity with infinite possibilities.

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OUR VALUES



VISION

TO BE RECOGNISED AS ONE OF THE TOP TEN TRADING HOUSES IN SRI LANKA.

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 OF THE COUNTRY.

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 optimising the use of existing and potential strengths and resources available to the CWM Group.*

GROUP STRUCTURE AND PRINCIPAL ACTIVITIES

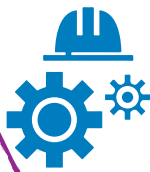
PARENT COMPANY	C. W. MACKIE PLC	
	Stated Capital: Rs.507,047,487	
	Number of Shares Issued: 35,988,556	
	Export and sale locally thick pale crepe rubber (TPC), ribbed smoked sheet rubber (RSS), desiccated coconut, other coconut-based products and spices;	
	Import and wholesale distribution of sugar to Business-to-Business customers;	
	Import and sale of lightweight machinery and welding electrodes and consumables, cutting and grinding wheels, rock drilling equipment/tools and earth moving machinery spare parts;	
	Import and sale of refrigeration and air-conditioning equipment, components, accessories, insulation materials, copper tubes, refrigerant gases and pipe supporting products;	
	Import, sale/distribution of marine paints and protective coatings;	
	Import, manufacture and distribution of branded FMCG products under food and beverage and personal and household care product categories.	
	SUBSIDIARY	CEYMAC RUBBER COMPANY LIMITED
	Stated Capital Rs.36,450,000	Number of Shares Issued 3,189,375
		Group Interest: 98.72%
		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.
	SUBSIDIARY	CEYTRA (PRIVATE) LIMITED
	Stated Capital Rs.30,000,000	Number of Shares Issued 3,000,000
		Group Interest 62.82%
		Manufacture and export of moulded rubber products.
	SUBSIDIARY	KELANI VALLEY CANNERIES LIMITED
	Stated Capital Rs.65,709,041	Number of Shares Issued 56,059,104
		Group Interest 92.85%
		Manufacture, sale and export of a wide range of processed tropical fruits and vegetables and beverage products under "KVC" brand.
	SUBSIDIARY	SUNQUICK LANKA PROPERTIES (PRIVATE) LIMITED
	Stated Capital Rs.601,960,784	Number of Shares Issued 6,019,608
		Group Interest 51%
		Owns the land and buildings of the Sunquick Plant in Horana.
	JOINT VENTURE	SUNQUICK LANKA (PRIVATE) LIMITED
	Stated Capital Rs.628,244,900	Number of Shares Issued 6,282,449
		Group Interest 49%
		Bottling of "Sunquick" range of fruit squashes and Ready-to-Drink (RTD) fruit juices.

WHAT WE DO



FMCG

Engage in the manufacture, Import and distribution of branded FMCG products specialising in the food and beverage, personal and household care categories



RUBBER-BASED PRODUCTS MANUFACTURING

Engage in the manufacture, sale and export of technically specified rubber (TSR), sole crepe and moulded rubber products



HEMPEL PAINTS

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



EXPORT TRADING

Engage in the export of all grades of natural rubber, ribbed smoked sheet (RSS) rubber, sole crepe, technically specified rubber (TSR), desiccated coconut, other coconut-based products and spices



SUGAR TRADING

Engage in the import and wholesale distribution of sugar to Business-to-Business customers



REFRIGERATION AND AIR-CONDITIONING

Engage in the import and sale of world-renowned brands of refrigeration and air-conditioning equipment, components, accessories, insulation materials, copper tubes, refrigerant gases and pipe supporting products



LIGHTWEIGHT MACHINERY AND WELDING ELECTRODES

Engage in the import and sale of world-renowned brands of lightweight machinery and welding electrodes/consumables, cutting and grinding wheels, rock drilling equipment/tools and earth moving machinery spare parts

OUR TIMELINE

1900

The business was founded by late Mr. C. W. Mackie, a Scotsman, as merchants and commission agents and carried on under the name of “C. W. Mackie & Company”.



1922

- *Incorporated as a private limited company.*

1946

- *A consortium of Ceylonese and Indian Businessmen buy over share of the Company and convert it to a Public Company.*

1971

- *Ceylon Trading Company Limited, a local subsidiary of Aarhus United A/S, Denmark acquire part of the Indian shareholding and takes over the Management.*

1994

- *Shares equivalent to 25% of the total shares issued to the public. Shares were quoted on the Colombo Stock Exchange.*

2010

- *Aarhus United A/S (AU) and Ceylon Trading Company Limited (CTC) divest their entire shareholding of 56.56% of the stated capital and relinquish control of C. W. Mackie PLC Group of Companies.*
- *AU/CTC shares acquired by Lankem Ceylon PLC and a connected party.*

OUR BEGINNING

ESTABLISHED AS
MERCHANTS AND
COMMISSION AGENTS
IN THE YEAR 1900 BY
SCOTSMAN,
MR. C. W. MACKIE,
'C. W. MACKIE &
COMPANY' WAS
INCORPORATED AS
A PRIVATE LIMITED
COMPANY IN 1922.
A CONSORTIUM OF
CEYLONESE AND
INDIAN BUSINESSMEN
FOLLOWING A BUY
OVER, CONVERTED THE
COMPANY TO A PUBLIC
COMPANY IN 1946.



Public Listing and Shareholder Change

C. W. Mackie PLC (then known as 'C. W. Mackie & Company Ltd') went public on being listed in the Colombo Stock Exchange (CSE) in 1994, issuing shares equivalent to 25% of the total shares in the Company with the view of raising capital funds for its future diversification and expansion. In early 2010, Lankem Ceylon PLC and Kotagala Plantations PLC, acquired a shareholding of 56.56% between them, divested by the Aarhus United A/S, Denmark (AU) and Ceylon Trading Company Limited (CTC) who upon sale, relinquished control of affairs of the C. W. Mackie PLC Group of Companies.

Current Status

C. W. Mackie PLC Group presently consists of C. W. Mackie PLC and its subsidiaries engaged in diversified industry areas ranging across exports from Sri Lanka, imports, manufacture, resale activity and distribution of products islandwide.

Parent Company

Lankem Ceylon PLC (Lankem) was established in 1964 in Sri Lanka as a private limited liability company and since 1970, its shares have been listed on the trading floor of the CSE.

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 its affairs and enhances business opportunities availing of synergies.

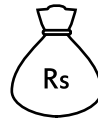
YEAR IN REVIEW

For the year ended 31 March		2021	2020	Change %
Operating Highlights and Ratios				
Group revenue	Rs.000's	10,927,486	8,593,307	27%
Group gross profit	Rs.000's	1,480,762	1,188,104	25%
Group profit before tax	Rs.000's	377,170	21,156	1683%
Group profit/(loss) after tax	Rs.000's	255,671	(77,969)	428%
Profit/(loss) attributed to parent company	Rs.000's	264,684	(75,524)	450%
Group earnings/(loss) per share	Rs.	7.35	(2.10)	450%
Dividend per share	Rs.	-	3.50	-100%
Interest cover ratio	No. of times	3.94	0.82	378%
Net return on capital employed	%	14.96	4.67	220%
Earnings/(loss) per share	Rs.	7.35	(2.10)	450%
Group foreign exchange earnings	Rs.000's	1,928,741	1,678,298	15%
Contribution to government revenue	Rs.000's	1,076,500	1,614,400	-33%
Group value added	Rs.000's	1,899,700	2,250,100	-16%
Value added per employee	Rs.000's	3,598	4,099	-12%
Balance Sheet Highlights and Ratios				
Total assets	Rs.000's	7,251,433	6,031,785	20%
Total shareholders' funds	Rs.000's	2,599,839	2,371,902	10%
Total debt	Rs.000's	1,730,321	1,883,446	-8%
Current ratio	1:	1.26	1.32	-4%
Net assets value per share	Rs.	72.24	65.91	10%
Debt/equity	%	67%	79%	-16%
Debt/total assets	%	24%	31%	-24%
Group capital expenditure	Rs.000's	238,535	260,641	-8%
Market/Shareholder Information				
Market value per share				
- at year end	Rs.	44.00	38.80	
- during the year - Highest	Rs.	59.00	49.00	
- during the year - Lowest	Rs.	30.20	35.30	
Dividend payout ratio	%	-	-167%	
Dividend yield	%	-	9%	
Price earnings ratio	No. of times	5.98	-18.49	
General				
Number of employees in Group		528	549	
Value in Rs. at official exchange rate	United States Dollar	199.00	190.00	
	Pound Sterling	273.40	234.30	
	Euro	233.12	209.34	



Rs. **10.93**Bn 

REVENUE

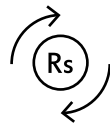


Rs. **1.48**Bn 

GROSS PROFIT

Rs. **542.86**Mn 

EBIT

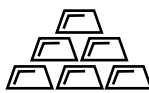


Rs. **255.67**Bn 

PROFIT AFTER TAX

Rs. **7.25**Bn 

TOTAL ASSETS

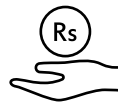


Rs. **2.60**Bn 

SHAREHOLDERS' FUND

Rs. **72.24** 

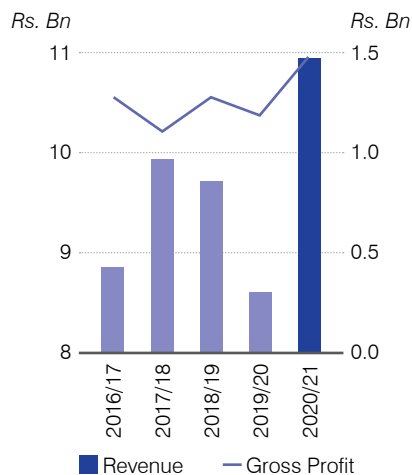
NET ASSETS PER SHARE



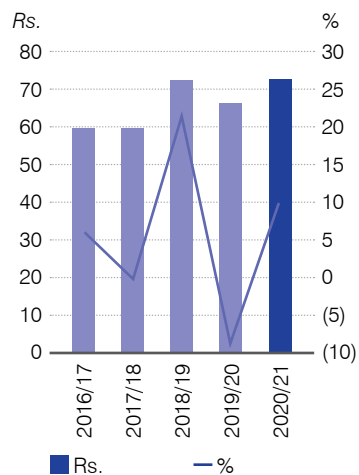
Rs. **20.70**Mn 

REVENUE PER EMPLOYEE

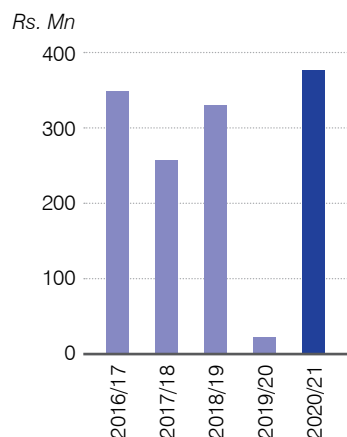
Group Revenue and Gross Profit



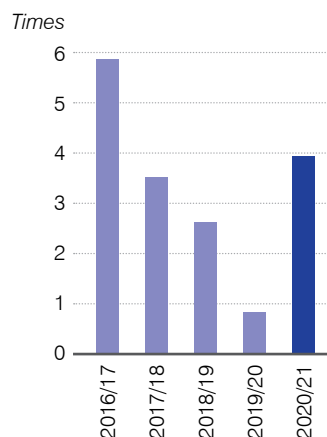
Net Assets Per Share



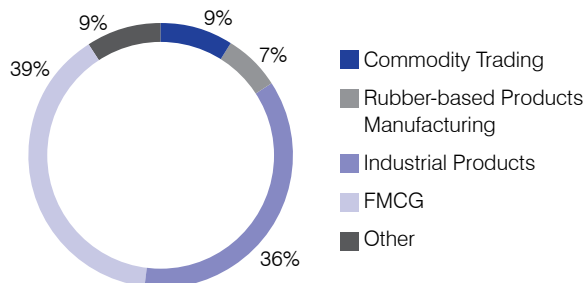
Group Profit Before Tax



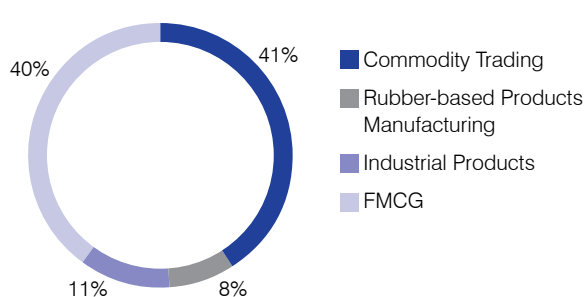
Interest Cover



Group Operating Profit



Group Revenue





CONTRIBUTION TO GROUP

- Revenue - Rs.4,436.14 million
- Gross Profit - Rs.824.83 million
- EBIT - Rs.211.60 million
- Profit Before Tax - Rs.183.17 million
- Total Assets - Rs.2,745.38 million
- Outlet Penetration - over 100,000 (6 Channel Specifics)

OUR MAIN PARTNERS

- Co-Ro A/S
- S. C. Johnson & Son (Pvt) Ltd.
- Wipro Consumer Care Lanka (Pvt) Ltd.
- Himalaya Drug Co. Pte. Ltd.
- Beiersdorf India (Pvt) Ltd.





CHAIRMAN/CHIEF EXECUTIVE OFFICER'S REVIEW

On behalf of the Board of Directors, I am pleased to welcome you to the Ninety Ninth 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 2021.

FINANCIAL RESULTS

Group Gross Profit

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

	Group	
	Year ended 31 March 2021 Rs. Million	Year ended 31 March 2020 Rs. Million
C. W. Mackie PLC	1,348.51	1,117.00
Ceymac Rubber Company Limited	67.21	30.68
Ceytra (Private) Limited	4.65	8.15
Kelani Valley Canneries Limited	60.39	32.27
	1,480.76	1,188.10

Group Results from Operating Activities

The Group's result from operating activities for the period under review was Rs.542.86 million.

Group Profit Before Tax

The Group's ordinary activities resulted in a profit before tax of Rs.377.17 million for the financial year ended 31 March 2021 as given hereunder:

	Group	
	Year ended 31 March 2021 Rs. Million	Year ended 31 March 2020 Rs. Million
Profit from operating activities	542.86	137.99
Less: Net financing costs	(115.17)	(124.79)
Share of joint venture's profit/(loss)	(50.52)	7.96
Profit before taxation	377.17	21.16

The Group's consolidated net revenue for the financial year ended 31 March 2021 was Rs.10,927.49 million as compared with Rs.8,593.31 million in 2020. The major contribution towards the consolidated net revenue was from FMCG sales and distribution and commodity trading activities of Rs.9,000.0 million.

The results from operating activities was Rs.542.86 million and the net profit for the period, after charging income tax of Rs.121.49 million, was Rs.255.67 million.

These impressive results were achieved only during nine months of trading from July 2020 to March 2021 after the COVID-19 nation-wide lockdown which was in place during Q1 of 2020/21 was relaxed.

CHAIRMAN/CHIEF EXECUTIVE OFFICER'S REVIEW (Contd.)

Group Total Comprehensive Income

The total comprehensive income of the Group after adjusting for taxation, other comprehensive expense and non-controlling interests for the financial year ended 31 March 2021 was Rs.227.94 million and is shown in the following analysis:

	Group	
	Year ended 31 March 2021 Rs. Million	Year ended 31 March 2020 Rs. Million
Group profit from operating activities	542.86	137.99
Less: Net financing costs	(115.17)	(124.79)
Share of joint venture's profit/(loss)	(50.52)	7.96
Group profit before taxation	377.17	21.16
Tax expense	(121.49)	(99.13)
Group profit/(loss) after taxation	255.67	(77.97)
Other comprehensive income/(expense)	(37.39)	(23.86)
Group total comprehensive income/(expense)	218.28	(101.83)
Non-controlling interests	9.67	3.11
Equity holders of the parent company	227.94	(98.72)

OVERALL PERFORMANCE**C. W. Mackie PLC (Parent Company)**

The Company's net revenue in the financial year ended 31 March 2021 was Rs.9,989.46 million. The profit from operating activities was Rs.536.42 million and the profit for the year, after charging income tax of Rs.120.83 million, was Rs.284.49 million.

C. W. Mackie PLC (Group)

The Group's consolidated net revenue for the financial year ended 31 March 2021 was Rs.10,927.49 million as compared with Rs.8,593.31 million in 2020. The major contribution towards the consolidated net revenue was from FMCG sales and distribution and commodity trading activities of Rs.9,000.0 million.

The results from operating activities was Rs.542.86 million and the net profit for the period, after charging income tax of Rs.121.49 million, was Rs.255.67 million.

These impressive results were achieved only during nine months of trading from July 2020 to March 2021 after the COVID-19 nation-wide lockdown which was in place during Q1 of 2020/21 was relaxed.

INTERNAL TRADING

The contribution from Internal Trading activities to the Group's top-line and bottom-line is significant. Internal Trading comprises two main operating clusters, i.e. the Fast Moving Consumer Goods (FMCG) Cluster and the Industrial Products Cluster manufacturing, importing, marketing and re-distribution activities. During the year under review, Internal Trading contributed 51% to the top-line and 101% to its bottom-line. The other strategic business unit, the Commodity Trading Cluster is engaged in export trading, import and manufacturing activities.

Fast Moving Consumer Goods Cluster (FMCG)

Notwithstanding challenges caused by the COVID-19 pandemic and resultant country wide lockdowns during April-May 2020 and October-November 2020, the FMCG Cluster recorded a revenue amounting to Rs.4,436.14 million, a gross profit of Rs.824.83 million and Rs.183.17 million as net profit before tax. This is the highest bottom-line contribution to the Group profits.

The FMCG distribution activities were largely affected by the COVID-19 pandemic lockdown especially during Q1 of 2020/21. Tourist arrivals were significantly reduced and HORECA sector operations were severely disrupted.

The consumer income levels also notably declined due to the pandemic and the country wide lockdown which in turn, negatively affected the FMCG Cluster.

Due to COVID-19 pandemic and subsequent country wide lockdown, the total income levels of the general public were drastically affected, which resulted in a lower level of disposable income of consumers during this period. The impact of this significantly reduced demand due to a decline in consumer spending during the first wave of the pandemic (March-May 2020) witnessed a notable drop for non-essential FMCG food and beverages items. A category de-growth was observed for all types of cold beverages leading to a severe category de-growth in all cold beverages, including carbonated soft drinks category. Consequently, the Company's flagship consumer brand 'Sunquick' recorded a significant de-growth during Q1 and Q2 of 2020/21. However, the Company was able to maintain the average monthly sales of Sunquick, commencing Q3 of 2020/21 onwards. Nevertheless, the FMCG Cluster experienced a significant growth from snack category and recorded a massive 30% value growth during the year under review.

The construction of the Ready-To-Drink (RTD) manufacturing facility in Horana was completed in Q4 of 2020/21 and

Performance of the Industrial Products Cluster is very significant and its bottom-line contribution was Rs.174,07 million which represented 46% to the total Group profit before tax. Both turnover and profitability growth was very encouraging at 22% and 43% respectively, during the year under review.

The Management is committed to further develop this cluster in the backdrop of the upcoming infrastructure development projects and high-rise construction projects, including envisaged projects in the Colombo Port City.

commercial production has since commenced. RTD sales is expected to add considerable value to the FMCG Cluster.

The FMCG Cluster was further expanded to include the personal and household care segment commencing 2019/20 and this was further strengthened by the addition of another internationally reputed brand 'Himalaya' to its existing product portfolio.

Industrial Products Cluster

The Industrial Products Cluster comprises three main industrial related operational activities, namely industrial refrigeration and air-conditioning, lightweight machinery and welding electrodes sales (Industrial Products) and sales of marine paints and protective coatings (Hempel Paints).

This cluster imports and sells refrigerant gases, copper tubes, pipe support products, welding machines, welding electrodes and cutting/grinding wheels and marine paints and related products. It has been identified as one of the fast-growing clusters and the Management is focused on further development of the Industrial Products Cluster.

The Company manages and holds internationally reputed industrial products brands in this cluster, which includes 'Danfoss' air-conditioning components, 'Frascold' and 'Bitzer' compressors, 'Telwin' welding machines, 'Mosa' generators, 'Eutectic' welding products, 'Stonebridge' welding rods, 'Hira/Diamond' Walraven pipe support systems and 'Hempel' marine paints. All are brand leaders in their own categories.

In addition, performance of the Industrial Products Cluster is very significant and its bottom-line contribution was Rs.174,07 million which represented 46% to the total Group profit before tax. Both turnover and profitability growth was very encouraging at 22% and 43% respectively, during the year under review.

The Management is committed to further develop this cluster in the backdrop of the upcoming infrastructure development projects and high-rise construction projects, including envisaged projects in the Colombo Port City.

Sugar Trading

The Company traded 28.05 million kgs. of sugar and realised Rs.2,737.14 million as compared with 26.11 million kgs. and turnover of Rs.1,565.62 million. Sales were solely to industrial users in the confectionery, bakery, fruit juices, dairy, beer, pharmaceutical and carbonated drinks category.

The Company uses two operating models to trade sugar for industrial customers, namely, direct imports and sales to buyers as per their requirements and providing handling services at a mutually agreed fee. The profit before tax from sugar trading was Rs.20.63 million as compared with Rs.9.33 million in 2019/20. The Government policy framework for sugar import duty and fixing maximum retail prices has direct impact on the capacity to make profit from trading sugar.

EXPORT TRADING

The Company's commodity trading activities are confined to trading Natural Rubber (NR) and Desiccated Coconut (DC). Trading these commodities is severely constrained by the sharp decline in the availability of NR and DC.

The Company's exports and local sales to domestic rubber-based industries was 2.63 million kgs. and realised a gross trading profit of Rs.117.05 million.

In the case of DC, demand for household consumption is making fewer nuts available for processing of DC resulting in less quantities for export. The total national output of coconuts in 2020 is estimated to be 2.8 billion nuts, a notable decline of 9.5% compared to the previous year. The contraction in nut production resulted in a decline of 43% of the DC production to 25.26 million kgs.

CHAIRMAN/CHIEF EXECUTIVE OFFICER'S REVIEW (Contd.)

The Company exported 1.54 million kgs. of DC during the year and realised a gross trading profit of Rs.8.88 million.

During the year 2020/21 the Company has revived its Spice trading activities and exported a range of spices, mostly to India. Spice exports include cinnamon, nutmeg, cloves, black pepper and arecanut. The Company exported 0.13 million kgs. of spices since October 2020 and recorded a marginal gross trading profit of Rs.1.68 million.

In the year under review, the exports of NR, DC and Spices produced sales of Rs.1.79 billion and profit before tax of Rs.72.99 million.

SUBSIDIARY COMPANIES**Ceymac Rubber Company Limited**

The persistently weak global prices of technically specified rubber (TSR) and high local prices for procuring raw material for TSR manufacture impacted adversely on the Company's capacity to secure export business for TSR. TSR sales during the year was entirely to local tyre manufacturers.

Total sales of TSR for the year increased to 2.08 million kgs. from 1.34 million kgs. last year and produced a much improved gross trading profit of Rs.54.09 million as against Rs.15.35 million in the previous year.

The Company also manufactures and exports sole crepe. The sole crepe export orders showed a declining trend largely owing to lack of export orders. Total exports of sole crepe for the year was a mere 0.18 million kgs. compared with 0.25 million kgs. in 2020. Out of this quantity export sales was only 0.09 million kgs. as against 0.16 million kgs. in 2020. This resulted in an increase in gross trading loss of Rs.12.51 million from Rs.5.97 million loss in the previous year. The Company was able to reduce the net loss for the year to Rs.5.01 million from Rs.39.73 million loss in 2020 due to the improved gross trading profit contribution from TSR after absorbing the loss from sole crepe and management of finance costs.

Ceytra (Private) Limited

The Company manufactures moulded rubber products for export and sale locally. Sales for the year was 0.19 million kgs from 0.21 million kgs. in 2020 and recorded a net loss of Rs.2.53 million as against Rs.2.45 million loss in 2020.

The Company's capacity to manufacture moulded rubber products is limited and the prospects to expand its export trade is largely constrained by pricing issues.

The Company has drawn up business planning initiatives to grow its business by penetrating the local market where there is demand for locally made moulded products in the household and automobile parts business.

Kelani Valley Canneries Limited (KVC)

The Company continues to manufacture a wide range of processed, tropical fruits and vegetables and beverage products under the 'KVC' brand.

During the year under review, the product range has been further rationalised in line with market demand with constantly improved recipes with potential to yield profit. Also, the Company is undertaking custom packing for proprietary customers under a fee-based scheme that enables better capacity utilisation and reduced overhead absorption rates. Both strategies have the potential to boost revenue and generate profits.

The Company has focused on growing its export sales revenue and several potential markets have been identified. Sizable initial orders are being exported to some markets.

During the year under review, the Company has posted a very encouraging performance to achieve a net loss for the year of Rs.7.27 million from Rs.39.20 million loss in 2020. Revenue grew by 14% to Rs.270.69 million from Rs.236.97 million during the previous year. Reduced net finance costs owing to the low interest regime in the financial market coupled with better management of operating expenses have helped the Company to improve its bottom-line.

The Management of KVC has identified and improved a number of key business areas to continuously improve its performance in the future.

FINANCE

Bank borrowings are the principal source of funds for financing the Group's working capital requirements and capital expenditure outlays.

Interest rate on bank borrowings on an average was 7.75% per annum and the interest rates offered by the consortium of banks did not reflect any significant differentials and was mostly uniform and consistent. Due to low interest rates that prevailed during the period under review, the net financing costs incurred by the Group reduced to Rs.115.17 million from Rs.124.79 million in 2020.

During the year 2020/21 the Company has revived its Spice trading activities and exported a range of spices, mostly to India. Spice exports include cinnamon, nutmeg, cloves and black pepper. The Company exported 0.13 million kgs. of spices since October 2020 and recorded a marginal gross trading profit of Rs.1.68 million.

The Group's income tax expense for the year is Rs.121.49 million, as against Rs.99.13 million in 2020.

The Parent Company has no carried forward tax losses. Subsidiary companies, Ceymac Rubber Company Limited has a carried forward tax loss of Rs.99.38 million, Ceytra (Private) Limited a carried forward tax loss of Rs.44.24 million and Kelani Valley Canneries Limited a carried forward tax loss of Rs.322.63 million.

INDUSTRIAL RELATIONS

The industrial relations environment in all companies within the Group was stable and without any incidents and employees at all levels co-operated with the Management in maintaining a sound and cordial relationship.

A major objective of the Group Human Relations Policy is to attract, develop and retain a skilled work force. To achieve that, well-structured processes are in place to identify critical employees and retain them in the long term.

No member of the Group staff at any level was laid off and/or deprived of any employment benefits due to the challenges and disruptions caused to the business owing to the COVID-19 pandemic and all staff received their normal emoluments despite the adverse effects on the business.

Manning levels as at 31 March 2021 is given below: -

Company	Managerial/ Executives	Non- Executives	Manual Operatives	Total	
				As at 31 March 2021	As at 31 March 2020
C. W. Mackie PLC	97	181	54	332	341
Ceymac Rubber Company Limited	7	21	79	107	113
Ceytra (Private) Limited	2	4	27	33	34
Kelani Valley Canneries Limited	9	15	31	55	61
Group Total	115	221	191	527	549

DIVIDEND

The Directors recommend to the shareholders at the Annual General Meeting a first and final dividend of Rs.7/- per share amounting to Rs.251.92 million out of the profits for the year ended 31 March 2021 in accordance with the provisions of the Companies Act No.7 of 2007.

CHAIRMAN/CHIEF EXECUTIVE OFFICER'S REVIEW (Contd.)

The Management has carried out a detailed assessment and plan as to how the Group will continue its operations in its optimum capacity to generate projected profits and liquidity, based on different models. Given the volatile and evolving landscape, the Group Management consistently monitors the impact of COVID-19 on the Group's operations and proactively takes measures to ensure the business continues with adequate working capital management, cost reduction methods, innovations in doing the business and financial assistance from its bankers.

POST COVID-19 OUTCOMES

In the foreseeable short-to-medium term COVID-19 pandemic will have an adverse impact on the overall business activities and operations of the C. W. Mackie PLC Group. The Group experienced temporary disruption in retail sales and collections from trade debtors. Further, there were import restrictions on some trading items in the Industrial Products Cluster. Retail trade may also face significant challenges as it relies on imports given the supply chain disruptions, depreciation of exchange rates, import restrictions and declining real income levels of consumers.

Export-oriented business segment's demand will be affected in the short-to-medium term given the prevailing economic uncertainty across key global markets. Also, disruptions to global supply chains, agricultural output and exchange rate volatility is expected to adversely impact on export performance.

The Management has carried out a detailed assessment and plan as to how the Group will continue its operations in its optimum capacity to generate projected profits and liquidity, based on different models. Given the volatile and evolving landscape, the Group Management consistently monitors the impact of COVID-19 on the Group's operations and proactively take measures to ensure the business continues with adequate working capital management, cost reduction methods, innovations in doing the business and financial assistance from its bankers. The Directors are satisfied that the Company, its subsidiaries and associate have adequate resources and capabilities to continue operations in the foreseeable future.

ACKNOWLEDGEMENTS

My colleagues on the Board comprise business leaders and professionals of the highest calibre. Their expertise and wide experience collectively ensures a right balance of executive competency and independent judgement and adds much value to the deliberations of the Board. Their constant counsel has enabled me to continue to strengthen and efficiently conduct the affairs of the Company in the best interests of all stakeholders, for which I am deeply grateful.

I wish to acknowledge with deep appreciation the confidence and trust reposed on me by the nominee directors of the principal shareholder, Lankem Ceylon PLC, who have continued to allow me the freedom to carry out the affairs of the Company without any constraints.

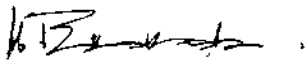
I also wish to acknowledge with much appreciation the confidence of Dr. T. Senthilvel, the major minority shareholder in the Company, has in the Management's capacity to efficiently conduct the affairs of the Company and deliver a reasonable return on investment.

Mr. R. C. Peries, who represented the interests of Lankem Ceylon PLC on the Board of the Company, resigned as a Director in December 2020 consequent to his retirement from the Lankem Group. I wish to place on record and acknowledge with appreciation Mr. Peries's contribution to the deliberations of the CWM Board during his tenure.

I extend a warm welcome to Mr. Sanjeev Rajaratnam who was appointed to the Board of the Company in April 2021 as a nominee of Lankem Ceylon PLC.

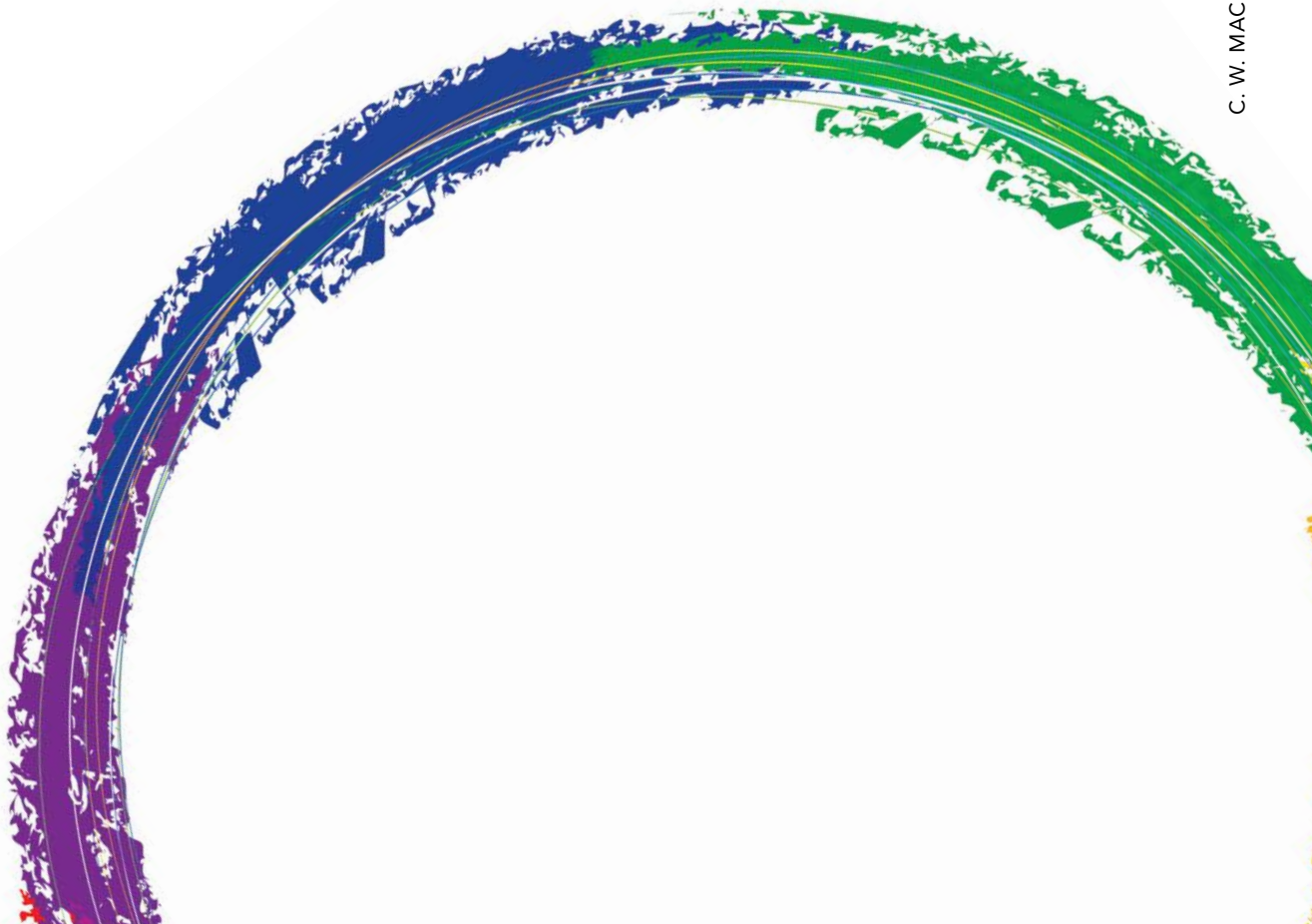
I acknowledge with much appreciation the contribution of the Group's highly competent management team and employees at all levels whose commitment and dedicated endeavours that helped to achieve results well beyond expectations notwithstanding difficult and adverse trading conditions during the year.

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



W. T. Ellawala
Chairman/Chief Executive Officer

Colombo
22 July 2021



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 Limited 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. Currently a Director of Maersk Lanka (Private) Limited, 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/Executive Director

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.

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 the Institute of Chartered Accountants of Sri Lanka. He is a former Chairman of Forbes & Walker Limited, 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. ANUSHMAN RAJARATNAM

Non-Executive Director

A Director from 1 April 2010. He was appointed to the Board of Lankem Ceylon PLC in 2005 and served as Managing Director from 2009 until December 2016. Upon appointment as the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB) in January 2017, he relinquished his duties as Managing Director of Lankem Ceylon PLC. He has worked several years overseas for a leading global accountancy firm. He also serves on the Boards of several subsidiaries of the CFLB 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, UK. He serves as Chairman of several subsidiaries of The Colombo Fort Land & Building PLC (CFLB) including that of Lankem Ceylon PLC and holds the position of Deputy Chairman of CFLB in addition to serving on the Boards of other companies within CFLB Group.

DR. T. SENTHILVERL

Non-Executive Director

A Director from 3 May 2010. He counts over five decades of active engagement in manufacturing, trading, land development, power and energy sectors, industrial turnkey projects, 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 PLC, Lanka Aluminium PLC and Bata Shoe Company of Ceylon Ltd. 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. Founder President of the Chartered Institute of Marketing UK (Sri Lanka region). His contribution to marketing and retail in Asia was recognised by the Asia Retail Congress with the Retail Leadership Award and by the Chartered Institute of Marketing UK as a visionary Business Leader for his invaluable contribution to the marketing profession in initiating revolutionary changes in consumer markets.

He has diversified experience in the financial sector as Chairman of National Development Bank PLC and Sri Lanka Insurance Corporation Ltd.

An Accountant by profession, he is a former Chairman of the Employer's Federation of Ceylon. Presently he serves as Chairman of the Industrial Service Committee-Southern Province of the Ministry of Industries and serves on the Boards of selected public, public listed and private companies.

He was inducted to the Hall of Fame of the Institute of Chartered Accountants in 2011 and was selected as the CIMA Business Icon for 2013 by the Chartered Institute of Management Accountants.

MR. K. T. A. MANGALA PERERA*Executive Director*

A Director from 2 April 2012. His academic and professional qualifications extend across multiple disciplines, which consists a Masters in Financial Economics from the University of Colombo, a B.Sc. (Hons.) Marketing Management (Special) Degree from the University of Sri Jayawardenepura, a post graduate Diploma in Business & Financial Management from the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Australian Sales and Marketing Association. He is a visiting lecturer at the Postgraduate Studies in Management at the University of Sri Jayawardenepura and University of Colombo.

He counts over 20 years extensive cross industry experience in Marketing and General Management at senior level both locally and internationally.

He has served on several national level project committees and judging panels. He is actively engaged in national level sports administration and served as the President of the Sri Lanka Mercantile Volleyball Federation and has also played a vital role in promoting beach volleyball in Sri Lanka in collaboration with the Sri Lanka Volleyball Federation.

MR. SANJEEV RAJARATNAM*Non-Executive Director*

A Director from 20 April 2021. He serves on the Board of E.B. Creasy & Company PLC as joint Managing Director. He also serves on the Boards of certain subsidiaries of the E. B. Creasy Group and holds several other Directorships, including The Colombo Fort Land & Building PLC. Mr. Sanjeev Rajaratnam holds a Bachelor of Science Degree in Business Administration from Boston College, USA and is a Member of the Institute of Chartered Accountants in Australia.

GROUP MANAGEMENT

E. A. Anura K. Edirisinghe

Chief Operating Officer - Export Division

Anura is the Chief Operating Officer of the Exports Division and also a Director of the subsidiary companies, Ceymac Rubber Company Limited and Ceytra (Private) Limited. He joined the Company in 1976 as a Management Trainee and over the years held executive and managerial positions in rubber trading. Presently he heads the Exports Sector. He has over 46 years of work experience in the field of Natural Rubber Trading internationally and in the local market. He was a former Chairman of The Colombo Rubber Traders' Association and the present Secretary/Treasurer of The Colombo Rubber Buyers' Association. He holds a Certificate in Business Studies from Central London College, UK and also Diploma in Business Management from National Institute of Business Management, Sri Lanka. He is a Fellow Member of Chartered Management Institute, UK and also Full Member of the Institute of Exports, UK.

T. A. P. Silva

Chief Operating Officer - Consumer Products Manufacturing

'Taps' as Chief Operating Officer-Consumer Products Manufacturing is overall responsible for Scan Water Bottling Plant and Delish Processing Plant. He has over 30 years of experience in the field of FMCG manufacturing Sector. He holds a Master's Degree in Business Administration (MBA) from the Cardiff Metropolitan University, UK and a Bachelor's Degree in Science (B.Sc. Hons.) from the University of Colombo.

N. Jerome P. Jayasinghe

Chief Operating Officer - Scan Products Division (from 1 April 2021)

Jerome is the Chief Operating Officer - Scan Products Division from 1 April 2021. He joined the Company in 2010 as Assistant General Manager-National Sales of Scan Products Division and presently heads this Division. He has over 28 years of work experience in the field of Brand Marketing & Sales Management locally and internationally.

As an active sales and marketing professional, he has contributed immensely by serving on the national level judging

panel of the Sri Lanka Institute of Marketing (SLIM) National Sales Congress (NASCO). He holds a Master's Degree in Business Administration (MBA) from the Cardiff Metropolitan University, UK.

L. M. Raveendra

General Manager - Group Treasury

Raveendra is the General Manager-Group Treasury of Corporate Finance Division and also a Director of the subsidiary companies, Ceymac Rubber Company Limited and Ceytra (Private) Limited. He joined the Company in 2001 as a Management Trainee and held several executive and managerial positions in finance, including Internal Auditor. He has over 20 years of experience in the field of Audit/Finance. He holds a B.Sc. HRM (Special Degree) from University of Sri Jayawardenepura, Fellow Member (FCA) of Institute of Chartered Accountants of Sri Lanka and Institute of Certified Management Accountants of Sri Lanka.

N. M. Chaminda Nawaratne

General Manager - Sugar Division

Chaminda is the General Manager-Sugar Division. He joined the Company in 1996 as a Management Trainee and has held several executive and managerial positions during his tenure of service, presently heading the Sugar Sector. He has over 25 years of experience in the field of exports of commodities and import of sugar for sale locally. He holds a Bachelor's Degree in Science (B.Sc.) from University of Peradeniya, Diploma in Marketing Management and a Diploma in Personal Management from National Institute of Business Management (NIBM) Sri Lanka.

W. Chinthaka K. Indrapala

General Manager - Hempel Division

Chinthaka joined the Company in 1998 as Technical Sales Executive and currently heads the Hempel Division as General Manager. He has over 22 years of experience in the field of Marine Paints. He holds a Bachelor's Degree in Science (B.Sc.) in Chemical Engineering from the University of Moratuwa. He also holds a qualification of CIP Level-3 certification from the National Association of Corrosion Engineers (NACE), USA.

Saketha P. Jayasinghe*General Manager - Management Information Systems*

Saketha is the General Manager-Management Information Systems of the Company's Management Information Systems Department. He joined the Company in 1996 as a Management Trainee and held executive and managerial positions. Presently heads the Information Technology Sector. He has over 25 years of experience in the field of Information Technology. He holds a Bachelor's Degree in Science (B.Sc.) and a Master's Degree in Information Technology from the University of Colombo.

Ms. R. Priyadarshani Gunasena*Company Secretary - Subsidiary Companies*

Priyadarshani is the Company Secretary of the subsidiary companies and General Manager-Corporate Affairs of Ceylon Trading Company Limited. An Attorney-at-Law and Notary Public by profession. She joined the Company in 1994 as Legal Intern/Management Trainee and held several executive and managerial positions. She has over 27 years of experience in the fields of legal and company secretarial practices. She holds a Master's Degree in Business Administration (MBA) from the University of Colombo and has completed Parts I and II of the Chartered Institute of Management Accountants, UK.

Nalin B. Jayasinghe*General Manager - Produce Trading*

Nalin joined the Company in 1984 as a Management Trainee and has held several executive and managerial positions. He has over 37 years of experience in the fields of manufacturing, logistics, import and export trading. He was a former Chairman of Coconut Products Traders' & Manufacturers' Association. He has served as a Committee Member of the Sri Lanka Shippers' Council, Exporters' Association of Sri Lanka and the Asia Pacific Coconut Community. He holds a Diploma in Marketing Management from the National Institute of Business Management (NIBM) Sri Lanka.

Ms. Chandima Welengoda*General Manager - Group Finance*

Chandima is the General Manager-Group Finance and also a Director of the subsidiary companies, Ceymac Rubber Company Limited and Ceytra (Private) Limited. She joined the Company in 2012 as the Manager-Financial Reporting and has over 15 years of experience in the field of Audit, Finance and Banking. She holds a B.Sc. Accounting (Special Degree) from University of Sri Jayawardenepura, Fellow Member (FCA) of Institute of Chartered Accountants of Sri Lanka and a finalist of Chartered Institute of Management Accountants, UK. Further she has completed Level I of the Chartered Financial Analyst Institute, USA.

P. Pavalachandran*General Manager - Group Financial Services*

Pavalachandran is the General Manager-Group Financial Services and also the Executive Director of the subsidiary company Kelani Valley Canneries Limited. He joined the Company in 2017. He has over 23 years of experience in the fields of Finance and Planning, Auditing and General Management. He is a Fellow Member (FCA) of the Institute of Chartered Accountants of Sri Lanka. He holds a Master's Degree in Business Management (MBA) from the University of Wales, UK.

E. Sugath Edirisinghe*Director/General Manager - Ceymac Rubber Company Limited and Ceytra (Private) Limited*

Sugath is a Director/General Manager of Ceymac Rubber Company Limited and Ceytra (Private) Limited, subsidiary companies. He joined the Company in 1995 as a Management Trainee and has held several executive and managerial positions during his tenure of service. He has over 26 years of experience in the field of finance and rubber manufacturing. He holds a B.Sc. Accounting (Special Degree) from University of Sri Jayawardenepura and a final level of Institute of Chartered Accountants of Sri Lanka.

GROUP MANAGEMENT (Contd.)

D. P. Pubudu K. Weerasekera

General Manager - Industrial Products and Refrigeration and Air-conditioning Divisions

Pubudu joined the Company in 2006 as Technical Sales Executive and currently heads the Industrial Products and Refrigeration and Air-conditioning Divisions as General Manager. He has over 15 years of experience in the field of refrigeration industry. He holds a Master's Degree in Business Management (MBM) from the University of Colombo and a Higher National Diploma in Mechanical Engineering from Advanced Technological Institute, Sri Lanka. He is a member of the International Institute of Ammonia Refrigeration, USA and Member of the Institute of Refrigeration, UK.

V. Lasantha S. Ratnayake

General Manager - Kelani Valley Canneries Limited (from 1 January 2020)

Lasantha is the General Manager of Kelani Valley Canneries Limited (KVC), a subsidiary company. He joined KVC in 2020. He has over 27 years of experience in the field of Food Industry specially in General Management, Operations Management and Human Resource Management. He holds a Bachelor's Degree in Business Management from the University of Sri Jayawardenepura. He has also obtained the professional qualification in Human Resource Management from the Chartered Institute of Personal Management (CIPM), Sri Lanka. He is currently serving as the Assistant Secretary of Sri Lanka Food Processors' Association.

K. W. D. Duminda Kotalawala

General Manager - Food Service and Personal & Household Care Business - Scan Products Division (from 1 April 2021)

Duminda is the General Manager - Food Service and Personal & Household Care Business. He joined the Company in 2011 as Brand Manager and has over 24 years of experience in the fields of Sales & Marketing and General Management. He holds a Bachelor's Degree in Marketing Management from the University of Sri Jayawardenepura.

OUR ACCREDITATIONS AND CERTIFICATIONS

Our manufacturing operations/processes are accredited with the following certifications and ensure that all products meet stringent international and local quality standards:

1. GMP - Good Manufacturing Practices, a system for ensuring that products are consistently produced and controlled according to quality standards.
2. ISO 9001 : 2015 - Quality Management Systems certification, a system to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.
3. ISO 14001 : 2015 - Environmental Management Systems certification, a system to identify and manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.
4. ISO 22000 : 2018 - Food Safety Management Systems Certification, a system that maps out how an organisation can demonstrate its ability to control safety hazards to ensure that food is safe.
5. SLS - Product quality standards as per the specifications of Sri Lanka Standards Institution.
6. HACCP - Hazard Analysis Critical Control Point, a systematic preventive approach to food safety from biological, chemical and physical hazards in production processes that can cause finished products to be unsafe and design measures to reduce these risks to a safe level.
7. Organic Certifications:
 - (a) Organic EU - Organic certification for EU countries.
 - (b) Organic USDA-NOP - National Organic Program by the Federal Regulatory Framework in the United States of America for governing organic food.
 - (c) JAS - Japanese Agricultural Organic Standard, a regulatory framework in Japan governing organic food.
8. CDA - Coconut Development Authority certified as an exporter of coconut-based products.
9. FSC-COC - Forest Stewardship Council Chain of Custody certification provides credible confirmation for products with environmentally and socially responsible sources to access the market.



OUR STRONG BRANDS



SUNQUICK

'Sunquick', a Danish origin multinational fruit squash brand available in more than 100 countries around the globe. Sunquick's association with C. W. Mackie PLC is more than 40 years and today, it is the category leader in squash and cordial market and enjoys 70% market share.

SCAN JUMBO PEANUTS

'SCAN Jumbo Peanuts' is another proprietary brand of C. W. Mackie PLC and a leader in its particular category enjoying 70% market share and packed under its own label of Scan. The peanuts sourced from China are carefully chosen are larger in size and the product is processed and packed under stringent quality control and conditions.

SCAN BOTTLED DRINKING WATER

'SCAN' Bottled Drinking Water, ultra-premium purified drinking water is among the premium and the cleanest known bottled water brand in Sri Lanka. SCAN Bottled Drinking Water is manufactured and bottled at the state-of-the-art bottling plant of C. W. Mackie PLC in Horana.

SCAN Bottled Drinking Water besides SLS certification is certified as ISO 9001:2015, ISO 22000:2018 and the bottling plant was recently awarded with the ISO 14001:2015 - Environmental Management System (EMS) certification.

It is also certified by the Ministry of Health for Quality Management Systems and Food Safety Management Systems, such as Hazard Analysis and Critical Control Points (HACCP) and Good Manufacturing Practice (GMP).

DELISH

'Delish' is also another proprietary brand to the FMCG range of products of C. W. Mackie PLC comprising jelly crystals, corn flour, gelatine, icing sugar and cocoa powder in the FMCG product portfolio in the category of bakery and confectionery items.

Butter cake mix is one of the latest innovations introduced by its Research and Development Division and caters to the busy life patterns of modern consumer.

Delish products follow internationally accepted recipes and are manufactured adhering to stringent quality control processes at its manufacturing and processing plant located in Horana.

KOTAGALA KAHATA

'Kotagala Kahata' is a fine blend of Ceylon tea with high quality taste, strength and aroma and packed under our own label. C. W. Mackie PLC introduced Kotagala Kahata to the Sri Lankan market in 2012 and within a short span of time, became one of the biggest dust tea brands in Sri Lanka. BOPF tea bag range was also introduced as a line extension in the Kotagala Kahata tea category.



KVC

'KVC' is a trusted brand in the manufacture and export industry for processed tropical fruits and vegetables ranging from jams, sauces, cordials, nectars, fruit juices, pulp to canned fruits and vegetables to chutneys, pickles, pastes, creams, brines, sambols and treacle. KVC is a household brand in Sri Lanka.



OCEAN FRESH TUNA

'Ocean Fresh' Tuna, another proprietary brand of C. W. Mackie PLC, comes from Thailand in 5 healthy and delicious varieties namely, Tuna Chunks in Sunflower Oil, Tuna Chunks in Soy bean Oil, Tuna Chunks in Olive Oil, Low Fat Tuna and Tuna Spread. With the launch of Ocean Fresh brand to the Sri Lankan market, C. W. Mackie PLC was able to split the traditional canned fish market by up-lifting quality parameters.



STAR BRAND ESSENCES AND COLOURINGS

'Star' brand is owned by International Flavours and Fragrances, USA, the world's leading flavour and fragrance creator and market innovator. C. W. Mackie PLC distributes a range of unique 6 essences and 4 colours for savouries and sweets to the beverage and dairy industries and is the local distributor for Star brand for over 24 years.

STAR BRAND



OUR STRONG BRANDS (Contd.)



SANTOOR

'SANTOOR' is a well known trusted Indian brand beauty soap in the personal care range of products distributed by C. W. Mackie PLC. Santoor brand sandalwood and almond soap are supplied by Wipro Consumer Care Lanka (Pvt) Ltd. (representing Wipro Consumer Care Limited, India).



SOFTOUCH

'Softouch' is another brand recently added to personal and household care portfolio. Softouch is a fabric conditioner, an after wash product, which keeps clothes soft, shiny and looking brand new. This product is manufactured and supplied by Wipro Consumer Care Limited, India.



HIMALAYA

'Himalaya' is the latest addition to the FMCG range. The product category includes personal care products such as face washes and facial scrubs, face packs, face masks, deep cleansers, face creams, hair oils, eye creams and lip balms. These products are manufactured by Himalaya Drug Company Pte. Limited, a multinational manufacturing company based in India.



KIWI

The 'KIWI' range of shoe care is yet another brand in the personal care range of products supplied by S.C. Johnson & Son (Pvt) Ltd. The brand is owned by S.C. Johnson & Son Inc., a USA multinational manufacturing company engaged in the household cleaning supplies and other consumer chemicals. Kiwi remains the predominant shoe polish brand in the world sold in over 180 countries and holds over 50% market share worldwide.



HANSAPLAST

'Hansaplast' is a new addition to the FMCG range of personal care products and includes medical plasters from Beiersdorf India (Pvt) Limited.

BAYGON

'Baygon' is another brand of the FMCG products range under the household care products category and the brand is owned by S.C. Johnson & Son Inc., USA. Baygon aerosol is a pesticide used for extermination and control of household pests such as cockroaches, ants, silverfish and mosquitoes.



MR MUSCLE

'Mr Muscle' is a brand of hard-surface cleaners manufactured by S. C. Johnson & Son Inc., in the FMCG products portfolio under the household care category. The brand includes hard surface cleaners and degreasing agents for kitchens, toilets, floors, glass and other surfaces. The products are available in different fragrances.



GLADE

'Glade' is another brand under the household care range of products of FMCG portfolio. Glade is in the air freshener category and the brand consists aerosols and gels with finest fragrances. Glade products are manufactured by S. C. Johnson & Son Inc., USA.



HEMPEL

'HEMPEL' is a world-renowned and trusted Danish brand for paints and coatings in all related segments in the marine, container, decorative and protective coatings industry. C. W. Mackie PLC is the sole distributor in Sri Lanka for HEMPEL brand for over 34 years.



TELWIN

'TELWIN' is an Italian brand pioneer in welding supplies offering a wide range of quality welding machines and accessories for the welding and engineering industry. C. W. Mackie PLC is its authorised importer in Sri Lanka.



OUR STRONG BRANDS (Contd.)



STONE BRIDGE

'Stone Bridge' is a trusted brand of welding electrodes, rods and wires covering over 50 kinds of welding materials widely applied in industries such as ship building, railway, construction, including high-rise buildings, chemical, petroleum and all kinds of mechanical manufacturing and has won high prestige worldwide. Constant innovation of science and technology systems are used in the manufacturing process of Stone Bridge branded products.



DANFOSS

'Danfoss' is a world-renowned Danish brand in the refrigeration and air-conditioning industry. Its products ranging from high quality refrigeration and air-conditioning equipment, components and accessories; industrial automation components; compressors and condensing units with energy savings solutions. C. W. Mackie PLC is the sole authorised importer/distributor for Danfoss brand products in Sri Lanka.



BITZER

'Bitzer' compressors are the central element of countless refrigeration and air-conditioning systems world-wide that beat steadily and reliably at the heart of refrigeration systems of buildings, supermarkets and marine applications up to buses and trains.

For more than 85 years with the state-of-the-art product quality, 'Bitzer' has driven innovation and sustainability in the refrigeration and air-conditioning industry always making sure of the perfect temperature and optimal climate for any application.

As a market leader, Bitzer offer its customers a complete range of products made in Germany. With its environmentally friendly solutions and innovative electronic products, Bitzer is driving the refrigeration and air-conditioning industry around the world.



HIRA

'Hira' is a trusted name for high quality pipe support system in the building and construction industry. Hira products comply with the most important standards required by the insulation industry. All products are fully customisable in terms of lamination, coating and conversion according to the customer needs and puts its faith on cross-vendor quality marks in the interest of safe building technology.

commodity trading

CONTRIBUTION TO GROUP

- Revenue - Rs.5,417.62 million
- Gross Profit - Rs.312.03 million
- EBIT - Rs.87.80 million
- Profit Before Tax - Rs.90.77 million
- Total Assets - Rs.2,025.69 million

OUR MEMBER ASSOCIATIONS

- The Colombo Rubber Traders' Association
- Coconut Products Traders and Manufacturers Association
- Spices and Allied Products Producers' and Traders' Association
- The Sri Lanka Shippers Council





BUSINESS OVERVIEW

'A noteworthy performance due to a focused strategic direction'

It was a transformational year for C. W. Mackie PLC. Despite the challenges of the COVID-19 pandemic and related supply chain and demand shocks, the Company posted an exceptional performance, mainly due to a well-focused strategic direction that improved its bottom-line. The management pre-assessed the impact of external macro-economic influences and re-aligned its strategies by focusing and clustering its strategic business units into three (3) broader clusters, namely, the FMCG Cluster, Industrial Products Cluster and Commodity Trading Cluster.

The overall performance of the FMCG and Industrial Products Clusters was satisfactory, although a sharp downward shift in consumer buying patterns was observed in the FMCG Cluster. The Commodity Trading Cluster lagged behind, except for rubber exports which performed satisfactorily. Coconut-based products and sugar trading struggled to maintain their volume share. During the year under review, the management re-initiated entry into the spice trading business and achieved a satisfactory performance.

C. W. Mackie PLC Group reported the current financial year as being one of the best years of the past years, posting a revenue of Rs.10.93 billion, despite the challenges of the COVID-19 pandemic and its impact. This performance in the context of extreme operating conditions demonstrates the resilience and strength of the business model.

Several strategies were designed to protect and manage the core business and re-align processes to deal with the disruptions as well as access new business opportunities. A Business Process Re-engineering (BPR) project, recommended by the corporate management, was introduced in June 2020. This was to assess and forecast the estimated revenue loss and its impact on the business and thereby mitigate its effect. The management, *inter alia*, proposed a cost savings initiative to secure the bottom-line by improving the debt collection and recovery ratio. This included a factory efficiency and productivity enhancement mechanism, as well as the re-structuring of certain strategic business units (SBUs) to optimise their returns. Accordingly, business processes were re-engineered to increase cash flow and strengthen working capital, the debt recovery process received a new focus and unnecessary costs were trimmed. Employees' salaries and fringe benefits were not compromised in this process.

These many initiatives delivered positive results and have helped improve the bottom-line of C. W. Mackie PLC Group, which offset the losses incurred during April and May 2020

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when the factories were forced to a standstill during the national lockdown.

The country returned to a 'new normal' situation in the third quarter of this financial year, which enabled sales volumes to reach budgeted levels.

The success of the Group in circumventing these eco-political uncertainties enabled the realisation of a 25% growth in gross profits to Rs.1.48 billion, from Rs.1.19 billion achieved in 2019/2020. This increase was due to the positive growth achieved in many business segments within the Group, as well as to several positive factors that resulted in the expansion of some Group segments. The Industrial Products Cluster, Scan Products Segment of the FMCG Cluster and Export Trading Segment of the Commodity Trading Cluster achieved impressive results, which recorded a significant growth in net profit before tax in the year of review to Rs.377.17 million, from Rs.21.16 million in the previous financial year.

Total comprehensive income attributable to equity holders for the year increased to Rs.227.94 million, from a loss of Rs.98.72 million in the preceding financial year. The net finance cost reduced by 8% during the year to Rs.115.18 million, from Rs.124.79 million in 2019/2020 due to the low interest rates on short to medium term borrowings coupled with efficient management of the Group working capital during the current period.

BUSINESS OVERVIEW (Contd.)

Adapting our organisational structure to the business reality of the 'new normal' was the most important step taken by C. W. Mackie PLC Group during the year, which entailed tough decisions born of a foresight that spans a century-plus of experience.

Adapting our organisational structure to the business reality of the 'new normal' was the most important step taken by C. W. Mackie PLC Group during the year, which entailed tough decisions born of a foresight that spans a century-plus of experience. The new organisational structure allows the Group to react faster to market conditions. Whilst implementing all necessary changes to protect the current business in the challenging pandemic environment, the Company seized opportunities for further development by signing mutually beneficial partnership agreements and increasing its retail footprint to more countries in the region, as well as expanding its reach in regions in this country. These movements created new revenue streams and expanded growth perspectives for the future.

INDUSTRIAL PRODUCTS CLUSTER

The focus during the year was on the Industrial Products Cluster, which comprises seven categories, namely, light weight machinery and welding electrodes, refrigeration and air-conditioning, special projects, copper tubes trading, refrigerant gases, Hempel paints, import and distribution operations.

This Cluster successfully capitalised on the burgeoning construction industry and consequently, became the largest and most significant cluster for the Group in terms of bottom-line. Construction activities continued throughout the year, with the exception of the lockdown period from April and May 2020. Infrastructure was expanded, several new industry-focused products were introduced and new partnerships pursued to meet the new growth. Following the focused strategic direction for expansion, the Industrial Products Cluster recorded a profit before tax of Rs.174.07 million for the year under review.

FMCG CLUSTER

The FMCG Cluster has now been transformed into a fully-fledged FMCG operation that comprises five segments,

namely, manufacturing, imports, distribution and marketing, food and beverage (F&B) and personal and household care (P&HC) products. The cluster has a dedicated distribution channel for F&B and P&HC, its two product segments.

The F&B segment experienced negative growth during the first half of the year due to changing consumer behaviour patterns that prioritised the purchase of essential items as a result of reduced disposable incomes brought on by COVID-19 constraints. The P&HC segment was nevertheless quick to turn this situation to their advantage and capitalised on consumers' increased health and sanitation concerns, causing the demand for household and detergent products in particular to escalate. Certain categories of the F&B segment, the snack category for instance, experienced phenomenal growth as a result of stay-at-home adults and school children. Additionally, consumer income usually spent on leisure activities shifted to F&B goods due to the COVID-19 pandemic lockdown, a trend the Company was able to benefit from during the last two quarters of this financial year. As a result, the FMCG Cluster posted a sustainable performance of Rs.183.17 million profit before tax in the year under review, despite changed consumer behavioural patterns during an extraordinary year.

COMMODITY TRADING CLUSTER

The Commodity Trading Cluster comprises seven segments, namely, rubber-based products manufacturing, imports, exports, sugar trading, spice trading, rubber trading and coconut-based products trading. Rubber exports performed exceptionally well while coconut, sugar and spices did not perform as well as expected. Profits plummeted in the sugar trading segment due to substantial losses experienced during the period of the lockdown.

Rubber exports recorded a gratifying performance due to the adoption of a forward buying strategy that circumvented the limitations of the COVID-19 pandemic. However, the performance of desiccated coconut (DC) was disappointing due to the steep prices of coconuts that substantially reduced the competitiveness of the local product in world markets. To alleviate the impact of the high prices, the segment adopted a strategy of segmented marketing that successfully expanded market share.

The Commodity Trading Cluster made noteworthy in-roads into the spice business which the Company re-commenced in November 2020 and has since exported a range of spices that include black pepper, cloves, nutmeg and arecanut. Spices have now taken its place among the key commodities of the segment. This varied performance enabled the Cluster



to achieve Rs.61.99 million profit before tax in the current financial year.

CORPORATE SUSTAINABILITY APPROACH

C. W. Mackie PLC Group aims at fostering high standards of environmental stewardship and social equity while generating positive contributions for all stakeholders. As a leading player in the import, export, distribution and manufacturing businesses, the Group has implemented strategies that will assure continuity and enable sustainable and profitable growth, building on its track-record of focused expansion through organic growth.

The Company's clear focus is to create a winning formula for all stakeholders. Linking and aligning the different expectations of stakeholders is critical to generating value for all. For customers, by providing them with an unrivalled purchasing experience; for suppliers, by showcasing and distributing their brands to target markets; for communities, by initiating programmes that enhance their quality of life; for

shareholders, by creating long-term value through generating profits; for employees, by developing their potential through training opportunities and rewarding good performance; and for all other business partners, by positioning itself as a trusted and responsible partner with whom they have confidence in remaining, long-term.

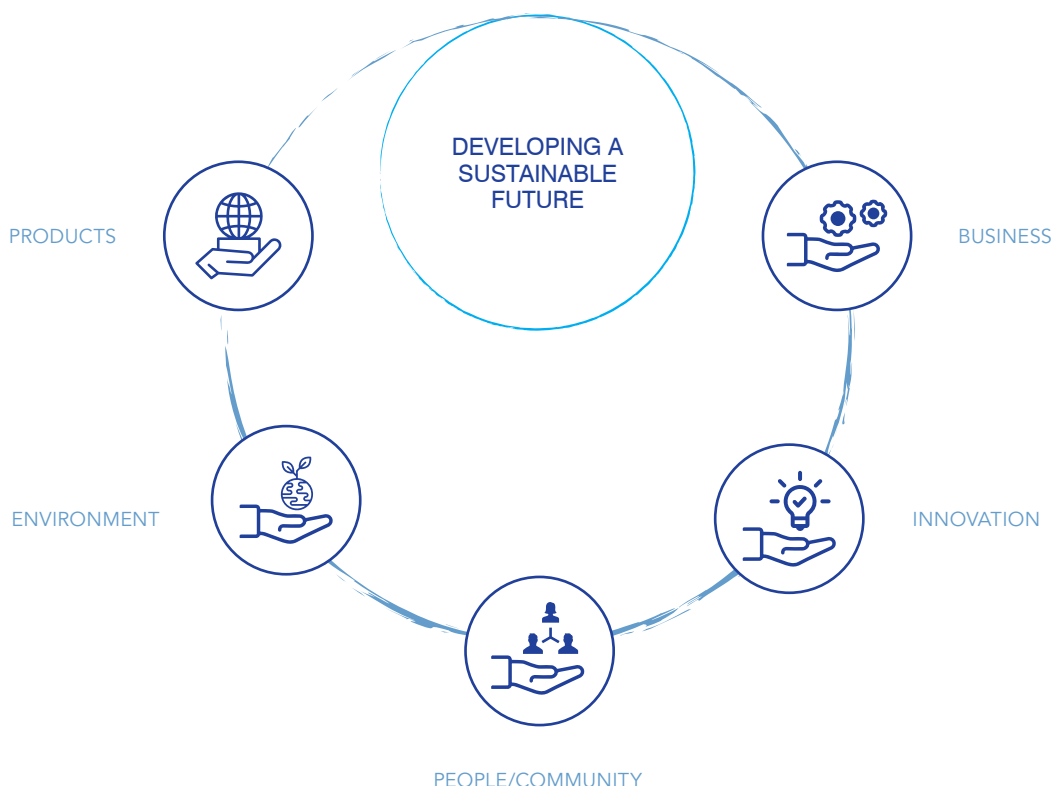
LEVERAGING TECHNOLOGY

Information technology (IT) fosters innovation, which results in smarter apps, improved data storage, faster processing and wider information distribution, all of which are essential to the growth and success of a business. The COVID-19 pandemic has also increased the demand, dependence and importance of IT in the workplace as lockdowns compel staff to work from home. IT has been an integral part of C. W. Mackie PLC's past, present and future performance and as such, is integrated into the strategies of every business cluster.

During the year under review, the Company initiated fully digitalised approaches to working remotely by enabling

BUSINESS OVERVIEW (Contd.)

real-time communication software that ensures continuous connectivity that minimises downtime and delays. Training on digital skills was carried out across divisions and staff learned to use smart and creative applications of digital technologies in virtual training sessions that minimised physical contact and increased their digital acumen. The Human Resources Division also rolled out a state-of-the-art human resources information system (HRIS) payroll with wireless connectivity that also met the remote working needs of employees. More human resources related areas will also be rolled out in the HRIS shortly, which will further enable the remote connectivity of many functions.



This year, the Company also introduced a smart factory concept for its warehouses, which enables end-to-end digitalised connectivity from factory to customer. A warehouse management system will also be on board soon that will enable identification of any issue with a particular stockpile as well as allow the Company to track stocks and activate orders if stocks are depleting.

LOCAL GROWTH FRAMEWORK

The Sri Lankan economy contracted by 3.6% during 2020, experiencing the deepest recession of the past many decades. This negative growth reflected the dampening of economic activity across all sectors due to measures put in place, both within and outside Sri Lankan borders, to combat the COVID-19 pandemic. The reduction in industry activities during the year was driven by a significant slowdown in construction and manufacturing activities as a result of lockdowns and enforced reductions in mobility.

The overall size of the economy diminished to US\$ 80.7 billion during the year, from US\$ 84.0 billion a year earlier as a result of the COVID-19 pandemic. In contrast, the preceding calendar year saw the economy grow by 2.3%. Gross domestic product (GDP) *per capita* also declined during the year to US\$ 3,682, from US\$ 3,852 in 2019, due to the combined effects of the reduced GDP and the depreciation of the Sri Lanka Rupee which declined against the US Dollar by 2.6%. The Sri Lanka Rupee recorded a depreciation of 6.7% against the US Dollar in 2021 up to May 2021.

The economy bounced back during the second half of the year with a real growth of 1.3% Year-over-Year (YoY), despite disruptions caused by the second wave of the COVID-19 outbreak in October and November 2020. This growth was largely attributed to the success of policy initiatives introduced across fiscal and monetary policy frontiers.

The plummeting of tourist arrivals by 73.5% during the year in the wake of restrictions imposed to contain the spread of the COVID-19 pandemic, had a markedly adverse effect on associated accommodation, food and beverage service activities during the year.

The COVID-19 pandemic induced a global downturn in 2020 that resulted in the world economy contracting by 4.3%. This is over two and half times higher than the contraction experienced during the global financial crisis of 2009.

The external sector also battled strong headwinds during the current financial year. Several measures introduced, including actions to curtail non-essential imports, helped reduce import expenditure in 2020, resulting in a notable improvement in the trade deficit. In March 2021, however, imports surged to US\$ 1.96 billion as exports and domestic credit picked up fast, despite mercantilist policy on import controls. This is the highest monthly import value since March 2018, with all major sectors of imports contributing to the increase.

Export earnings also revived within a relatively short span of time and reached pre-pandemic levels, despite the 16.98% decline of total merchandize export earnings from January to December 2020 to US\$ 9,912 million, from US\$ 11,940 million recorded in the same period in 2019.

Major exports like rubber and rubber-based products (US\$ 816.17 million) decreased by 9.66% in that period when compared to their performance during 2019. Exports of coconut and coconut-based products (US\$ 664.54 million), spices and condiments (US\$ 335.47 million) and other export crops (US\$ 67.59 million), on the other hand, recorded positive growth rates during the preceding calendar year.

Rubber production declined by 10.1% during the first half of 2020 due to less tapping days amidst mobility restrictions during the first wave of the COVID-19 pandemic coupled with dry weather conditions in rubber growing areas. Due to attractive market prices and favourable weather conditions, however, rubber production increased by 23.2% in the second half of 2020.

In contrast, the supply of coconut and coconut-based products showed a notable decline to 9.5% in 2020 as a result of the lag effect of insufficient rainfall received in major coconut growing areas during 2019. The contraction in nut production and supply side disturbances amidst the COVID-19 pandemic had an adverse impact on coconut

related industries as well and desiccated coconut production declined substantially to 25,255 MTs in 2020, from 44,081 MTs in 2019.

Spice trading, however, posted a promising performance as export earnings from minor export crops picked up with a 23.6% growth. Export earnings from spices increased mainly due to the phenomenal increase of 315.15% in pepper exports.

The plummeting of tourist arrivals by 73.5% during the year in the wake of restrictions imposed to contain the spread of the COVID-19 pandemic, had a markedly adverse effect on associated accommodation, food and beverage service activities during the year. Restrictions on mobility and gatherings also prompted the local community to stay away from dining at restaurants. These many movements resulted in the contraction of the food and beverage industry by a substantial 39.4% during the year.

GLOBAL GROWTH FRAMEWORK

The COVID-19 pandemic induced a global downturn in 2020 that resulted in the world economy contracting by 4.3%. This is over two and half times higher than the contraction experienced during the global financial crisis of 2009. The present crisis killed more than 2 million people, pushed 131 million people into poverty - most of which are women and children or people in marginalised communities - uprooted lives and exacerbated income inequality between communities.

Developed economies, projected to achieve a 4% output growth in 2021, contracted by 5.6% during the year as a result of economic shutdowns and subsequent waves of the COVID-19 pandemic, which increased the risk of premature austerity measures that could de-rail global recovery efforts. Developing countries experienced a less severe contraction at 2.5% with an expected rebound of 5.7% in 2021.

BUSINESS OVERVIEW (Contd.)

C. W. Mackie PLC Group is committed to remaining vigilant on all fronts and will continue to initiate developments that enhance lives and work towards providing an even safer business environment for its shareholders, customers, employees and all other stakeholders. From a company perspective, the Group is well prepared to accelerate growth even further, once the economy opens up for business as usual, even if this means adapting to the challenges of the 'new normal'.

Massive and timely stimulus measures amounting to US\$ 12.7 trillion prevented a total collapse of the world economy and averted a great depression. The majority of the stimulus spending went into protecting jobs and supporting current consumption and also fueled asset prices worldwide, with stock market indices reaching new heights during the past several months.

Global trade reduced by an estimated 7.6% in 2020 against the backdrop of massive disruptions in global supply chains and tourism flows. This was in a scenario where protracted trade tensions between major economies and stalemates in multilateral trade negotiations were already constraining global trade prior to the pandemic.

Although global economic output is now recovering slowly from the collapse triggered by COVID-19, its devastating socio-economic impact will be felt for years to come and renewed waves and new variants of the COVID-19 virus pose concerns for the outlook. Amidst this uncertainty, the global economy is projected to grow by 5.5% in 2021 and 4.2% in 2022.

However, economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. Smart investments in economic, societal and climate resilience are vital if the global economy is to recover in a robust and sustainable manner. The latest World Economic Situation and Prospects Report confirms that sustained recovery from the COVID-19 pandemic will depend not only on the size of the stimulus measures and the speedy rollout of vaccines, but also on the ability of these measures to build resilience against future shocks.

IN RETROSPECT

The COVID-19 pandemic has effected unimagined changes in respect of lives, livelihoods, global environments and economies. Today, more than a year after the onset of the pandemic, many important lessons are being learned on how to best cope with the crisis and despite the still limited visibility, the Company is cautiously optimistic that the next financial year will see tangible improvements in the overall health situation and economic recovery the world over. C. W. Mackie PLC Group is committed to remaining vigilant on all fronts and will continue to initiate developments that enhance lives and work towards providing an even safer business environment for its shareholders, customers, employees and all other stakeholders. From a company perspective, the Group is well prepared to accelerate growth even further, once the economy opens up for business as usual, even if this means adapting to the challenges of the 'new normal'.

FMCG



Engages in manufacture, import and distribution of branded FMCG products specialising in the food and beverage, personal and household care categories under FMCG Cluster



The Group's FMCG Cluster is one of the Company's three broad clusters, following a corporate strategic decision taken during the current financial year to re-align its strategic business units (SBUs) to combat the negative impacts of external influences. Consequently, the FMCG business was transformed into a fully-fledged cluster that includes the Company's FMCG manufacturing and import activities as well as dedicated distribution channels for food and beverage (F&B) products and personal and household care (P&HC) products. This strategy proved efficacious and the FMCG Cluster recorded a satisfactory bottom-line which is in line with pre-set budgets during the difficult period of the COVID-19 outbreak and is now well on its way to realising its ambition of expanding this cluster operation to the next level.



NET REVENUE

Rs.4.44 Bn



EBIT

Rs.211.60 Mn



PROFIT BEFORE TAX

Rs.183.17 Mn

BRAND PORTFOLIO



FMCG (Contd.)

The Company is now exploring opportunities to expand manufacture to more essential items in the FMCG category in the near future.

Several new products were introduced during the year as line extensions to the existing F&B, P&HC portfolios.

The Company is confident that this expansion of its product portfolio will increase revenue and profitability in the forthcoming year.

The brand portfolio of the Scan Products Division comprises reputed local and international brand names such as Sunquick squashes, Scan jumbo peanuts, Scan bottled drinking water, Delish bakery products, Kotagala Kahata tea, Ocean Fresh tuna, Star brand essences and colourings, as well as the KVC branded product range.

Personal care products, imported and distributed by the Company include the Santoor range of soap from Wipro Consumer Care Lanka (Private) Limited [representing Wipro Consumer Care Limited, India].

Household care products include Baygon household pest control, Glade range of air fresheners, Kiwi range of shoe care, Mr. Muscle range of cleaners and Drainex. Many of these enjoy market leadership in their respective categories.

The Company is now exploring opportunities to expand manufacture to more essential items in the FMCG category in the near future.

Brand Expansion

Several new products were introduced during the year as line extensions to the existing F&B, P&HC portfolios. New F&B products include the locally manufactured Sunquick RTD products, Delish instant butter cake mixture and Scan spices. In the personal care arena, the cluster linked with Indian-based multinational Himalaya during the year, to supply their range of personal care products to Sri Lanka. The Himalaya products include face washes, facial scrubs, face packs, face masks, deep cleansers, face creams, hair oils, eye creams, lip balms and a range for consumer care which was added to the Company's personal care products portfolio. A soft launch was held during the year for Softouch brand fabric softener from the Wipro Consumer Care Limited, India.

The Company is confident that this expansion of its product portfolio will increase revenue and profitability in the forthcoming year.





PERFORMANCE

Although the FMCG Cluster recorded a satisfactory performance, a sharp downward shift in consumer buying patterns was observed in the cluster following the onset of the COVID-19 pandemic, which necessitated changes in purchasing decisions by households. This in turn, caused changes in behavioural buying patterns that prioritised the purchase of essential products and resulted in a sharp drop in demand for non-essential consumables. This had a direct impact on the top-line revenue of the FMCG Cluster.

The changing consumer behaviour caused the negative growth of the F&B category during the first two quarters of the year under review. However, growth has picked up subsequently. Due to the number of school children and office staff who studied or worked from home during the lockdown period, focus shifted from fruit juices to the snack category, which resulted in a substantial growth of the snack category by 30% to 35% during the last two quarters of 2020/21.

The P&HC category was quick to capitalise on consumers' renewed focus on health and sanitisation during the pandemic. As a result, personal care and household care products, especially home cleaning liquids and detergents, were in high demand. These products experienced significant growth when compared with their negative and moderate growth over the previous years. Due to these positive trends, the FMCG Cluster successfully achieved pre-set bottom line budgets despite the COVID-19 pandemic situation and recorded Rs.838 million in gross profit.

Consumer expenditure on travel, leisure and entertainment activities substantially declined during the lockdown period and its aftermath, as did the demand for clothes and accessories, especially office wear, which fell significantly, since many employees worked from home or dressed

in casual clothing when reporting for work. The savings generated from the reduced consumer spend inclined towards purchasing more FMCG products from the third quarter onwards and the FMCG Cluster was able to successfully exploit this paradigm shift during the last two quarters of the current financial year.

DISTRIBUTION NETWORK

The FMCG distribution network of the Company expanded rapidly over the years and is now one of the largest distribution networks in the country. This multi-channel network comprises six channel specifics that serve over 80,000 outlets around the country. The six channels cover General Trade (GT) retailers, Modern Trade (MT) supermarket chains, HORECA (hotels, restaurants and catering) food Services, Wholesale (WS)/Institutions and Independent Supermarket (ISM) stand-alone supermarkets. The sixth channel, e-commerce, was launched last year and enables the Company to provide an uninterrupted supply of products to consumers, which is an invaluable advantage especially during the lockdown periods of the COVID-19 pandemic.

The Company plans to secure more products on board during the next financial year, as it is entertaining many trade inquiries for the distribution of new products due to the success of its distribution coverage and market penetration.

Sunquick, the cluster's flagship brand, enjoyed a market share of 70% which positions it at the top of the fruit squash and cordial category.

Scan jumbo peanut, the pioneer brand in its category has since inception, maintained the category lead in its segment and recorded 11% in volume growth and over 70% market share.

Delish bakery products recorded a volume growth of 21% and Kotagala Kahata tea posted a volume growth of 10% during the year under review.

FMCG MANUFACTURING

Scan Bottled Drinking Water

During the year under review, the Scan water bottling plant was awarded SLS ISO 14001:2015 - Environmental Management Systems certification by the Sri Lanka Standards Institution in recognition of its initiatives in successfully identifying, managing and mitigating the environmental impact of its operations, in addition to improving its environmental performance by utilising resources efficiently and reducing waste. The plant has introduced glass water bottles to replace plastic bottles in the long-term in certain sizes and has

FMCG (Contd.)

commenced distribution to specific hotels, which will offer the product to their customers under their own brand name.

The Company has expanded the distribution of Scan water bottles, which are now being distributed to several sectors including the healthcare sector, government institutions and ministries and the garment sector.

Delish Manufacturing and Processing Plant

Delish branded bakery products were launched in January 2017 and gained popularity among consumers within a short period of time. The product range includes jelly crystals (strawberry, orange, apple and blackcurrant flavours), gelatine, corn flour, icing sugar and cocoa powder and caster sugar. Delish products cater to the mass market, as well as the bakery and food service sector due to its high quality product range. This year, the range was extended to include instant butter cake mix.

Delish products are processed at a fully automated state-of-the-art manufacturing facility located in the Industrial Estate, Horana which follows stringent quality controls and standards. The recipes followed in the production process are internationally accepted and contain the best ingredients. In recognition of this superior quality, Delish jelly crystals were awarded the SLS 885:1990 standard during the current year.

Sunquick Ready-to-Drink (RTD) Manufacturing Plant

Commercial production has now commenced. The plant presently manufactures 125 ml RTD pack sizes with four flavours and is a joint venture with Co-Ro A/S, Denmark.



Kelani Valley Canneries Limited (KVC)

KVC posted a very encouraging performance that resulted in continuous profits from the second quarter 2020 onwards. The current financial year commenced on a negative note, with a

loss of Rs.11.60 million, due to COVID-19 pandemic lockdown during Q1 of 2020/21 resulting from low sales volumes. This prompted the management to introduce a series of focused strategies in key areas of the business in streamlining key processes and operations, coupled with focused sales and channel initiatives which led to an impressive recovery and turnaround during subsequent months that set KVC firmly on the path to profitability. Business picked up after the lockdown was lifted and a noteworthy performance over the last nine months of the year under review was achieved after setting off the aforesaid loss of Rs.11.60 million. This turnaround in performance helped trim losses to Rs.7.27 million in the year under review, from a loss of Rs.39.16 million recorded during the previous financial year.

The significant improvement in performance, productivity and profitability were due to extensive changes made to the operating models. Three operational areas were examined in-depth and improved:

Firstly, the planning processes and cost management areas were re-structured and achieved sizeable savings during the year. Moratorium facilities provided by the government helped manage working capital requirements and contributed to improve the bottom-line by reducing finance costs to Rs.798,000/-, from Rs.939,000/- million per month. Warehouse management system was re-structured to reduce wastage. Main production lines were re-engineered to get better output and labour efficiency thus increasing production capacity approximately by 30% which was a significant achievement for the year under review.

Secondly, on developing human capital. Development of special skills and motivational programmes were initiated to employees in-house in addition to the on-the-job training on process changes. Employee suggestions on product line improvements were entertained and well received which gave them a sense of appreciation and ownership. This move contributed to enhance productivity as well.

The third area addressed was infrastructure development. New machinery was purchased to replace outdated machines, with a sizeable capital investment, which resulted in facility development and capacity enhancement thus improving performance. This investment has since been paid off.

KVC was able to provide uninterrupted supplies of its products when the country was under intermittent lockdowns by adhering to strict health and safety regulations to all outlets of the major supermarket chains. Contract manufacturing to

KVC's future strategy is to focus on moving into further enhancement on capacity, facility development and expand its product range to become more competitive in the fruit and vegetable manufacturing industry.

supply jams and chutneys to the two leading supermarket chains under their brand name were also supplied. KVC provides these customers with a total package in customer care namely, the Company's reputation for on-time delivery, strengths in research and development (R&D) and adherence to Sri Lanka's quality standards, viz. GMP, SLS, HACCP and ISO 22000:2018, good customer service and speedy resolutions of any issues. This has given them the edge over their competitors. KVC carries out contract manufacturing for specific export orders as well.

KVC has more than forty major product lines in its portfolio, but jams and sauces are its core products. The brand name KVC was established over a half-century years ago and is widely reputed for its trusted quality and flavour. Products are consistently benchmarked against the best in the market to ensure consistent and improved quality. Also, its strong R&D team is equipped to develop personalised products to meet customer preferences, especially for the export market.



Considering the product focus during the year under review, KVC concentrated on the areas of export trade and modern trade sales and distributed its products through the distribution arm of the Scan Products Division of the parent company, C. W. Mackie PLC, which improved overall profitability. Substantial export orders were channelled to Sri Lanka, in several instances, as a result of COVID-19 lockdowns imposed in countries in the region and KVC successfully turned this situation to its own advantage. These orders still continue to be placed with KVC.

KVC's future strategy is to focus on moving into further enhancement on capacity, facility development and expand its product range to become more competitive in the fruit and vegetable manufacturing industry.

QUALITY STANDARDS

FMCG manufacturing operations are carried out in accordance with certified GMP practices and guidelines and the majority of products are SLS certified. The manufacturing facilities are committed to meeting a high level of quality and standards.

Internal and external quality assurance programmes ensure periodic testing of quality and processes. Being ISO 9001:2015 and ISO 22000:2018 certified, all products meet the most stringent international and national quality standards. This year, Delish jelly crystals were awarded the SLS 885:1990 standard.

A HACCP inspection plan has also been integrated into the manufacturing facility to ensure hygienic standards that translate into food safety for consumers. Organic certifications (EU, USDA-NOP and JAS) were also successfully obtained. Additionally, all food handlers undergo annual medical check-ups.

FMCG (Contd.)

WAREHOUSE COMPLEX

These capacity enhancements are now supported by a fully-fledged warehouse with enhanced infrastructure that has an established technological environment complete with digitalisation and automation.

Capacity enhancements have been effected to cater to this new growth trajectory and the warehouse space expanded to 25,000 sq. ft. (2,500 pallet positions). To embrace the growth of the P&HC business, the warehouse complex will add another 20,000 sq. ft. (2,000 pallet positions) in the forthcoming financial year.

Introducing a Warehouse Management System (WMS) to promote traceability and enhance efficiency is underway. This system uses QR codes and barcodes that enable speedy identification of any issues with a particular batch.

STRATEGIES

The Scan Products Division also implemented several strategies to penetrate new markets in terms of the F&B, P&HC multi-channel distribution network and streamlined General Trade and Wholesale/ Institutions.

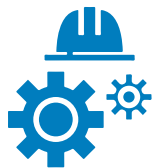
Introducing state-of-the-art technology was part of C. W. Mackie PLC Group's Three-year Plan, which outlined the cluster's strategic move from a decentralised architecture to a centralized architecture using real time data with Sales Force Automation to embrace the smart factory concept with Warehouse Management System. This concept will enable end-to-end digitalised connectivity of the entire process, from factory to customer.



PEOPLE

A series of out-of-the box operational tactics were also introduced during the year to promote virtual connectivity that assured the seamless continuity of business operations during the COVID-19 outbreak. Among the initiatives introduced were digital forums set up to maintain close and continuous connectivity with field staff throughout the country.

RUBBER-BASED PRODUCTS MANUFACTURING



Engages in manufacture, sale and export of technically specified rubber (TSR), sole crepe and moulded rubber products and considered as a segment of the Commodity Trading Cluster



NET REVENUE

Rs.853.76 Mn



EBIT

Rs.0.53 Mn



NET LOSS

Rs.7.54 Mn



Ceymac Rubber Company Limited and Ceytra (Private) Limited are subsidiary companies of C. W. Mackie PLC. These subsidiary companies are considered as segments of the Commodity Trading Cluster of C. W. Mackie PLC Group which engage in the manufacture and export of primary and specialty rubber products and value-added rubber products for the local and export markets. Industries catered to include pharmaceutical, shoe, solid tyre, construction, transport and agriculture.

CEYMAC RUBBER COMPANY LIMITED (Ceymac)

Ceymac is 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, adhesive, shoe, mining and woodwork industries. Ceymac's manufacturing facility 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.

Major Export Markets

India, Europe, Japan, Canada, South Africa, Vietnam and China.

Performance

Ceymac reported a gratifying performance during the year under review, despite a turbulent operating environment. Losses reduced substantially as Ceymac progressed from a loss of Rs.39.73 million in the preceding financial year, to a loss position of Rs.5.01 million during this year. This significant improvement of reducing the losses was mainly due to a notable increase in turnover by 57% in the current year.

A well-planned strategy introduced to promote a customer-centric focus during the period under review was the key initiative introduced to enable Ceymac recover from the losses of recent years. This strategy proved effective on domestic sales of TSR in

RUBBER-BASED PRODUCTS MANUFACTURING (Contd.)

A well-planned strategy was introduced to promote a customer-centric focus during the period under review was the key initiative introduced to enable Ceymac recover from the losses of recent years. This strategy proved effective on domestic sales in particular, with an increase of 70 MTs per month from 110 MTs during the preceding financial year and thereby reaching an average sale of 180 MTs per month in the current year.

particular, with an increase of 70 MTs per month from 110 MTs during the preceding financial year and thereby reaching an average sale of 180 MTs per month in the current year. As part of its customer-centric focus, Ceymac also ensured that the delivery schedules of its main customer were met in a timely and professional manner. This reinforced the relationship and prompted the customer to remain with Ceymac throughout the year.

A cordial and professional business relationship was also established with a leading local tyre manufacturing company situated in close proximity to Ceymac's factory in Horana, which facilitated regular supplies of TSR. This proximity saved on considerable transportation costs, including the cost of labour on three to four deliveries daily and also assured the customer of regular and reliable supplies of TSR which is their key raw material. As this tyre manufacturer plans to capture a significant part of the local market, Ceymac is confident of continued supplies in the future.

Another factor that contributed to the improved turnover was the substantially increased demand from local customers who were unable to import freely due to the global pandemic lockdown in several regional markets. However, the pandemic restrictions were unfavourable for rubber exports and orders dropped marginally due to reduced access to several key markets.



Raw Materials

Yet another business area in which Ceymac achieved marked success during the year, was the sourcing of high-quality raw materials, i.e. superior quality latex, which is the main raw material for the sole crepe operation. Exceptional grade scrap rubber for the TSR section was also procured from quality suppliers, based on good relationships built and maintained over the years.

Capital Expenditure

Ceymac has upgraded the machinery used for TSR processing which has improved operational efficiencies and product quality, which has equipped the company to be more competitive in the market.

Quality Standards

The Sole Crepe division successfully obtained international standardisation, namely, FSC (Forest Stewardship Council - Chain of Custody) certification, which was awarded during the year of review. FSC certification confirms that the product comes from responsibly managed forests and is a key requirement when supplying to Indian and Chinese markets.

Capacity Utilisation on Production

Although the factory is geared to produce approximately 500 MTs monthly on two 12-hour shifts, it has been operating on a single 12-hour shift daily, which has the capacity to produce 250 MTs to 300 MTs monthly. Due to the expanded sales volumes, this quantity suffices to maintain profitability whilst containing costs.

The success of these many initiatives introduced during the year has placed Ceymac on the right track to profitability in the future. More initiatives are in the pipeline to strengthen the Ceymac's resilience to external influences by building on its internal strengths.

Effluent Treatment

Ceymac has dealt with effluents in a responsible manner since inception. Its effluent treatment plant is certified with an environment protection license granted by the Central Environment Authority (CEA). This license is renewed annually following careful inspection by the CEA of the effluent treatment process.

As a cost effective and eco-friendly measure, firewood is used for the Gasifier installed at its Narthupana factory, instead of environment pollutant diesel, to dry TSR and rubber crumbs.

CEYTRA (PRIVATE) LIMITED (Ceytra)

Ceytra is a leading manufacturer and exporter of a wide range of high-quality value-added natural and synthetic moulded rubber products for the agricultural, automobile and shipping industries to meet specific customer needs. For the local market, a range of rubber carpets and mats are manufactured for a leading supermarket chain and Ceytra has become the main supplier of these products to the local market.

Ceytra also has the expertise to design, develop and manufacture a range of rubber products out of natural or synthetic rubber according to engineering drawings and specifications provided by customers.



Major Export Markets

France, Sweden and Japan

RUBBER-BASED PRODUCTS MANUFACTURING (Contd.)

Performance

Performance did not vary significantly from the preceding year. Ceytra reported a net revenue of Rs.64.98 million which was almost the same as in the previous year. Loss for the year was Rs.2.53 million and the loss during the previous year was Rs.2.45 million. Local sales plummeted as a result of the three-month lockdown period from April to June 2020 due to COVID-19, which had a negative impact on the bottom-line.

However, Ceytra is confident that it will be more profitable in the future due to a customer-centric strategy pursued during the current financial year, which substantially expanded its base of local and overseas customers. It also forecasts substantial increases in export revenues in the years to come as a result of the appreciation of the Euro and USD against the LKR.

Resource Optimisation

The close proximity of the locations of Ceytra and Ceymac, the Group's only two rubber manufacturing companies, enable distinctive competitive advantages in terms of cost saving and efficient operations.

Both companies share management skills, infrastructure and technical resources effectively and efficiently and operate with minimum management and unskilled labour. These shared functions helped reduce overhead costs.

People

Despite the challenges of the COVID-19 outbreak, both Ceymac and Ceytra retained their staff cadres, and remunerated them with their salaries as well as increments and other relevant statutory payments, in line with the Group policy of ensuring the well-being of their people.

Laboratory Testing

The quality of rubber compounds and finished products is tested in a laboratory set up for the purpose, which follows stringent quality controls and carries out research and development activities and is headed by a qualified and experienced Rubber Technologist.



Future Strategies

Ceymac and Ceytra continue to explore new opportunities for expansion into profitable markets and niche markets.



EXPORT TRADING

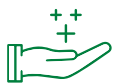


Engages in export of all grades of natural rubber, ribbed smoked sheet (RSS) rubber, sole crepe, technically specified rubber (TSR), desiccated coconut, other coconut-based products and spices and considered as a segment of the Commodity Trading Cluster



NET REVENUE

Rs.1.83 Bn



EBIT

Rs.56.27 Mn



PROFIT BEFORE TAX

Rs.72.99 Mn



Trading in the export of natural rubber, coconut products and Sri Lankan spices has been the mainstay of the Company's export activities in 2020/2021. Export trading is a segment under the Commodity Trading Cluster of C. W. Mackie PLC Group.

PRODUCT PORTFOLIO

Rubber

The Company is a leading exporter of all grades of natural rubber (NR), including thick pale latex crepe, white and coloured sole crepe, technically specified rubber (TSR), as well as specialty grades of natural rubber, such as granulated crepe and ZOX crepe.



EXPORT TRADING (Contd.)

Since November 2020, the Company has resumed trading in spices and made significant progress and exported a range of spices that include black pepper, cloves, nutmeg and arecanut.

It was an exceptionally good year for NR exports. The Company anticipated the market decline that occurred during the period April to June 2020 as a result of the nation-wide lockdown to contain the COVID-19 pandemic and took advantage of the opportunity by buying forward.

Coconut

The Company exports quality desiccated coconut (DC) and other coconut products. These include desiccated coconut in fine, medium, chips, threads, flakes and toasted grades.



Spices

Since November 2020, the Company has resumed trading in spices and made significant progress and exported a range of spices that include black pepper, cloves, nutmeg and arecanut.

The spice business was revived by engaging a Spice Trader with over 15 years of experience in trading spices in the private sector as a Consultant on a fixed term contract.



PERFORMANCE

It was an exceptionally good year for NR exports. The Company anticipated the market decline that occurred during the period April to June 2020 as a result of the nation-wide lockdown to contain the COVID-19 pandemic and took advantage of the opportunity by buying forward. Aggressive buying at rubber auctions during a period of low sales volumes enabled the accumulation of substantial stocks in anticipation of future demand. The Company thus benefitted significantly when demand picked up during July and August 2020 following the phasing out of the lockdown.

The performance of DC was below the budget due to all time high prices of coconuts that prevailed during the year. As a result, the trade experienced a substantial drop of 40% in DC production in the year 2020. The COVID-19 situation affected demand in certain markets for DC. Consequently, the profitability reduced by 35% during the financial year, when compared with previous year's performance. However, the new products that were introduced paid off to mitigate the shortfall in sales in the traditional markets resulting in a substantial expansion in the non-traditional market share.

In the recommenced spice trading operation, since November 2020, total sales of cinnamon, black pepper, cloves, nutmeg and arecanut up to the end of the current financial year was 126.45 MTs with a net turnover of Rs.132.56 million. Spice sales have dropped in India, the main spice market, because of the increase in COVID-19 pandemic situation. As a result of phasing out of lockdown, the Company is hopeful that sales will pick up in the future.

Sri Lanka enjoys the advantage of producing spices of the highest quality. Prices, therefore, are correspondingly high at farmgate level when compared with other countries in the region due to high costs of production. Achieving high trading margins is a challenge, given the highly competitive overseas market.

MARKETS

The Company exports commodities to a range of countries including Japan, USA, China, India, UK, Europe, Pakistan, Taiwan, Singapore, Canada, South America and South Africa. About 80% of rubber is exported in its natural form to countries such as Japan, Singapore, UK, Europe and USA for use in the pharmaceutical and adhesive industries and the balance 20% is sold in the Sri Lankan market to local footwear manufacturers and other rubber-based industries. The Export Trading Division continues to explore new avenues of business that will keep the segment profitable and dynamic.

STANDARDS

Selecting commodities for export is a careful process that involves quality checks at each stage to ensure that their physical, chemical and microbiological properties are maintained in conformity with ISO requirements. International and European Union (EU) standards in product manufacture and exports are followed throughout the manufacturing process. Adhering to Sri Lanka/International Standards with SGS certification (inspection verification and testing) ensures product quality is maintained for all shipments.

Environmental and social concerns that could arise during the manufacturing processes are also addressed and resolved.

PEOPLE

The production of traditional commodities is a labour intensive process carried out through continuous work schedules operated on a shift basis. The Commodity Trading Cluster has had a high rate of employee retention over the years due to its care and concern with staff welfare.

FUTURE STRATEGIES

The Company is exploring expansion to new markets, to Europe in particular. Spice trading is a labour intensive process that involves cleaning, sorting, drying and removing dust. Spices are procured ready-for-export because in-house labour is not as yet equipped to carry out this rigorous cleaning and selection process. However, in-house operation will be considered once the market share increases.

Regular orders are now picking up in the UK and European markets, following the decrease of the COVID-19 pandemic situation in those regions. The Company is hopeful of continuing this strategy over the next two quarters of the forthcoming financial year, especially during August and September 2021 which are high cropping months, so larger quantities will be available. This will enable it to cover the losses incurred during several months due to drought, which reduced rubber production. The rubber business was not significantly affected by COVID-19 lockdowns because it was still able to retain its regular customers and while the cities were lockdown the factories situated in the peripheries continued production.

For DC, the Company will continue its strategy of targeting separate product offerings to different markets.

New markets for spices will be explored in the next financial year to facilitate lucrative bulk orders.

SUGAR TRADING



Engages in import and wholesale distribution of sugar to Business-to-Business customers and considered as a segment of the Commodity Trading Cluster



NET REVENUE
Rs. 2.74 Bn



EBIT
Rs. 14.46 Mn



PROFIT BEFORE TAX
Rs. 20.63 Mn



Sugar trading is a segment under the Commodity Trading Cluster of C. W. Mackie PLC and engages in importing and distribution of high-quality fine granulated refined white sugar.

The segment's main focus is on business-to-business (B2B) in the food and beverage, carbonated drinks, dairy and bakery industries. It also supplies refined white sugar in packets to the catering and restaurant sector and caster sugar to industrial users.

PERFORMANCE

It was a difficult year for C. W. Mackie PLC's sugar trading segment, with little business progress made as a result of the huge losses experienced during the period of the COVID-19 pandemic lockdown. Despite these constraints, however, the segment achieved its targets, which was due largely to the loyalty of major customers who stayed with the Company throughout. This enabled the sugar trading segment to post a satisfactory performance that achieved a profit before tax of Rs.20.63 million.

CATEGORIES OF IMPORTS

Three categories of sugar - refined, semi-refined and super-refined are imported from Thailand, India and Dubai. These grades are supplied to industry players in the local beverage, confectionery and pharmaceutical sectors at very competitive prices.

QUALITY STANDARDS

All sugar imported conforms to the stringent international standards of quality applicable to the sugar manufacturing industries and is free of Genetically Modified Organisms (GMO) as confirmed by the Non-GMO Certificate of Analysis.

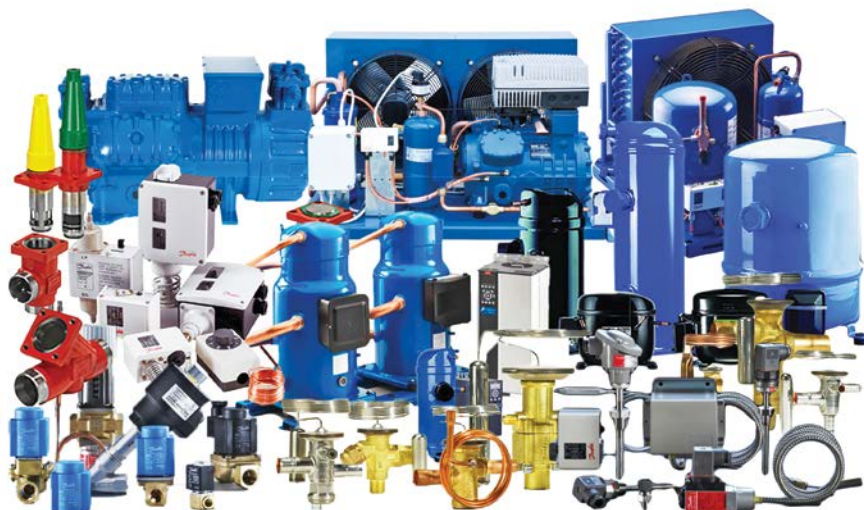
FUTURE STRATEGIES

Sugar trading segment will continue to concentrate on B2B customers in different industries and provide a personalised service to end users.

REFRIGERATION AND AIR-CONDITIONING



Engages in import and sale of world-renowned brands of refrigeration and air-conditioning equipment, components, accessories, insulation materials, copper tubes, refrigerant gases and pipe supporting products and considered as a segment of the Industrial Products Cluster



C. W. Mackie PLC's Refrigeration and Air-Conditioning segment (R&AC) has been classified under the Industrial Products Cluster of C. W. Mackie PLC Group and engages in the importation, sale and distribution of world-renowned brands of R&AC equipment, components, accessories and refrigerant gases.

PRODUCT PORTFOLIO

Refrigeration and air-conditioning equipment, components, accessories, insulation materials, copper tubes, refrigerant gases and pipe supporting products.

AGENCIES/DISTRIBUTORSHIPS

Authorised importer/distributor and sales for:

- DANFOSS-Denmark : Refrigeration and air-conditioning equipment, components and accessories
- FRASCOLD-Italy : Semi-hermetic compressors
- ROLLER GmbH-Germany : Evaporators and condensers
- ICOOL-China : Refrigerant gases and copper tubes
- GREEN POINT-China : Refrigerant gases
- INSULFLEX-Malaysia : Copper pipe insulation material
- TIANYI COOL-China : Cold room accessories
- BITZER-Germany : Compressors
- HIRA/DIAMOND WALRAVEN-Netherlands : Pipe support systems



NET REVENUE

Rs. 402.06 Mn



EBIT

Rs. 78.84 Mn



PROFIT BEFORE TAX

Rs. 68.38 Mn

REFRIGERATION AND AIR-CONDITIONING (Contd.)

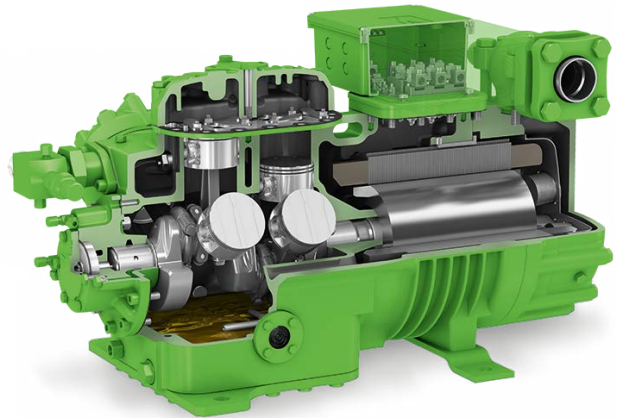
It was a good year for the R&AC Segment. Sales during the year under review increased to Rs.402.06 million from Rs.318.15 million in the previous year and profit before tax increased correspondingly during the year to Rs.68.38 million from Rs.29.84 million in 2019/2020.



R&AC products were the main drivers of the favourable sales and profits to which products like copper tubes also made a significant contribution.

German BITZER compressors and Dutch Hira/DIAMOND WALRAVEN pipe support systems were also introduced to the market during the year and are performing well.

The R&AC segment is committed to moving away from using toxic gases in its cooling processes and rigorously promotes environment-friendly alternatives.



PEOPLE

The segment follows a recruitment process that ensures only technically qualified professionals are added to the team, which further ensures the quality of their product offering and services.

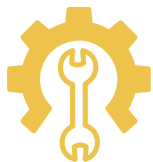
FUTURE STRATEGY

Further initiatives to expand the product range are currently being pursued.

PERFORMANCE

It was a good year for the R&AC Segment. Sales during the year under review increased to Rs.402.06 million from Rs.318.15 million in the previous year and profit before tax increased correspondingly during the year to Rs.68.38 million from Rs.29.84 million in 2019/2020.

LIGHTWEIGHT MACHINERY AND WELDING ELECTRODES



Engages in import and sale of world-renowned brands of lightweight machinery and welding electrodes/ consumables, cutting and grinding wheels, rock drilling equipment/ tools and earth moving machinery spare parts and considered as a segment of the Industrial Products Cluster



NET REVENUE

Rs.508.93 Mn



EBIT

Rs.68.51 Mn



PROFIT BEFORE TAX

Rs.47.84 Mn



The Industrial Products segment (now known as the Light Weight Machinery and Welding Electrodes segment) was established in the 1980s to cater to local market needs for welding electrodes, alloys, rods, wires and generator equipment. This segment contributes to the Industrial Products Cluster of C. W. Mackie PLC Group. This segment imports, sells and manages a range of industrial products and has become the local arm of several global agencies of world-renowned brands as described below:

PRODUCT PORTFOLIO

Product Categories:

1. Welding electrodes, rods, wires
2. Welding machinery and accessories
3. Cutting and grinding wheels
4. Rock drilling equipment/tools
5. Earth moving machinery spare parts
6. Power Generators

AGENCIES/DISTRIBUTORSHIPS

1. Welding electrodes, rods, wires

Authorised Importer and Distributor for:

- Chosun-Korea : Welding electrodes and wires
- EWAC Alloys-India : Preventive maintenance welding products
- Castolin Eutectic-Germany : Preventive maintenance welding products
- Stone bridge-China : Welding electrodes and wires

LIGHTWEIGHT MACHINERY AND WELDING ELECTRODES (Contd.)

During the year under review, however, the target traditional market was rationalised and expanded to a more diversified customer base. Focus shifted to end users in the construction, cement and sugar industries, a far-thinking strategy that enabled higher margins and improved sales collection. This enabled the Lightweight Machinery and Welding Electrodes segment to quadruple the profit before tax to Rs.47.84, from Rs.10.75 million realised in the previous financial year.



3. Cutting and grinding wheels

Authorised Importer and Distributor for:

- MAK-China : brand owned by C. W. Mackie PLC

4. Rock drilling equipment/tools

Authorised Importer and Distributor for:

- Rock drill hammers, tapered rods, chisel bits and button bits
- High pressure compressor hoses



2. Welding machinery and accessories

Authorised Importer for Sales and Services for:

- TELWIN-Italy : MIG, TIG, manual arc, spot welding machinery, plasma cutters and battery chargers
- MESSER Cutting Systems-India : Oxyfuel equipment and welding accessories



5. Earth moving machinery spare parts

Authorised Importer and Distributor for:

- NOVA-China : Vehicle trucks ,construction machinery, bucket teeth and adapters

6. Power Generators

Authorised Importer for Sales and Services for:

- MOSA-Italy : Welding generators, light towers and power generators

PERFORMANCE

The segment posted a satisfactory performance in the current financial year, during which its core business of importation and sale of welding electrodes, contributed 89% to the turnover. This achieved sales of Rs.450.50 million and resulted in a growth of 40%.

The segment earlier targeted the businesses of small hardware merchants who have been the traditional market for welding products and as a result, margins remained low and the collection of sales proceeds were often slow and difficult. During the year under review, however, the target traditional market was rationalised and expanded to a more diversified customer base. Focus shifted to end users in the construction, cement and sugar industries, a far-thinking strategy that enabled higher margins and improved sales collection. This enabled the Lightweight Machinery and Welding Electrodes segment to quadruple the profit before tax to Rs.47.84, from Rs.10.75 million realised in the previous financial year.

PEOPLE

Industrial Products segment comprises only professionals who have the required technical skills to ensure that the customer is provided with efficient and professional service at all times.

FUTURE STRATEGY

Opportunities to expand and diversify the market will be further explored, hitherto untapped market segments will also be identified and pursued to increase penetration and develop strong distribution channels.

HEMPEL PAINTS



Engages in import, sale/ distribution of marine paints and protective coatings and providing technical services in marine paint related projects and considered as a segment of the Industrial Products Cluster



Hempel paints is a segment under the Industrial Products Cluster of C. W. Mackie PLC. The segment has been selling and distributing marine paints and protective coatings under international brand name 'Hempel' since 1982.

In 2008, the Company was appointed sole distributor in Sri Lanka and the Maldives, but the Company divested itself of the Maldives distribution in 2020. The segment mainly serves the shipping industry, the government as well as multi-national and local companies. Sales has been diversified to supply protective coatings to the telecommunication service sector, hydro-electricity power plants, steel building structures, gas and petroleum tanks, as well as to improve the durability of the infrastructure of irrigation reservoirs.

PERFORMANCE AND NEW PROJECTS

The segment posted a marginal 2% increase in gross profit over the previous year, despite experiencing a 6% drop in gross turnover to Rs.370.67 million, from Rs.392.58 million achieved during year 2019/2020. This increased profit was the result of improved profit margins and being awarded a sizable dry-docking project in Batam, Indonesia and better management of stocks and debtors, while the decline in turnover is attributed to the availability of fewer projects due to site closures during the pandemic lock down.

Protective coating paints were supplied to the construction industry during the year as well, for refurbishing existing building structures and for new projects. The construction industry was one of the most active and competitive sector during the period of review, despite the closure of some sites and delays in implementing certain projects in the Colombo Port due to the COVID-19 outbreak. The energy sector also received substantial supplies of protective coating paints, to maintain and refurbish



NET REVENUE

Rs.357.51 Mn



EBIT

Rs.47.45 Mn



PROFIT BEFORE TAX

Rs.69.21 Mn

The protective coating category was successful in procuring more projects towards the end of the current financial year, which improved the segment's profitability. Sophisticated equipment - High Voltage Holiday and Pneumatic Adhesion testers - were purchased at a cost of Rs.1.2 million to test the quality of surface preparation and paint application to add value to the business specially related to major protective coating projects.

several major hydro-electric power plants, petroleum storage tanks and thermal power plants. These sales added value and contributed to the profitability of the marine paints business, which is the main earner in the segment.

Hempel Singapore contributed approximately 16% to total sales in the marine paints category. Revenue obtained from the Singapore principals is on a commission basis.

New projects added to the segment's portfolio during the current financial period included the Kitulgala and Uma Oya hydropower projects.

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The customer base of the paint segment was significantly enhanced during the year due to the purchase of stocks in

advance, which assured the ready availability of supplies for customers. However, the worldwide pandemic has caused delays in the shipments of paints due to global shortages in raw material supplies and lack of vessels to import shipments. Steps are being taken to mitigate these shortfalls by either utilising substitutes or placing orders well in advance.

CUSTOMER CATEGORIES

Marine Category

The Marine category of the Hempel segment offers marine paint related solutions to vessels that dry dock in the Colombo Dockyard and smaller vessels at other locations in the country. Anti-fouling, which helps reduce fuel consumption and is suitable for high vessel idling periods, is also used on these vessels. The Company was successful in arranging supplies of paints for the day-to-day maintenance of sea going vessels to keep them free of corrosion and in good condition. High quality Hempel anti-fouling, primers, intermediate coats and various types of finishing coat paints are also used to ensure that the vessel is maintained in good condition. Hempel marine paints are essential for minimising corrosion and preserving the condition of the vessel and are utilised for maintaining the cosmetic appearance of vessels. This process helps to reduce the costs of maintenance when dry docking.



HEMPEL PAINTS (Contd.)



Container Coating Category

The Hempel brand is among the few premier products recognised by international container lines as being a quality paint for protecting their containers. About 70% of the paint requirements of container yards in Sri Lanka are supplied by this segment.

TECHNICAL SERVICES

This segment provides technical services, not only to sea going vessels, but to other structures in the marine environment like port cranes and wind turbines as well.

Technical services are provided by a qualified and experienced inspection team who ensure that paint specifications are rigorously followed during every step of the coating process. The team comprises personnel with qualifications up to Level 3 certification of the National Association of Corrosion Engineers (NACE). This year, the segment's technical staff strength was further augmented with the qualification of one more team member in the NACE Level 1 examination.

FUTURE STRATEGIES

The Hempel segment will continue to supply readily available stocks and high quality paint solutions supported by the technical advice, supervision and timely delivery that has ensured customer satisfaction over the years.

New product lines will be added during the next calendar year to further strengthen the segment. More advanced protective and marine coating products as well as a new line of fire proof coating paints that will be introduced for projects are expected to enhance the performance of the segment in the next financial year.



Protective Coating Category

The Protective Coating category has years of knowledge and experience in anti-corrosive coatings for almost any type of steel structure, which reduces maintenance costs and shut down periods when applied systematically.

Drawing on decades of experience from the marine paints category, Hempel paints offers anti-corrosive coatings for almost any type of steel structure. Hempel protective coatings are supplied to the maintenance of factories, hydropower projects, coal power plants, gas storage terminals as well as for the steel structures of iconic buildings like the Colombo Lotus Tower.

Hempadur Avantguard Zinc rich Primer which has higher resistance against corrosion performed well in the current financial year.

industrial products

CONTRIBUTION TO GROUP

- Revenue - Rs.1,268.50 million
- Gross Profit - Rs.343.91 million
- EBIT - Rs.193.25
- Profit Before Tax - Rs.174.07
- Total Assets - Rs.1,408.12 million

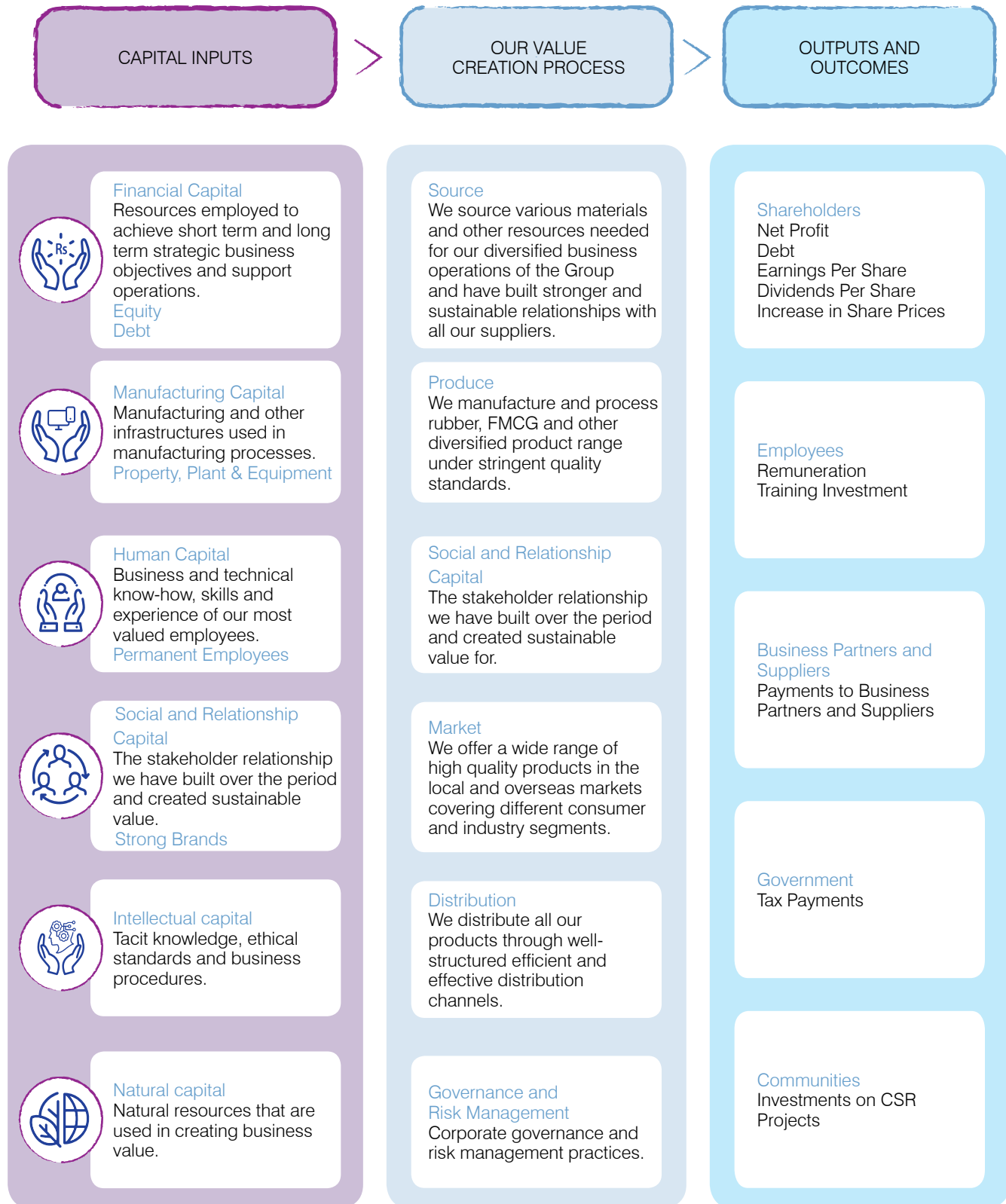
OUR MAIN PARTNERS

- Hempel (Singapore) Pte. Ltd.
- Danfoss (Singapore) Pte. Ltd.
- Bitzer Kuhlmaschinenbau GmbH.
- Frascold SpA.
- Hira Walraven AC Industry LLC.





VALUE CREATION MODEL



FINANCIAL CAPITAL

OVERVIEW AND APPROACH

Prioritising the use of its financial resources is critical to the long-term continuity of a company in today's evolving business landscape and volatility of a range of factors that are beyond its control.

The Company follows a focused approach to financial management that complies with the best practices and standards of all relevant statutory and regulatory bodies, as well as prudently managing risk. As a trading company the balance of inventory, debtors, borrowings and finance cost determine its bottom-line.

The Company operates from a position of strength and has the following key financial advantages:

- Availability of sufficient funds for business continuity due to proactive management of the cash flow
- Maintenance of a healthy Statement of Financial Position
- A diverse customer and supplier portfolio that mitigates foreign currency risk

The C. W. Mackie PLC Group attained a growth in gross profits of 25% to Rs.1.48 billion during the year, from Rs.1.19 million achieved in 2019/2020. This was as a result of the significant positive business growth recorded by export trading, rubber-based products, Industrial Products Cluster and FMCG Cluster of the businesses within the Group. This resulted in a significant increase in net profit before tax in the period under review to Rs.377.17 million, from Rs.21.16 million in the previous financial year.

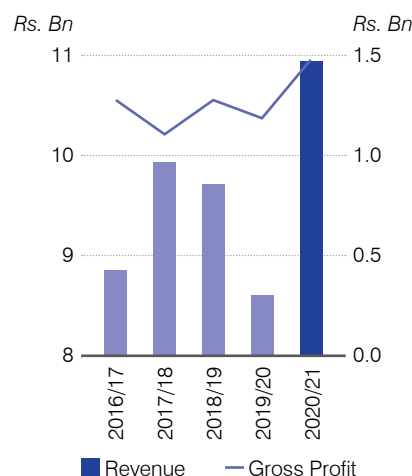
Total Comprehensive Income attributable to equity holders of the parent company for the year also increased by a healthy 331% to Rs.227.94 million during the year, from a loss of Rs.98.72 million in the preceding financial year. The net finance cost reduced by 8% during the year to Rs.115.17 million, from Rs.124.79 million in 2019/2020 due to prudent working capital management, coupled with the steady and relatively low interest rates regime that prevailed in the financial market throughout the financial year under review in comparison to last year.

REVENUE AND PROFITABILITY

Rs.000's

Financial Year	2016/17	2017/18	2018/19	2019/20	2020/21
Revenue	8,837,350	9,919,740	9,695,319	8,593,307	10,927,486
Gross profit	1,032,214	1,110,755	1,284,407	1,188,104	1,480,762
Gross profit margin	12%	11%	13%	14%	14%
Profit before tax	349,068	256,532	330,484	21,156	377,170
Profit margin	4%	3%	3%	0.25%	3%

Group Revenue and Gross Profit



The Group managed to consistently maintain the overall gross profit margin to 14% during the year under review mainly due to steady gross profit margins generated from the Industrial Products Cluster which includes industrial products, refrigeration and air-conditioning related products and Hempel paints segment and the FMCG Cluster. Further, the Commodity Trading Cluster gross profit margin also recorded a healthy margin during the period under review.

SELLING AND DISTRIBUTION AND ADMINISTRATION COSTS

During the year under review, both Group selling and distribution expenses and administration costs have decreased by 9% and 8% respectively compared to the previous year. This cost savings was mainly achieved through planned cost savings measures implemented within the Group by the recommendations made by the Business Process Re-engineering (BPR) Team that was appointed by the Senior Management for the purpose of studying and recommending cost management proposals. Further, during this period a section of the office staff was working from home owing to the prevailing COVID-19 pandemic and as a result of this, there were operational cost savings which in turn contributed a fair share of cost savings.

FINANCE COST

Financial Year	2016/17	2017/18	2018/19	2019/20	2020/21
Total borrowings (Rs.000's)	1,011,969	1,394,335	1,355,659	1,598,039	1,433,199
Net finance cost (Rs.000's)	67,371	96,728	110,952	124,793	115,173
Interest cover ratio (No. of times)	5.87	3.51	2.61	1.11	4.71

SHARE PERFORMANCE

Financial Year	2016/17	2017/18	2018/19	2019/20	2020/21
Dividends per share (Rs.)	3.5	3.5	3.5	3.5	*
Dividend payout ratio (%)	53%	75%	62%	-167%	*
Net assets per share (Rs.)	59	59	72	66	73

* The Directors recommend to the shareholders at the Annual General Meeting, a first and final dividend of Rs.7/- per share for the financial year ended 31 March 2021.

GROUP CAPITAL STRUCTURE AND GEARING

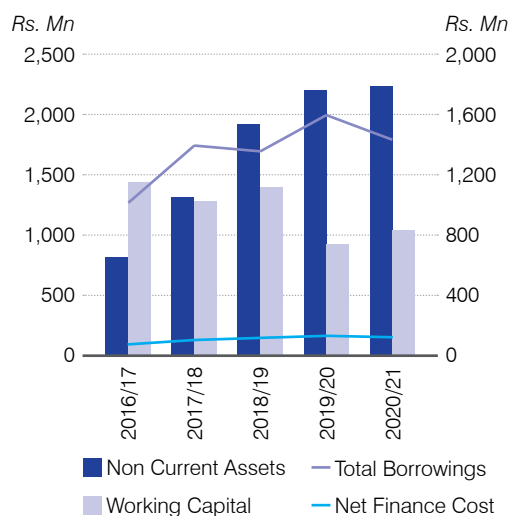
The nature of the trading business dictates the availability of adequate funds for prompt import and local purchases. Inventory, debtors, borrowings and finance cost are key controlling elements of managing working capital management.

Rs.000's

Financial Year	2016/17	2017/18	2018/19	2019/20	2020/21
Non-current assets	812,094	1,308,390	1,920,305	2,204,003	2,256,548
Working capital	1,434,315	1,276,364	1,396,080	923,032	1,039,456
Total borrowings	1,011,969	1,394,335	1,355,659	1,598,039	1,433,199
Net finance cost	67,371	96,728	110,952	124,793	115,173

The graph below depicts the correlation between the non-current assets, total borrowings, working capital and finance cost of the Group:

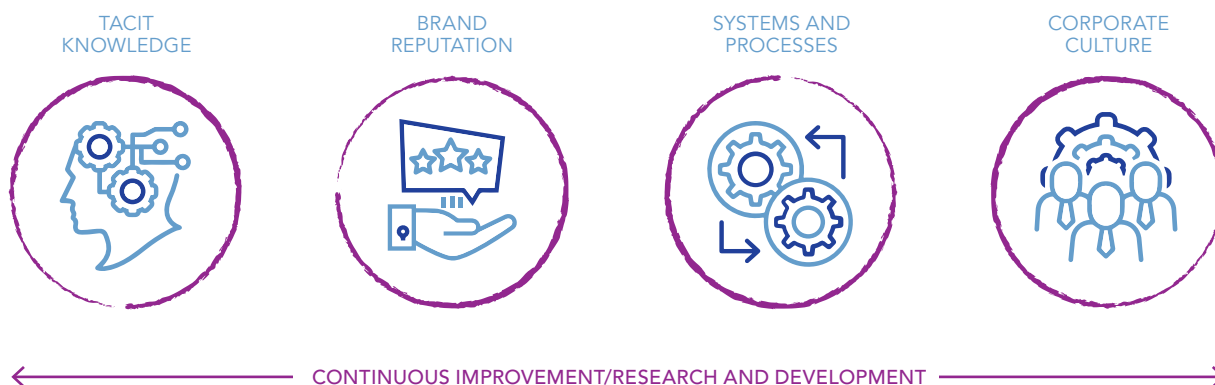
Working Capital Management



INTELLECTUAL CAPITAL

OVERVIEW

The intellectual capital of a company is created by the value generated from the knowledge of its people and the reputation of its brands, to which is added the processes, systems and procedures utilised in the course of carrying out its day-to-day business. These make a cohesive whole within a corporate culture unique to that particular enterprise and create value for all stakeholders as well as ensure the business stays sustainable well into the future.



MANAGEMENT APPROACH

Having commenced business at the turn of the 20th century, we have established our position as a leader in the businesses of import, export, manufacture and distribution of a range of local and international branded products, which has provided us with the capabilities, insights and specialised knowledge that is vital in the management of these many and diverse areas. The many challenges we have overcome over the years confirm our resilience borne out of an ability to innovate and move with the times, which are key capabilities that are substantial deposits in our base of intellectual capital.

TACIT KNOWLEDGE

Knowledge is a major component of the Company's intellectual capital and we strive to continually invest in and add to our bank of expertise and experience acquired over the years. As such, we have introduced a knowledge-based approach to all areas of our business, which reinforces our focus on quality, innovation and sustainability. We have on board a committed, professional and productive team who ensure the smooth operations of our offices and factories and takes our vision forward.

Our staff has been our strength over the years and we invest substantially in upgrading their technical and professional industry-specific skills at all levels. The very nature of our businesses requires teams of skilled, competent and experienced technical teams to manage and provide a service par excellence to our broad-based customers and partners. Our people comprise a healthy mix of both sexes of several age groups. The majority of our employees have worked

with the Group for over 5 years, during which time they have accumulated a vast repertoire of knowledge in their area of speciality.

Our corporate strategy focuses on continuous improvements supported by our research and development capabilities which drive the value additions in the Group and its Business Clusters.

BRAND REPUTATION

The strong reputation of our brands has fortified our brand reputation carefully built up over the years through our integrity, industry competencies, leadership market position and deep sense of responsibility to ethical standards and practices.

This reputation has created loyalty and increased customer confidence in our Company and its products, which has augmented sales, increased profitability and grown the bottom-line.

We hold the sole local franchises for a wide range of world-renowned brands in the FMCG and Industrial Products Clusters, which have an established international presence and reputation based on quality and reliability.

Our proprietary brands, 'Scan', 'KVC', 'Kotagala Kahata' and 'Delish' to name a few, have also firmly established our Company in the minds of consumers as a manufacturer/distributor of premier products.

We foster a performance-based culture that promotes efficiency within a participatory and collaborative environment. Every individual is recognised for the value they bring to the workplace and is rewarded for their commitment. We encourage employee engagement within an atmosphere of open communication that assures job security even in a difficult business environment.

Copyrights and Trademarks

Currently, we have about 24 trademarks registered and pending registration at the National Intellectual Property Office, Sri Lanka for several food and beverage products manufactured at our facilities as well as trademarks for a range of industrial products.

SYSTEMS AND PROCESSES

We have introduced efficient systems, processes and procedures that are essential to the smooth flow of business. The process and procedure manuals, management and accounting systems and financial controls introduced over the years ensure that our business is carried out according to the required legal and statutory frameworks of the sectors we support.

The strength and effectiveness of these systems and processes have been validated through a range of quality accreditations received over past decades. These assure our shareholders and other stakeholders of our commitment to excellence in every area of our operations. Our manufacturing facilities and products are certified with well recognised local and global quality standards that include - ISO 9001:2015, ISO 14001:2015, ISO 22000:2018, HACCP, GMP, FSC, Organic Certification from several international reputed regulatory frameworks (EU, USDA-NOP and JAS) and SLS standards.

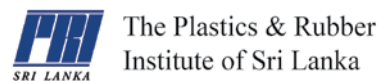
CORPORATE CULTURE

We foster a performance-based culture that promotes efficiency within a participatory and collaborative environment. Every individual is recognised for the value they bring to the workplace and is rewarded for their commitment. We encourage employee engagement within an atmosphere of open communication that assures job security even in a difficult business environment.

MEMBERSHIP IN ASSOCIATIONS

C. W. Mackie PLC is a member of the following Associations which establish the Company's professionalism in the industry and the Group's adherence to industry standards and regulations:

- The Ceylon Chamber of Commerce and its several international councils and associations
- National Chamber of Commerce of Sri Lanka
- The Employers' Federation of Ceylon (EFC)
- The Colombo Rubber Traders' Association
- The Plastics and Rubber Institute of Sri Lanka
- The Bottled Water Association of Sri Lanka
- The Institute of Chartered Accountants of Sri Lanka



MANUFACTURING CAPITAL

OVERVIEW

Manufacturing capital is the collection of material and technological objects available to an organisation for use in providing its products or services and is therefore critical to fulfilling the purpose for which the organisation was established. This capital is vital for achieving a company's vision, mission and in increasing core competencies.

The efficient use of manufacturing capital promotes the sustainable development of an organisation because it enables responsiveness and flexibility to changing market or societal needs, as well as facilitates the organisation to be dynamic and innovative in supplying its products and services to markets.

MANAGEMENT APPROACH

C. W. Mackie PLC Group's capital expenditure is based on an annualised plan that evaluates current equipment based on new technology, industry requirements, cost factors and budgets. Its manufacturing capital comprises its factories, machinery, equipment and leasehold land valued at a total Rs.439.01 billion as at end of the financial year under review.

The Group has five manufacturing facilities - Ceymac Rubber Company Limited, Ceytra (Private) Limited and Kelani Valley Canneries Limited subsidiary companies and Scan water bottling plant and the Delish manufacturing facility under Scan Products Division of the parent company which produce commodities as well as FMCG products, respectively.

Ceymac Rubber Company Limited, specialises in the production of sole crepe and technically specified rubber (TSR), which is manufactured and sold to overseas and local markets. Two factories produce TSR and additionally sole crepe, its more expensive counterpart.

Plantation scrap rubber is utilised in the manufacture of TSR in a technology-intensive process that uses pre-cleaning machines for cleaning the scrap rubber, which improve product quality. A hammer mill is used for crumbing the rubber during the production process. Machinery is used for soaking the rubber as well.

Both TSR and sole crepe manufacture use a range of specialised and purpose-built imported machinery, as well as machinery manufactured locally, valued at a total of Rs.133.42 million.

The fresh liquid latex used in the manufacture of sole crepe is initially treated using chemicals, coagulated in tanks, then

milled in a variety of milling machines to get an even texture of rubber laces. These laces are then dried at elevated temperatures and laminated and cut using a sole crepe cutter to get high-quality sole crepe sheets.

The factory buildings and land on which they stand are valued at Rs.105.73 million and Rs.473.0 million respectively.



Ceytra (Private) Limited, manufactures and exports moulded rubber products out of natural and synthetic rubber to European countries, as well as the local market. A substantial quantity is supplied to a reputed local supermarket chain.

Rubber processing is initiated by adding several chemicals in formulas prescribed for the specific products to be manufactured. A kneader machine kneads these compounds which are then pressed into a pre-heated rubber mould and vulcanised to the desired shape.

The assets of this plant have been fully depreciated.



The Group has five manufacturing facilities - Ceymac Rubber Company Limited, Ceytra (Private) Limited and Kelani Valley Canneries Limited, subsidiary companies and the Scan water bottling plant and the Delish manufacturing facility under Scan Products Division of the parent company which produce commodities as well as FMCG products, respectively.

Kelani Valley Canneries Limited, manufactures and sells processed products made from locally produced fresh fruits and vegetables.

Although the business was labour intensive at inception, processing machinery was added subsequently that improved production quality and quantity. During the year under review, an automated tomato sauce sachet filling machine was introduced at a cost of Rs.1.64 million which has improved efficiency and hygiene and minimised human involvement, which has substantially reduced labour costs.



The processing machinery and equipment are valued at Rs.33.71 million and the factory building is valued at Rs.43.49 million. The land has a value of Rs.99.0 million.

Scan Water Bottling Plant, bottles and distributes high quality drinking water under the 'Scan' brand name mainly to the local market.

Efficiencies were substantially improved by a monoblock filler which doubles the capacity of water produced and bottled. This machine comprises a rinser, filler and capper and fills 500 ml, 1 litre and 1.5 litre bottles.

Machinery in a separate area fills 5 litre bottles and 19 litre flagons. All lines can be operated independently. A separate purification plant ensures consumers with water that meets local and international standards of quality.

The bottling plant was accorded ISO 14001:2015 certification during the financial year for its environmentally-friendly processes by the Sri Lanka Standards Institution.

The plant building is valued at Rs.42.87 million, the land it stands on at Rs.89.59 million and the machinery at Rs.75.68 million.



MANUFACTURING CAPITAL (Contd.)

Delish Manufacturing Plant, a plant purpose-built for manufacturing and packaging Delish bakery and related products was set up four years ago and uses a range of machinery for manufacturing and packing of these products.

Certain Delish bakery products such as jelly crystals, icing sugar and castor sugar are manufactured from raw materials. Corn flour, cocoa powder, gelatine and the most recent addition to the Delish range, instant butter cake mix are brought in and packed in their finished state.

A ribbon mixer is used for the manufacture of jelly crystals which are then packed by the multi head weigher packaging machine in a fully automated line complete with a vibratory feeder and bucket elevator.

Imported cornflour is hygienically packed into 1kg and 100g packets using an augur filler. Icing and castor sugar are ground in a pin mill type sugar grinder.

The plant is also equipped with three weighing scales for gauging the weights of 50kg, 3kg and 320g packs. A date coding machine stamps the manufactured date on the various packaging. Two sealers - the band sealer for 1kg and 2.5kg manual packing and the foot sealer for larger 25kg polythene packs are used in the final stages of the packaging process.

This machinery is valued at Rs.17.47 million.

Sunquick Lanka (Private) Limited (SQL), engages in the manufacture of 'Sunquick' range of fruit squashes and Ready-to-Drink (RTD) products, commenced its commercial production of RTD products at the state-of-the-art manufacturing facility at Horana during the year under review.

The building of the manufacturing facility was commissioned at a cost of Rs.601.42 million on the land valued at Rs.156.42 million owned by the subsidiary company, Sunquick Lanka Properties (Private) Limited. The machinery installed by SQL is at a cost of Rs.621.86 million. SQL is an associate company of C. W. Mackie PLC and a joint venture between C. W. Mackie PLC and Co-Ro A/S, Denmark.



MAINTENANCE

All machinery is maintained and serviced regularly according to a schedule. Maintenance is carried out by trained technicians provided either by the suppliers of the machinery or trained in-house. Repairs and maintenance jobs follow regulated procedures and processes.

PLANS FOR THE FUTURE

C. W. Mackie PLC Group plans to expand and upgrade its facilities to meet diverse market segments. It will continue to move away from labour intensive operations by investing in automated and semi-automated machinery which will improve product efficiencies.



SOCIAL AND RELATIONSHIP CAPITAL

OVERVIEW

Social and Relationship capital is among the most valuable assets of a business and integral to its value creation process. This capital defines the relationships a company has established with its wide and varied stakeholders. Their lack of support of the company and its activities could place business continuity at risk and therefore, strong relationships with this network of people is deemed a core competency of any leading corporate that aims to attain sustainable business development well into the future.

MANAGEMENT APPROACH

C. W. Mackie PLC Group views its relationship capital as being of strategic importance to its business plan. As such, it takes steps to forge cordial relationships with all stakeholders and introduces initiatives that actively build trust on a sustainable basis. The Company is confident that such symbiotic relationships not only assure business continuity but are also important in identifying in advance any perceived threats that could be addressed immediately. This timely intervention avoids any negative fallout that could arise as a result of a weakening relationship.

The Company's social and relationship capital comprises the investor community, government and other regulators, employees, financial institutions, service providers and communities all of whom impact either directly or indirectly on its business and reputation.

SHAREHOLDERS

Shareholders are vital to a company's success because, especially as a public company it is they who fund the company's future activities and therefore influence business objectives.

In this background, business activities of the Company are undertaken with the ultimate aim of maximising shareholder wealth. Two-way communication is facilitated throughout and shareholders are informed on all business developments. Their inputs and suggestions are acknowledged in business initiatives as a prerogative to exercise their rights to corporate information.

The Company engages with its shareholders at Annual General Meetings, Extraordinary General Meetings and other shareholder events and encourages them to communicate with the Company Secretary on any clarifications or information required. Relevant disclosures are made in an atmosphere of mutual understanding and respect. Annual Reports, Interim Financial Statements and information

posted on the corporate website apprise them on financial performance and Company activities. They are also privy to the Colombo Stock Exchange announcements and media communications on Company activities.

CUSTOMERS

As its primary source of value creation, customer confidence in the Company's brands is its main strength. The Company strives to foster long-term sustainable relationships with its customers through product excellence, product responsibility, superior service quality, accurate and timely communication. Over the years, many initiatives have been introduced to reach customers at various touchpoints in their lives and thereby promote long standing sustainable relationships through establishing brand loyalty and value. These initiatives are based on informed decisions built on market analyses on preferences and behaviour and include loyalty programmes, discounts, special offers and events.

Six channels of distribution ensure an uninterrupted supply of products to customers, namely, General Trade (GT) - retailers, Modern Trade (MT) - supermarket chains, Food Service (FSS) - HORECA, Wholesale (WS), Independent Supermarket (ISM) - standalone supermarkets and the most recent addition, e-commerce, which facilitates a continuous supply of products especially during the lockdown periods of the COVID-19 pandemic.

Interactive communication is maintained through technical support and site visits, invitations to various corporate events, management visits as well as one-on-one discussion whenever needed. Customers also obtain information about the Company and its products and activities from the corporate website and through media communications. Customer satisfaction surveys are also a key means of reaching out to them and an important source of feedback on the services provided, which have remained positive over the years.

EMPLOYEES

Employee development is a key strategy of the Company as it recognises the invaluable role played by staff in realising the goals and objectives that drive the Company forward. Over the years, C. W. Mackie PLC Group has invested heavily on talent development which has equipped its staff to meet evolving societal needs. This has successfully motivated staff, reduced absenteeism and employee turnover which have in turn considerably improved efficiency and productivity.

SOCIAL AND RELATIONSHIP CAPITAL (Contd.)

As a reputed corporate, the Company believes that protecting and uplifting the livelihoods of the communities in the vicinities of the Group's facilities is key to maintaining its responsibility to society.

C. W. Mackie PLC will continue to strive to create value by aligning the expectations of stakeholders with corporate objectives. These expectations will be monitored against delivery and mitigating strategies will be introduced whenever and wherever required.

Close and cordial relationships have been established between staff and the management which have led to a dearth of labour disputes, despite the presence of a unionised workforce which is confined to one subsidiary company.

Training opportunities are extended to all staff to develop on-the job as well as soft skills. During the year under review, specialised training on IT software and hardware was provided to staff who worked from home, to ensure seamless business continuity during the COVID-19 outbreak.

Top performance and long service are also recognised with rewards and awards. Corporate communication is carried out through emails, memos and the notice board. Work-life balance is also given serious consideration and team spirit is fostered throughout the enterprise.

THE COMMUNITY

Investment in the security, well-being and sustainability of the communities in which the Company operates is an important part of its commitment in building dignity, creating shared values and the contributions that it makes to the long-term sustainability of the communities in which it operates.

As a reputed corporate, the Company believes that protecting and uplifting the livelihoods of the communities in the vicinities of the Group's facilities is key to maintaining its responsibility to society. Several initiatives have been carried forward over the years which follow a carefully planned strategy to promote activities that help uplift the lives of less privileged segments of the community. The Company's responses to community initiatives are proactive as well as reactive. Either a perceived community need would be identified and met by the Company or the community could approach the Company with requests to meet a dire need of a less privileged member.

Corporate social responsibility (CSR) initiatives were constrained during the year due to the COVID-19 pandemic which substantially limited employee volunteerism, but the Company continued its maintenance of Ward 32 of the Colombo National Hospital and Ward 10 at the Horana Base Hospital, timely initiatives that support the present health crisis.

Scan bottled drinking water and flagons were supplied to the Police Station in Sapugaskanda, in the vicinity of the Company's main warehouse complex in Siyambalape. The Company also supported an initiative by the Police Station in Mattakkuliya to supply dry rations to less privileged communities in the vicinity of its rubber and desiccated coconut warehouse in Mattakkuliya.



SUPPLIERS

The relationship with the Company's suppliers is guided by respect and transparency. Quality control and the principles of social and environmental responsibility guide this interaction.

Strong and long-standing supplier relationships have been built over the years to ensure supplies of products of the highest quality and reliability at the most equitable prices. New suppliers are determined by their credibility and market reputation. As a manufacturer and marketer of many international brands, detailed attention is paid to the quality of supplies and whether these supplies conform to the stringent standards of quality demanded by overseas markets.

The Company has in place a carefully designed procurement process that identifies and selects the supplier most suitable to meet its standards of quality, reliability and cost. As a Company that deals with immense quantities of raw materials and finished products, procurements must meet all the required licenses and permits demanded by the relevant authorities, both local and international.

The Company also attempts to ascertain as far as possible, whether suppliers follow ethical business practices during production processes.

Smallholders supply latex and scrap rubber to the subsidiaries, Ceymac Rubber Company Limited and Ceytra (Private) Limited, the rubber manufacturing companies. These must conform to stringent international specifications and standards on rubber quality if they are to be supplied to international markets. Therefore, purchases are made only from growers who are familiar with these international specifications.

Kelani Valley Canneries Limited, subsidiary company, requires its organic fruits and vegetable growers to be registered with the Company, as purchases are made only from organic farms. These suppliers must also be equipped with the international organic certifications applicable to each individual country.

Supplier interaction is promoted through face-to-face meetings if necessary, as well as at corporate events to which they are invited. The Company also support them through event sponsorships.

BANKS AND OTHER FINANCIAL INSTITUTIONS

Confidence in the Company's financial strength has been built over the years, which has cemented cordial business relationships that ensure healthy financial dealings with this key group of stakeholders.

The financiers are kept abreast of business developments with regular reports and financial statements and personal meetings are held whenever necessary. They also have access to information on the Company website and from the media.

GOVERNMENT AND REGULATORY BODIES

Strong and interactive relationships have been built with these bodies through regular communications on business activities. The Company works within the framework of all relevant institutions and regulatory bodies to ensure that necessary licenses and approvals have been obtained to transact legitimate business, both locally and overseas. All applicable statutes and regulations for the manufacturing and trading industries are complied with.

AFFIRMATION

The Company declares that during the year under review, there have been no significant, actual or potential, negative impacts on society based on its actions, no negative impacts of labour practices, nor negative human rights impacts on the supply chain, nor has legal action been taken against the Company for anti-competitive behavior by any stakeholder.

FUTURE PLANS

C. W. Mackie PLC will continue to strive to create value by aligning the expectations of stakeholders with corporate objectives. These expectations will be monitored against delivery and mitigating strategies will be introduced whenever and wherever required.

SOCIAL AND RELATIONSHIP CAPITAL (Contd.)

STAKEHOLDER ENGAGEMENT

Stakeholder	Importance of Engagement/ Purpose	Engagement Mechanism
Shareholders	These are the owners of the Company and are involved in various aspects of its finance, governance and control. Positive engagement with them is vital for business growth. All business activities are carried out with the aim of maximising shareholder value.	<ul style="list-style-type: none"> • Annual General Meeting • Interim Financial Statements released to the Colombo Stock Exchange (CSE) • Annual Report • Corporate Website • Announcements to the CSE • Access to the Company through the Company Secretary to obtain clarifications or express concerns about any aspect of the Company's functions
Customers (Both domestic and overseas)	They are the buyers of the Company's products and are therefore the source of its revenue. Continuous initiatives are carried out to enhance customer satisfaction by increasing the quality of service and product delivery. Customers are approached through six strategically designed channels of distribution.	<ul style="list-style-type: none"> • Corporate website • Technical support and site visits • Dealer and sales conventions • Management visits • One-on-one engagements wherever needed • Customer satisfaction surveys • Media communications
Employees	These are the cornerstone of the Company's success and deliver the Company's goals and strategies. Many initiatives are carried out to motivate them to make higher contributions to the organisation as well as to retain them long-term.	<ul style="list-style-type: none"> • Annual appraisal system • Recreational activities organised by the Company and by the Sports Club • Training and career development programmes to develop their soft skills and work-related skills • Team meetings • One-on-one discussions on relationship management • Rewards and recognition system to motivate performance • Communications via emails/memos and notice board
Communities	<p>These are the people who live in the vicinities of our operational facilities and their support of the Company's activities is vital for business continuity.</p> <p>Reciprocal relationships have been built with them by providing them with a host of benefits in cash and kind, which have substantially enhanced their lives and livelihoods. This has been a win-win situation for both parties from the inception of the Company.</p>	<ul style="list-style-type: none"> • Maintenance of healthcare facilities • Donations of educational items • Support and participation in spiritual and healthcare programmes • Sports sponsorships • Need-based donations in cash and kind

Stakeholder	Importance of Engagement/ Purpose	Engagement Mechanism
Government and Regulatory Bodies	They ensure compliance with applicable laws and regulations that promote a conducive environment for the business and its various stakeholders and it is therefore essential to maintain clear channels of communication with them.	<ul style="list-style-type: none"> • Submission of periodic returns/statements • Regular updates on press and media • Formal meetings/dialogues when needed
Banks and Financial Institutions	They are important for providing the Company with debt capital and other financial support for expansion. It is therefore necessary to maintain long-term trust that promotes healthy financial dealings.	<ul style="list-style-type: none"> • Submit regular reports/accounts. • One-on-one meetings/dialogue • Corporate website • Press/media releases
Supply Chain/ Suppliers	Establishing strong business relationships with this key group of stakeholders is vital for ensuring quality and cost-effective supplies that conform to stringent international standards. This contributes to the Company's reputation as a producer of high quality and reliable products.	<ul style="list-style-type: none"> • Procurement procedures based on best practices • Corporate website • One-to-one meetings when needed • Corporate functions and sponsorships • Annual Report

NATURAL CAPITAL

OVERVIEW

Natural capital is vital for the health of both people and businesses because it is sourced from natural resources from which goods and services are derived for economic production and/or consumption. Corporates are increasingly recognising the intrinsic value of natural capital and are going beyond gross profit to measure their business success also by the manner in which they manage their natural resources.

MANAGEMENT APPROACH

C. W. Mackie PLC realises that its financial prowess is just one aspect of its successful business performance and therefore, is committed to managing the wealth of its resources in a responsible manner that mitigates any negative impacts of its production processes.

As a manufacturing company, it is fully aware that some of the processes it employs in the course of business generates effluent and waste that could be harmful for people and the planet if not disposed responsibly. Accordingly, carefully planned initiatives have been introduced at all Group manufacturing facilities to ensure sustainable production and responsible waste disposal. These initiatives also include applicable environmental regulations and guidelines that adhere to and rigorously monitored to ensure compliance.

The waste water treatment plant of subsidiary company, Kelani Valley Canneries Limited was upgraded during the year under review to improve performance as well as the quality of the grey water outflow. This waste water is utilised to grow fruit and vegetables organically and maintain a fruit orchard that includes a flourishing pineapple garden, a highlight of the Company's environment initiatives.



The solid waste generated from the processed fruit and vegetable products is contracted to plantations for use as compost fertiliser. Glass and polythene are sent for recycling to licensed suppliers.



Subsidiary, Ceymac Rubber Company Limited, uses effluent treatment technology at its factory in Nanthupana, Horana, to responsibly recycle chemicals and other components that produce waste and effluents during the rubber manufacturing process. This treatment ensures optimal resource utilisation while reducing and recycling solid waste. Industrial waste water from its technically specified rubber (TSR) production is treated in an effluent treatment system and then discharged into a fish pond. The fish were introduced to monitor the quality of the water discharged into the pond and regular testing is carried out to ensure that the quality is maintained in line with Central Environment Authority (CEA) requirements.

All other areas of rubber production have also been addressed - a scrubber air pollution system controls the odour produced in the manufacturing process; firewood rather than diesel powers the Gasifier; sealed warehouses accessed only by authorised personnel store chemicals and other hazardous components. The factory holds the annual Environmental Protection License issued by the CEA, which has been renewed for the current year.

These sustainable initiatives are fast gaining recognition and the ISO 14001:2015 - Environmental Management Systems (EMS) certification was recently awarded by the Sri Lanka Standards Institution (SLSI) to the parent company's Scan water bottling plant, Horana. The certification was in recognition of the plant's initiatives in successfully identifying, managing and mitigating its environmental impact as well as for improving its environmental performance through resource efficiency and waste reduction. The plant has also introduced glass water bottles in certain sizes to the hotel sector.

C. W. Mackie PLC Group will continue to introduce internationally recognised best practices and technological advances to minimise its water and energy footprint on the planet and will support the effective consumption of resources through sustainable production. It remains fully committed, in both letter and spirit to complying with all environmental laws and regulations that will ensure a sustainable future.



Scan water bottling plant has initiated a recycling drive with the Beira Group, a pet bottle recycling company in Horana for recycling pet bottles, which the Beira Group uses as a raw material to produce yarn for export.

Sunquick Lanka (Private) Limited (SQL), associate company engaged in the manufacture of fruit concentrates and ready-to-drink products under Sunquick brand, supplies its packing material waste to Western Power Plant, the waste-energy power plant that was recently commissioned to provide 10MW of electricity to the national grid. Further, SQL promotes a green concept in its operations and has introduced an eco-green landscaping system and is growing foliage in its surrounding to further its aim of fostering a green environment.



Waste material produced in the Group offices too is dealt with in a sustainable materials strategy that focuses on increasing the use of recycled and renewable materials and reducing or eliminating unsafe or excess materials.

As a further measure to reduce its carbon and water footprint, the C. W. Mackie PLC Group has volunteered for Green Reporting and registered for the National Green Reporting System with the Ministry of Environment. The system considers optimum resource utilisation, recycling waste internally and externally as a community, as well as energy conservation methods implemented for operational purposes. Regular communication takes place with the Ministry/relevant authorities on sustainable performances, in compliance with the Group's environmental policy.

PLANS FOR A SUSTAINABLE FUTURE

C. W. Mackie PLC Group will continue to introduce internationally recognised best practices and technological advances to minimise its water and energy footprint on the planet and will support the effective consumption of resources through sustainable production. It remains fully committed, in both letter and spirit to complying with all environmental laws and regulations that will ensure a sustainable future.

HUMAN CAPITAL

OVERVIEW

The COVID-19 pandemic has prompted a shift to new ways of working, demanding that organisations re-determine how, when, where and by whom work gets done. As companies reset operations for this new world of work, now defined as the 'new normal', they must benefit from an approach that values talent as a key asset that contributes to an organisation's sustained value creation, if they are to remain economically sustainable. This calls for the development of a new human capital accounting framework that enables the management to track how their investment in people is augmenting their human capital and supports the delivery of better outcomes for the business, workforce and economy.

OUR APPROACH

C. W. Mackie PLC's Human Resources Division is at the centre of the organisation's rapid response to the new normal situation of the pandemic crisis and successfully manages continuity while keeping the workforce engaged, productive and resilient in a crisis situation to ensure they make a positive contribution to Group profitability. Multiple scenarios were planned for this shift from crisis response to recovery as the Company geared itself to address new realities.

COVID-19 RESPONSE

The Group re-organised its operations immediately following the first wave of COVID-19 in April 2020, fortified with the necessary government permits to staff the offices and commence production activities. All seven locations of the Group were opened for operations, albeit with a lesser staff strength. Government stipulations and guidelines on Health and Safety (H&S) practices during a pandemic were rigorously adhered to, to ensure a safe environment for employees, customers and products. As a result of this careful planning and foresight, no significant breaches of H&S regulations occurred.

This was a noteworthy achievement in terms of the Company's people drive. Despite government directives to the contrary, as part of the Company's intrinsic commitment as an employer who cares for the well-being of each employee the management took a firm decision not to reduce staff salaries, continued to provide increments and benefits in line with their commitment and performance. Further, services of no employees in the permanent and probationary cadre were terminated.

A plan for restructuring in line with the new norms commenced from September 2020 with a series of meetings with representatives/heads of each location and decisions of latest Group HR practices including new COVID-19 H & S guidelines were disseminated through the Management Information of Human Resources Communication System. Additional expenditure related to each employee was also carefully monitored and controlled at each strategic business unit (SBU).

These careful controls proved effective and resulted in sizeable reductions in the overtime cost of employees during the first and second quarters of the year under review, which substantially increased the profitability of the Company.

The Group also established procedures for determining and preventing the spread of COVID-19 among its staff. These include the provision of periodic PCR and Rapid Antigen tests free of charge; responsibly addressing concerns of contamination in partnership with a leading private hospital in Colombo; providing all staff with transport facilities or reimbursing staff who used their private vehicles to travel to work.

EMPLOYEE TRAINING AND DEVELOPMENT

C. W. Mackie PLC Group conducts a highly diversified business that requires a range of competencies for which training is speedily identified and carried out throughout the year.

This year, the Group responded to the remote working challenges necessitated by the pandemic. The outbreak prompted the Company to take a fresh look at how to equip its staff for effective performance in the 'new normal' work situation. Adoption of fully digitised approaches to working was accelerated, which helped reduce avoidable physical interaction while ensuring minimal downtime and delays.

Workers were re-skilled and up-skilled to match new roles that deliver innovative new business models designed to fortify the Company against future disruptions. The up-skilling involved creating a competency framework for developing employees' critical digital and cognitive capabilities. Digital skills were developed across Group Divisions using creative and smart application of digital technologies in virtual training modules that boosted the digital acumen of staff. Classroom-based face-to-face training was upscaled and content moved to virtual cloud-based platforms online. The applications used ranged from collaborative software to audio and video conferencing. This new way of working is being developed as a blueprint for the long-term.

Traditional and routine training was carried out during the year, which included fire drill/training to facilitate regular business practices.

HUMAN RESOURCES DEVELOPMENT AND REMUNERATION MANAGEMENT

Human Resources Information System (HRIS)

This was the opportune moment for rolling out the new state-of-the-art HRIS payroll system to the Group. Migration from the earlier micro image server-based system to a payroll module commenced during the previous year and a parallel model was introduced from January 2021, but March 2021 saw the full implementation of the 'hSenid system' with wireless connectivity, which met the remote working needs

of non-executive staff across the Group. This cloud-based solution system offers a timely and welcome initiative that ensures remote working into the future.

INDUSTRIAL HARMONY

The Group is also proud of its unblemished record of industrial harmony and continued to maintain the record this year too. No Labour Tribunal issues were reported during the year under review.

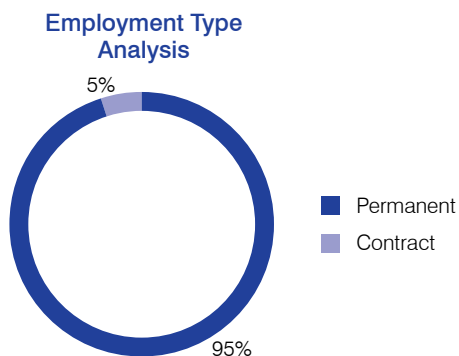
REWARDS AND RECOGNITION

Recognition and appreciation of loyalty and commitment was ensured throughout the year under review. One employee received the long service award at a ceremony held on 1 January 2021.

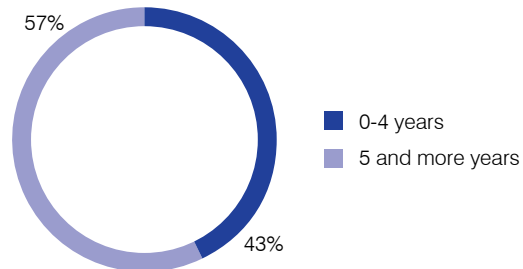


STAFF PROFILES AND RELATED HR ANALYTICS

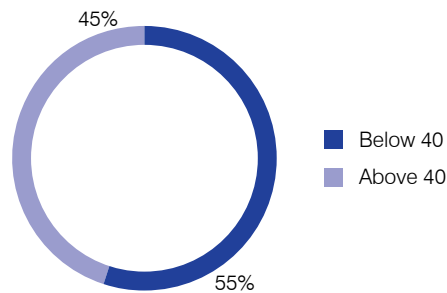
This function captures processes and analysis of data on the culture, patterns and ways in which people are recognised at work. About 95% of staff is in the permanent cadre and the balance 5% are on contract. Over 57% of employees in the Group have been working with the Company for over five years, which confirms that C. W. Mackie PLC is a provider of sustainable employment. The staff mix is also healthy as it comprises a balance of staff under and above the ages of 40 years and leans towards a younger team.



Employment Service Analysis



Employment Age Analysis



FUTURE PLANS

For the future, the second phase of the cloud-based hsenid payroll system will be introduced, with an added benefits module that will improve the efficiency of sales staff, who will be able to speedily submit their reimbursements to the head office for approval, soft copies of all on-field expenditure uploaded to their mobiles. This initiative will slice through voluminous paper work, as well as save costs and the environment. Plans are to execute this phase from Q3 2021. Plans to drive a performance-based culture will be further realised with the implementation of a Human Resources Performance Management System (PMS) during the next financial year.

As an organisation that looks towards accelerating the pace of remote working in the foreseeable future, the Company makes a conscious effort to preserve its core values while building a workplace that puts people at the forefront of every decision.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

For the financial year ended 31 March 2021

The Board of Directors has 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 2021 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 those disclosed in the preceding paragraph.

REVIEW OF OPERATIONS

A detailed review of business operations by the Chairman/Chief Executive Officer is given on pages 13 to 19.

WAY FORWARD STRATEGIES

The Group's initiative of implementing the Business Process Re-engineering Project introduced in June 2020 mainly focused on cost managing strategies and structural changes. This project will continue with a plan focusing on two specific areas in productivity enhancement in the manufacturing facilities and providing end-to-end digitalised solutions to selected operating processes.

Initiatives taken to further expand and segregate the Industrial Products Cluster, which has been identified as one of the most potential business clusters in the Group to capitalise on its new product trading activities.

There will be focus on export of spices and non-traditional products to niche markets.

Further information on future developments is provided in the Chairman/Chief Executive Officer's Review and the Business Overview 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.507,047,487 as at 31 March 2021 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 and are traded on the Diri Savi Board of the Colombo Stock Exchange.

The float adjusted market capitalisation of the Company as at 31 March 2021 is Rs.174,184,611.04.

The float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

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 162 and 163 and information relating to earnings, dividends and net assets per share is given in the Financial Highlights on page 8.

The twenty largest shareholders of the Company and details of public holding as at 31 March 2021 are indicated on page 164.

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 2021. The significant accounting policies adopted in the preparation of the Financial Statements are given in Note 3.

Financial Results

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

Year ended 31 March	2021 Rs. 000's	2020 Rs. 000's
Revenue	10,927,486	8,593,307
Results from operating activities	542,859	137,986
Net financing costs	115,173	124,793
Share of Joint Venture's profit/(loss)	(50,516)	7,963
Profit before taxation	377,170	21,156
Income tax expense	121,499	99,125
Profit/(loss) for the year	255,671	(77,969)
Non-controlling interests	9,013	2,445
Profit/(loss) attributable to equity holders	264,684	(75,524)

The Financial Statements of the Company and Group are set out on pages 101 to 160 of the Annual Report.

DIVIDEND

The Directors have authorised the distribution of a first and final dividend of Rs.7/- per share for the financial year ended 31 March 2021 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 2021 amounted to Rs.2,092.79 million (2020 - Rs.1,864.86 million). The movement of the reserves is given on page 103 under Statement of Changes in Equity and in the Notes 21 and 22 to the Financial Statements.

GROUP REVENUE

Group revenue was Rs.10,927.49 million during the year under review (2020 - Rs.8,593.31 million).

DONATIONS

The Directors have approved and made donations of Rs.51,400/- (2020 - Rs.324,409/-) 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.24 of 2017 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.238.54 million (2020 - Rs.260.57 million).

BORROWINGS

Group total borrowing was Rs.1,730.32 million as at 31 March 2021 (2020 - Rs.1,883.45 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 33.

BOARD OF DIRECTORS

The present Directors of the Company are given on pages 20 and 21.

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. He was appointed to the Board of the Company on 23 May 2007 and has completed over fourteen (14) years of continuous service in his capacity as independent non-executive Director. 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

ANNUAL REPORT OF THE BOARD OF DIRECTORS (Contd.)

For the financial year ended 31 March 2021

independence is of the unanimous opinion that Deshabandu A. M. de S. Jayaratne is nevertheless independent.

Mr. H. D. S. Amarasuriya was appointed to the Board of the Company on 22 February 2011 and has completed over ten (10) years of continuous service in his capacity as independent non-executive Director. 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 unanimous opinion that Mr. H. D. S. Amarasuriya is nevertheless independent.

Ms. C. R. Ranasinghe retires by rotation in terms of Article 89 of the Articles of Association and being eligible, offers herself for re-election with the unanimous support of the Board of Directors.

Mr. R. C. Peries resigned as a Director of the Company with effect from 31 December 2020. The Board of Directors wishes to place on record its appreciation of the contribution by Mr. Peries to the deliberations of the Board during his tenure of office.

Mr. Sanjeev Rajaratnam who was appointed as a Director of the Company on 20 April 2021 retires in terms of Article 95 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. H. D. S. Amarasuriya, Dr. T. Senthilvel and Mr. S. D. R. Arudpragasam are over and/or will reach the age of 70 years as at the date of the Annual General Meeting, their appointment as Directors of the Company require the approval of a resolution of the Company in general meeting. Notices dated 15 July 2021 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 165. The appointment of Mr. W. T. Ellawala, Deshabandu A. M. de S. Jayaratne, Mr. H. D. S. Amarasuriya, Dr. T. Senthilvel and Mr. S. D. R. Arudpragasam has the unanimous support of the Board of Directors.

The Board of Directors has unanimously approved the appointment of Mr. A. Hettiarachchy as a Director of the Company in terms of Article 95 of the Articles of Association. As Mr. Hettiarachchy is over the age of 70 years, his appointment as a Director of the Company requires the

approval of a resolution of the Company at a general meeting. A Notice dated 15 July 2021 has been received by the Company from a shareholder in regard to the resolution for the approval of his 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 165.

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 32.1 to the Financial Statements dealing with related party disclosures include details of their interests in transactions.

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 32.1 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 32.2 to the Financial Statements.

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

	Shareholding	
	As at 31 March 2021	As at 1 April 2020
W. T. Ellawala (Chairman/CEO)	500	500
Ms. C. R. Ranasinghe	100	100
A. M. de S. Jayaratne	Nil	Nil
R. C. Peries (upto 31 December 2020)	N/A	Nil
Anushman Rajaratnam	Nil	Nil
S. D. R. Arudpragasam	Nil	Nil
Dr. T. Senthilvel	1,782,575	1,782,575
H. D. S. Amarasuriya	Nil	Nil
K. T. A. Mangala Perera	Nil	Nil
Sanjeev Rajaratnam (from 20 April 2021)	N/A	N/A

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors' responsibility for financial reporting is given on page 84.

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 85 to 87.

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 124 to 128.

MARKET VALUE OF PROPERTIES

Land and buildings of the Group, which is carried at cost, were re-valued by a professionally qualified independent valuer as at 31 March 2019. 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 pages 88 and 89.

RATIOS AND MARKET PRICE INFORMATION

Details of ratios and relevant market price information are disclosed under Financial Highlights on page 8.

REMUNERATION COMMITTEE

The composition of the Remuneration Committee and their Report is given on page 90.

AUDIT COMMITTEE

The composition of the Audit Committee and their Report is given on page 92.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

There were no Non-Recurrent Related Party Transactions where the aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower. Recurrent Related Party Transactions, where the aggregate value exceeds 10% of the gross revenue/income is as per Note 32.1.3 to the audited financial statements for the year ended 31 March 2021.

The composition of the Related Party Transactions Review Committee and their Report is given on page 91.

AUDITORS

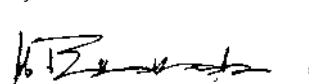
The Auditor's Report on the Financial Statements for the year under review is given on pages 95 to 100.

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 authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

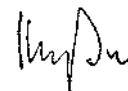
The Audit fees for the year amounted to Rs.2.80 million (2020 - Rs.2.80 million) for the Company and 4.62 million (2020 - Rs.4.40 million) for the Group, respectively and additionally for non-audit related work Rs.1.54 million (2020 - Rs.194,000/-) for the Company and Rs.1.77 million (2020 - Rs.461,000/-) 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.

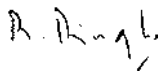
By Order of the Board



W. T. Ellawala
Chairman/CEO



K. T. A. Mangala Perera
Executive Director



Ms. C. R. Ranasinghe
Company Secretary

Colombo
22 July 2021

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 authorised 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.

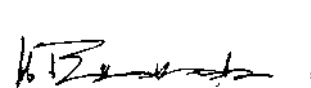
The Directors have provided the Auditors, KPMG, Chartered Accountants, with every opportunity to carry out reviews, tests and inspections that they consider appropriate and necessary to give their audit opinion. The opinion expressed by the Auditors appear on pages 95 to 100 of this Annual Report.

The Directors are Responsible:

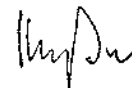
- for the preparation of the Annual Report of the Company and its subsidiaries Financial Statements in accordance with applicable laws and regulations;
- for the preparation of the Financial Statements of the Company and its subsidiaries to reflect a true and fair view of the state of affairs of the 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 that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of 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.

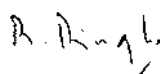
By Order of the Board



W. T. Ellawala
Chairman/CEO



K. T. A. Mangala Perera
Executive Director



Ms. C. R. Ranasinghe
Company Secretary

Colombo
22 July 2021

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 89% 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 six 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 20 and 21 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 three (3) occasions, the individual attendance by members is given below:

Name of Director	Board Meetings Attended (1 April 2020 to 31 March 2021)
Mr. W. T. Ellawala	3/3
Ms. C. R. Ranasinghe	3/3
Deshabandu A. M. de S. Jayaratne	3/3
Mr. R. C. Peries (upto 31 December 2020)	2/3
Mr. Anushman Rajaratnam	3/3
Mr. S. D. R. Arudpragasam	2/3
Dr. T. Senthilveri	3/3
Mr. H. D. S. Amarasuriya	2/3
Mr. K. T. A. Mangala Perera	3/3
Mr. Sanjeev Rajaratnam (from 20 April 2021)	N/A

In order to apprise the members of the Board of 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 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.

CORPORATE GOVERNANCE (Contd.)

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.

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, recommendations of the Nomination Committee 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 32.2 to the Financial Statements on page 148.

REMUNERATION COMMITTEE

The composition of the Remuneration Committee and their Report is given on page 90 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 Advisors 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 pages 95 to 100.

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 authorised 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 84.

Audit Committee

The composition of the Audit Committee and their Report is given on page 92 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.

Related Party Transactions Review Committee

The composition of the Related Party Transactions Review Committee and their Report is given on page 91 of this Annual Report.

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 80 to 83 of this Annual Report.

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 too play critical roles.

OUR APPROACH

Our broadened definition for risk is the potential occurrence of an external or internal event that may negatively impact our ability to achieve the Groups' business objectives. Its significance is measured in terms of impact and likelihood of occurrence.

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 realising its potential and to manage them in order to minimise adverse effects and maximise positive outcomes.

Our risk management process involves identifying, analysing 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, 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/customers 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 minimising 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 centralised 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/Enterprise 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. Following the global pandemic situation experiencing since the previous financial year, the following pandemic planning risk management model having 4 phases (PPRR model) has been initiated:

- prevention
- preparedness
- response
- recovery

The above actions will comply with existing workplace relations and health and safety frameworks. As part of the planning process emphasis will be placed on the following:

- identify core services and what is needed to maintain the supply chain
- identify staffing arrangements, such as telecommuting, succession planning and cross-skilling
- protect the health of staff
- develop a communications strategy for employees, customers and suppliers
- consider financial implications, such as cash flow, cost increases and insurance
- identify contingency plans for the unexpected
- schedule how the plan will be tested and updated.

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.

GOVERNANCE OF RISK MANAGEMENT

Group Management Committee, C. W. Mackie PLC Board and Board Audit Committee work closely to ensure that risk management complies with the relevant standards and that it is working effectively.

As an integral part of risk management, the Board Audit Committee overlooks the adequacy and efficiency of internal controls across the Group through internal audit reports and compliance statements.

REPORT OF THE REMUNERATION COMMITTEE

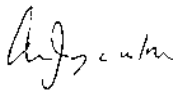
The Remuneration Committee of the Board of Directors of C. W. Mackie PLC consists of the two (2) Independent/Non-Executive Directors, viz. Deshabandu A. M. de S. Jayaratne (Chairman of the Committee) and Mr. H. D. S. Amarasuriya and Non-Executive Director, Mr. S. D. R. Arudpragasam, Mr. W. T. Ellawala (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

22 July 2021

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee of the Board of Directors of C. W. Mackie PLC consists of the two (2) Independent/Non-Executive Directors, viz. Mr. H. D. S. Amarasuriya (Chairman of the Committee) and Deshabandu A. M. de S. Jayaratne and Mr. W. T. Ellawala (Chairman/Chief Executive Officer of the Company) and Mr. K. T. A. Mangala Perera, Executive Director. The Company Secretary functions as Secretary to the Committee.

Written terms of reference approved by the Board of Directors deal clearly with the authority and duties of the Related Party Transaction Review Committee. The purpose of the Committee is to provide independent review and oversight of all proposed Related Party Transactions, other than those exempt, as may be defined from time to time under the Listing Rules of the Colombo Stock Exchange (CSE Rules).

The Committee has adopted the Related Party Transactions policy set out in the terms of reference, prepared in accordance with the rules pertaining to Related Party Transactions set out in Section 9 of the CSE Rules, which is the Company's policy governing the review, approval and oversight of Related Party Transactions with the intention of providing guidance and direction on Related Party Transactions. Policy objectives are:

- (i) To ensure that every Related Party Transaction is conducted in a manner that will protect the Company from conflict of interest which may arise between the Company and its Related Parties; and
- (ii) To ensure proper review, approval and disclosure of transactions between the Company and any Related Party in compliance with legal and regulatory requirements.

The Committee was set up as per the directive of the Securities and Exchange Commission of Sri Lanka of 12 December 2013 and is constituted as required by the CSE Rules on Related Party Transactions. The Committee, upon becoming mandatory with effect from 1 January 2016, has met quarterly and discussed, *inter alia*, the nature of the transactions that should be approved by the Committee as stipulated by the CSE Rules.

The Committee also has taken steps to review and strengthen the existing process of identifying related parties, capturing Related Party Transactions and reporting on such transactions as required by the CSE Rules and obtain appropriate professional and expert advice in the discharge of its functions.

During the financial year ended 31 March 2021, in view of the prevailing COVID-19 pandemic, the Related Party Transactions Review Committee had only three (3) meetings although Related Party Transactions for each quarter was duly reviewed. Proceedings of the Related Party Transactions Review Committee Meetings are circulated to the full Board of the Company.

There were no Non-Recurrent Related Party Transactions where the aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower. Recurrent Related Party Transactions, where the aggregate value exceeds 10% of the gross revenue/income is as per Note 32.1.3 to the audited financial statements for the year ended 31 March 2021.



H. D. S. Amarasuriya

Chairman

Board of Directors' Related Party Transactions Review Committee

22 July 2021

REPORT OF THE AUDIT COMMITTEE

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. Their wide range of financial knowledge, professional skills and business acumen enable their functions to be carried out efficiently and effectively. Mr. W. T. Ellawala (Chairman/Chief Executive Officer of the Company) and General Manager-Group Finance attend meetings as *ex-officio* members. The External Auditors, KPMG, Chartered Accountants, attend meetings on invitation. Other officials of the Company and the Internal Auditor, a leading professional firm of Chartered Accountants to which the internal audit function has been outsourced, attend meetings on a need basis. The Company Secretary functions as Secretary to the Audit Committee.

During the financial year ended 31 March 2021 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 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 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 organisational 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.

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

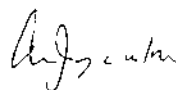
The Audit Committee has discussed with the External Auditors the scope and conduct of the annual audit.

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

The Audit Committee has reviewed the Management Letter issued by the External Auditors and is satisfied as to the follow up action as necessary in respect thereof by the Management.

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 by the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee after evaluating the effectiveness of the independent performance of the External Auditors, has recommended to the Board of Directors that KPMG, Chartered Accountants, be re-appointed Auditors for the financial year ending 31 March 2022 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

22 July 2021

FINANCIAL REPORTS



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INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF C.W. MACKIE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the 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 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 101 to 160.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
Ms. P.M.K. Sumanasekara FCA, W.A.A. Weerasekara CFA, ACMA, MRICS



Revenue Recognition

Refer to the accounting policies in "Note 3.15.1 to the Financial Statements: Revenue – sale of goods", "Note 05 to the Financial Statements: Revenue"

Risk Description

Revenue from sale of goods Rs.10,927,486,000/- is recognised when control has been transferred to the buyer; and is measured net of trade discounts and volume rebates (trade spend) for which judgement is required by management to estimate accruals.

In addition, the Company considers revenue as an important element in measuring, management performance and how management are incentivised. These factors could create an incentive for revenue to be recognised prior to control being transferred.

We identified the recognition of revenue as a key audit matter because revenue is a significant audit risk and one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of revenue recognition by management to meet specific targets or expectations.

Our responses

Our audit procedures included;

- Obtaining an understanding of the design, implementation and operating effectiveness of management's key internal controls in relation to recognition of revenue such as matching a sample of sales invoices recognised to sales orders and dispatch notes.
- Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment.
- Testing, on a sample basis, whether specific revenue transactions around the year end had been recognised in the appropriate period on the basis of the terms of sale within the associated contracts, such as whether shipping terms had been met, goods received notes completed and, or, customer acceptance of the product received.
- Assessing whether there was any evidence of management bias by forming an expectation of the current year revenue profile, with reference to historical trends, and comparing to actual.
- Testing a sample of credit notes issued after the year end and challenged those that were not recorded by obtaining evidence and rationale for significant reversals.
- Assessing the quantification of adjustments arising from management's revenue recognition assessment for compliance with SLFRS 15 during the year and disclosures for the same.

Carrying Value of Inventories

Refer to the accounting policies in "Note 3.9 to the Financial Statements: Inventories", "Note 15 to the Financial Statements: Inventories"

Risk Description

As at the reporting date, the Group holds inventory of Rs.2,012,679,000/-. The management judgment is applied to the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current condition and physical location. This primarily relates to the assessment of direct labour costs incurred, manufacturing overheads to be absorbed and other relevant production costs.

A risk surrounding the carrying value of inventory when compared to the net realizable value as a result of inadequate provisioning has also been identified. Establishing a provision for slow-moving, obsolete and damaged inventory involves estimates and judgments, taking into account forecast sales and historical usage information. Further, COVID 19 outbreak resulted in interruption in business activities and resulted in loss of income for some of the individuals/industries which would adversely affect the ability to sell its inventories with a reasonable margin which would have a potential impact on the net realizable value adjustments.

We identified assessing the carrying value of inventories as a key audit matter because of the inherent risk that the Group's inventories may become obsolete or may be sold at prices below their carrying values and because the judgment exercised by management in determining the appropriate provision for inventories involves management's bias.

Our responses

Our audit procedures included;

- Performing the observations of inventory physical verifications in order to identify the existence and any damaged, obsolete inventory.
- Obtaining an understanding and assessing the design, implementation and operating effectiveness of the Group's key controls relating to the assessment of inventory valuation and inventory provisioning.

On a sample basis, we have performed the following:
Agreeing the cost of raw materials to third party supplier invoices;

- For work in progress and finished goods, we obtained the bill of material and tested the underlying costs within each stock item. We challenged the key assumptions concerning overhead absorption by assessing the appropriateness of costs included in the calculation;
- Evaluating the parameters and system accuracy of weighted average cost (WAC) calculated with the assistance of IT audit specialist.
- Assessing the net realisable value (NRV) on a sample basis of stock items by agreeing their subsequent sales price to customer invoices to ensure that the items were being held at the lower of cost and NRV;
- Gaining an understanding of the movements in the inventory for the year and assess the scale of the provision for non-moving and slow moving inventory.
- Where manual adjustments have been made to the provision, we have understood these by gaining supporting documentation.
- Assessing whether the group's policies had been consistently applied and the adequacy of the Group's disclosures in respect of the judgment and estimation made in respect of inventory provisioning.



Recoverability of Trade Receivables

Refer to the accounting policies in “Note 3.10 to the Financial Statements: Impairment”, “Note 16.1 to the Financial Statements: Trade receivables from related parties” and “Note 16.3 to the Financial statement: Trade receivables”

Risk Description

The Group has recognised trade receivable from related parties and trade receivables balances of Rs. 14,119,000/- and Rs.2,348,364,000/- as at 31 March 2021, after provision for impairment of Rs.81,939,000/- and Rs.73,989,000/- respectively.

The Group’s customers operate in a number of sectors, having different credit profiles. SLFRS 9 – “Financial Instruments” ECL Model takes into account judgment in setting the assumptions such as forward looking probability of default (PD), loss given default (LGD), macroeconomic scenarios including their weighting and judgments over the use of data inputs required.

Provision for impairment of trade receivables remains one of the most significant judgment made by the management particularly in light of the uncertain economic outlook in Sri Lanka as at the reporting date due to the Covid-19 outbreak.

We identified impairment of trade receivables as a key audit matter for our audit, as it requires management to exercise subjective judgment in making assumptions and estimates for the assessment of provision for impairment of trade receivables.

Our responses

Our audit procedures included;

- Evaluating the appropriateness of the impairment methodology used by the Group in accordance with SLFRS 9 and challenging the key assumptions and evaluating the reasonableness of the key judgments and methodology used by the management.
- Evaluating the completeness, accuracy and relevance of data used in preparation of the impairment provision.
- Comparing the economic factors used in the models to market information to assess whether they are aligned with the market and economic development.
- Challenging how management had assessed the impact of Covid-19 within the ECL model to assess whether that it was appropriately considered in the measurement of ECLs at year end.
- Evaluating the adequacy of the Group’s disclosures regarding the degree of judgments and estimation involved in arriving at the provision for impairment of trade receivables.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.

A handwritten signature in blue ink, appearing to be 'K. M. M.', written over a faint, stylized 'KPMG' logo.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

22 July 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Group		Company	
		2021 Rs. 000's	2020 Rs. 000's	2021 Rs. 000's	2020 Rs. 000's
Revenue	5	10,927,486	8,593,307	9,989,462	7,996,503
Cost of sales		(9,446,724)	(7,405,203)	(8,640,954)	(6,879,506)
Gross profit		1,480,762	1,188,104	1,348,508	1,116,997
Other operating income	6	164,157	151,545	186,714	173,905
Distribution expenses		(465,900)	(509,677)	(433,784)	(470,168)
Administrative expenses		(636,160)	(691,986)	(565,015)	(614,053)
Results from operating activities	7	542,859	137,986	536,423	206,681
Finance income		22,741	42,907	36,275	38,451
Finance costs		(137,914)	(167,700)	(116,853)	(157,232)
Net financing costs	8	(115,173)	(124,793)	(80,578)	(118,781)
Share of joint venture's profit/(loss)	14.2.1	(50,516)	7,963	(50,516)	7,963
Profit before taxation		377,170	21,156	405,329	95,863
Income tax expense	9	(121,499)	(99,125)	(120,830)	(94,428)
Profit/(loss) for the year		255,671	(77,969)	284,499	1,435
Other comprehensive income/(expense) net of income tax					
Items that will not be reclassified to profit or loss					
Related taxes on other comprehensive income	28	(5,943)	-	3,922	-
Actuarial gain/(loss) on defined benefit plans		(31,349)	(23,858)	(22,058)	(17,480)
Share of other comprehensive expense of equity accounted investee	14.2.2	(103)	-	(103)	-
Other comprehensive expense for the year, net of tax		(37,395)	(23,858)	(18,239)	(17,480)
Total comprehensive income/(expense) for the year		218,276	(101,827)	266,260	(16,045)
Profit/(loss) attributable to:					
Equity holders of the parent		264,684	(75,524)	284,499	1,435
Non-controlling interests		(9,013)	(2,445)	-	-
Profit/(loss) for the year		255,671	(77,969)	284,499	1,435
Total comprehensive income/(expense) attributable to:					
Equity holders of the parent		227,937	(98,716)	266,260	(16,045)
Non-controlling interests		(9,661)	(3,111)	-	-
Total comprehensive income/(expense) for the year		218,276	(101,827)	266,260	(16,045)
Basic earnings/(loss) per share (Rs.)	10	7.35	(2.10)	7.91	0.04
Dividend per share (Rs.)	11	-	3.50	-	3.50

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 107 to 160.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
Assets					
Non-current assets					
Property, plant and equipment	12.1 / 12.2	1,659,019	1,510,216	367,026	416,674
Investment property	12.3	188,258	197,100	14,382	19,181
Intangible assets	12.4	1,469	5,984	1,419	5,921
Right-of-use asset	12.5	107,261	139,543	106,545	138,398
Investments in subsidiaries	13	-	-	931,518	931,518
Investment in joint venture	14	291,146	341,765	291,146	341,765
Deferred tax assets	28.1	9,395	9,395	-	-
Total non-current assets		2,256,548	2,204,003	1,712,036	1,853,457
Current assets					
Inventories	15	1,924,202	1,130,309	1,772,889	1,018,409
Trade and other receivables	16	2,806,387	2,405,992	2,576,955	2,194,300
Interest bearing short-term loans to related parties	17	200,000	215,586	200,000	215,586
Cash and cash equivalents	19	64,296	75,895	54,751	24,138
Total current assets		4,994,885	3,827,782	4,604,595	3,452,433
Total assets		7,251,433	6,031,785	6,316,631	5,305,890
Equity and liabilities					
Equity					
Stated capital	20	507,047	507,047	507,047	507,047
Capital reserves	21	362,219	368,162	78,407	74,485
Revenue reserves	22	1,730,573	1,496,693	2,070,272	1,807,934
Equity attributable to equity holders of the Parent Company		2,599,839	2,371,902	2,655,726	2,389,466
Non-controlling interests	23	333,790	343,451	-	-
Total equity		2,933,629	2,715,353	2,655,726	2,389,466
Liabilities					
Non-current liabilities					
Long term borrowings	24.2	31,478	93,404	-	91,750
Lease payable after one year	25.1	76,386	103,807	76,180	103,285
Retirement benefit obligation	26	116,560	79,837	67,004	42,871
Deferred income/revenue	27.1	1,680	877	-	-
Deferred tax liability	28.1	131,788	133,757	38,635	50,496
Total non-current liabilities		357,892	411,682	181,819	288,402
Current liabilities					
Deferred income/revenue	27.2	75	75	-	-
Current portion of long term borrowings	24.2	106,657	101,044	91,750	99,960
Lease payable within one year	25.2	27,420	25,716	27,104	25,443
Interest bearing short-term borrowings	29	1,295,064	1,403,591	1,161,064	1,258,591
Income tax payable	30	73,551	68,305	73,879	66,828
Trade and other payables	31	2,263,829	1,150,135	1,956,993	1,048,471
Bank overdrafts	19	193,316	155,884	168,296	128,729
Total current liabilities		3,959,912	2,904,750	3,479,086	2,628,022
Total Liabilities		4,317,804	3,316,432	3,660,905	2,916,424
Total equity and liabilities		7,251,433	6,031,785	6,316,631	5,305,890
Net assets value per share (Rs.)		72.24	65.91	73.79	66.40

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 107 to 160.

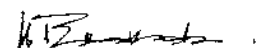
I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



P. Pavalachandran
General Manager - Group Financial Services

The Board of Directors are responsible for preparation and presentation of these Financial Statements.

The Financial Statements on pages 101 to 160 were approved by the Board of Directors and were signed in Colombo on 22 July 2021 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 2021

Group	Attributable to equity holders of the Parent Company						Non-controlling interests	Total
	Stated capital Rs.000's	Capital reserve Rs.000's	Revaluation reserve Rs.000's	General reserve Rs.000's	Retained earnings Rs.000's	Total Rs.000's		
Balance as at 1 April 2019	507,047	8,734	359,428	7,000	1,715,554	2,597,763	345,377	2,943,140
Total comprehensive income/(expense) for the year								
Loss for the year	-	-	-	-	(75,524)	(75,524)	(2,445)	(77,969)
Other comprehensive expense, net of tax	-	-	-	-	(23,192)	(23,192)	(666)	(23,858)
Total comprehensive expense for the year	-	-	-	-	(98,716)	(98,716)	(3,111)	(101,827)
Contributions by and distributions to equity holders								
Dividend (Note 11)	-	-	-	-	(125,960)	(125,960)	-	(125,960)
Total distributions to equity holders	-	-	-	-	(125,960)	(125,960)	-	(125,960)
Effect of change in percentage of holding of subsidiary company	-	-	-	-	(1,185)	(1,185)	1,185	-
Balance as at 31 March 2020	507,047	8,734	359,428	7,000	1,489,693	2,371,902	343,451	2,715,353
Balance as at 1 April 2020	507,047	8,734	359,428	7,000	1,489,693	2,371,902	343,451	2,715,353
Total comprehensive income/(expense) for the year								
Profit/(Loss) for the year	-	-	-	-	264,684	264,684	(9,013)	255,671
Other comprehensive expense, net of tax	-	-	(5,943)	-	(30,804)	(36,747)	(648)	(37,395)
Total comprehensive income/(expense) for the year	-	-	(5,943)	-	233,880	227,937	(9,661)	218,276
Balance as at 31 March 2021	507,047	8,734	353,485	7,000	1,723,573	2,599,839	333,790	2,933,629

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 107 to 160.

STATEMENT OF CHANGES IN EQUITY (Contd.)

For the year ended 31 March 2021

Company	Stated capital Rs.000's	Capital reserve Rs.000's	Revaluation reserve Rs.000's	General reserve Rs.000's	Retained earnings Rs.000's	Total Rs.000's
Balance as at 1 April 2019	507,047	14,909	59,576	7,000	1,942,939	2,531,471
Total comprehensive income/(expense) for the year						
Profit for the year	-	-	-	-	1,435	1,435
Other comprehensive expense, net of tax	-	-	-	-	(17,480)	(17,480)
Total comprehensive expense for the year	-	-	-	-	(16,045)	(16,045)
Contributions by and distributions to equity holders						
Dividend (Note 11)	-	-	-	-	(125,960)	(125,960)
Total distributions to equity holders	-	-	-	-	(125,960)	(125,960)
Balance as at 31 March 2020	507,047	14,909	59,576	7,000	1,800,934	2,389,466
Balance as at 1 April 2020	507,047	14,909	59,576	7,000	1,800,934	2,389,466
Total comprehensive income/(expense) for the year						
Profit for the year	-	-	-	-	284,499	284,499
Other comprehensive expense, net of tax	-	-	3,922	-	(22,161)	(18,239)
Total distributions to equity holders	-	-	3,922	-	-	-
Balance as at 31 March 2021	507,047	14,909	63,498	7,000	2,063,272	2,655,726

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 107 to 160.

STATEMENT OF CASH FLOW

For the year ended 31 March	Note	Group		Company	
		2021 Rs. 000's	2020 Rs. 000's	2021 Rs. 000's	2020 Rs. 000's
Cash flows from operating activities					
Profit before taxation		377,170	21,156	405,329	95,863
<i>Adjustments for:</i>					
Depreciation and amortisation of investment property, intangible assets and property, plant and equipment		134,526	139,812	113,661	116,958
Profit on disposal of property, plant and equipment	6.1	(11,904)	(5,600)	(11,835)	(5,598)
Share of joint venture's (profit)/loss	14.2.1	50,516	(7,963)	50,516	(7,963)
Provision for retirement benefit obligation	26.6	19,091	14,266	12,177	8,680
Finance income	8.2.1	(11,437)	(10,069)	(24,458)	(24,566)
Finance costs	8.1	137,914	167,700	116,853	157,232
Unrealised profit/(loss) on inventory		(1,264)	1,659	-	-
Provision for slow moving inventories	15.1	96,714	52,646	95,136	48,102
Provision for market returns		16,000	1,000	16,000	1,000
Provision for impairment of trade receivables	16.4	29,528	19,880	28,653	18,109
Provision for impairment of receivables from related parties	16.2	-	81,939	-	81,939
Operating profit before working capital changes		836,854	476,426	802,032	489,756
Changes in working capital					
Change in inventories		(889,343)	(166,248)	(849,616)	(151,659)
Change in trade and other receivables		(429,923)	(143,964)	(411,308)	(70,371)
Change in interest bearing short-term loans to related parties		15,586	(95,408)	15,586	(95,408)
Change in trade and other payables		1,097,694	(51,078)	892,521	(112,205)
Change in deferred income/revenue		803	627	-	-
Cash generated from operating activities		631,671	20,355	449,215	60,113
Interest paid		(123,706)	(155,664)	(102,742)	(145,330)
Payments to gratuity fund	26.5	(13,025)	-	(10,102)	-
Gratuity paid	26.2/26.3	(692)	(771)	-	-
Income tax/ESC paid	30	(124,165)	(91,333)	(121,718)	(83,069)
Net cash flows from/(used in) operating activities		370,083	(227,413)	214,653	(168,286)
Cash flows from investing activities					
Purchase of property, plant and equipment		(238,535)	(260,641)	(23,601)	(76,264)
Proceeds from disposal of property, plant and equipment		12,749	13,238	12,577	12,511
Investment in subsidiary		-	-	-	(60,000)
Net cash flows used in investing activities		(225,786)	(247,403)	(11,024)	(123,753)

STATEMENT OF CASH FLOW (Contd.)

For the year ended 31 March	Group		Company	
	2021 Rs. 000's	2020 Rs. 000's	2021 Rs. 000's	2020 Rs. 000's
Cash flows from financing activities				
Repayments of long term borrowings	(56,313)	(100,592)	(99,960)	(99,840)
Short-term borrowings obtained/(repayments)	(108,527)	428,853	(97,527)	375,853
Lease rental paid 25.4	(39,925)	(28,451)	(39,554)	(28,080)
Interest received 8.2.1	11,437	10,069	24,458	24,566
Dividend paid	-	(125,960)	-	(125,960)
Net cash flows (used in)/from financing activities	(193,328)	183,919	(212,583)	146,539
Net changes in cash and cash equivalents	(49,031)	(290,897)	(8,954)	(145,500)
Cash and cash equivalents at beginning of the year	(79,989)	210,908	(104,591)	40,909
Cash and cash equivalents at the end of the year 19	(129,020)	(79,989)	(113,545)	(104,591)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements set out on pages 107 to 160.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and legal form

C. W. Mackie PLC is a Group 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, Kelani Valley Canneries Limited and Sunquick Lanka Property (Private) 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.

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 Lanka Rupees unless otherwise indicated.

2.4 Use of estimates and judgements

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, 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 recognised in the period in which the estimates are revised and in any future periods affected.

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

2.5 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects of the COVID-19 pandemic on the significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underlying performance and future funding requirements. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

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 and Disclosures

Several other amendments and interpretations apply for the first time in 2020/21, but do not have a material impact on the consolidated Financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.2 Basis of consolidation

The consolidated Financial Statements encompass the Company and its subsidiaries (together referred to as the "Group") Subsidiaries are disclosed in Note XX to the Financial Statements.

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 "Non-controlling interests".

3.2.3 Transactions eliminated on consolidation

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

3.2.4 Consolidation of entities with different accounting periods

The Financial Statements of all entities in the Group other than Sunquick Lanka Property (Private) Limited are prepared for a common financial year, which ends on 31 March. Sunquick Lanka Property (Private) Limited with a 31 December financial year-end prepares for consolidation purpose, additional financial information as of the same date as the financial statements of the parent.

3.2.5 Investments in equity accounted investees

Joint ventures are arrangements in which the Group has joint control and have rights to the net assets of the arrangement. The group has Joint Control in a venture when there is contractually agreed sharing of control of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

Joint ventures are treated as equity accounted investees and are accounted for using the equity method.

Under the equity method Investments in equity-accounted investees are recognised initially at cost, which includes transaction costs. The carrying amount of the investment is adjusted at each reporting date to recognise changes in the Group's share of net assets of the equity-accounted investees arising since the acquisition date. Goodwill relating to the equity-accounted investees is included in the carrying amount of the investment. Dividends declared by the equity accounted investees are recognised against the equity value of the Group's investment.

The Income Statement reflects the Group's share of the results of operations of the equity accounted investees. When there is a change recognised directly in the equity of the entity, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity.

Unrealised gains and losses resulting from transactions between the Group and the equity-accounted investees are eliminated to the extent of the interest in the equity-accounted investees. The Group's share of profit or loss of equity accounted investees is shown on the face of the Income Statement and represents profits or loss after tax of the entity and the non-controlling interests in the subsidiaries of the equity-accounted investees.

Adjustments are made if necessary, to the Financial Statements of the equity accounted investees to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise on impairment loss on its investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the amount in 'share of losses of an equity accounted investee' in the Income Statement.

Upon loss of significant influence over the associate or the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the equity accounted investee disposed and the fair value of the retaining investment and the proceeds from disposal is recognised in the income statement.

Summarised financial Information in respect of subsidiaries that have non-controlling interests that are material to the reporting entity (i.e., the Group) is disclosed separately when applicable.

3.3 Foreign currency translations

Transactions in foreign currencies are translated to Sri Lanka 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 Lanka 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 Lanka 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 Lanka Rupees at the exchange rate ruling at the dates that the fair value were determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

3.4 Financial Instruments

3.4.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a part to the contractual provisions of the investment.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.4.2 Classification and subsequent measurement

3.4.2.1 Financial assets

On initial recognition, a financial asset is classified as measured at; amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequently to their recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial assets that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

a) Business model assessment

The Group makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes;

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Group's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

b) Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
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Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
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Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.4.2.2 Financial liabilities

3.4.2.2.1 Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4.3 Derecognition

3.4.3.1 Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3.4.3.2 Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.4.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.4.5 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary shares are recognised 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 or revalued amount 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.

From 31 March 2019, the Group applies the revaluation model for the entire class of freehold land for measurement after initial recognition. The Group policy is to revalue all freehold land by an independent professional valuer every three year or when there is a substantial difference between the fair value and the carrying amount.

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 a part of an item of property, plant and equipment is recognised 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 derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Income as an expense as incurred.

3.5.3 Derecognition

Items of property, plant and equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

3.5.4 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 recognised 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
Factory, office and lab equipment	2-5 years
Computer and other installations	5 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 derecognised.

3.5.5 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

3.6.1 Recognition

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.6.2 Measurement

Investment properties are initially measured at its cost and transaction costs shall be included in the initial measurement. Subsequent to the initial recognition the investment properties are stated at cost model which in accordance with LKAS 16 – “Property, Plant Equipment”.

Depreciation is provided on a straight-line basis over the estimated life of class of asset from the date of purchase up to the date of disposal.

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

Buildings 40 years or period of the lease, whichever is less.

3.6.3 De-recognition

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

3.7 Intangible assets

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

3.7.1 Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3.7.2 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available-for-use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is as follows:

Computer software and licenses 4-5 years

3.8 Leased assets

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove

the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term leases

The Group has elected not to recognise right of use assets and lease liabilities for short term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight – line basis over the lease term.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the 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. Goods in transit are determined based on actual cost.

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

3.10 Impairment

3.10.1 Financial Assets

3.10.1.1 Non-Derivative Financial Assets

Financial instruments

The Group recognises loss allowances for ECLs (Expected Credit Loss) on: financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12 month ECLs.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- The financial asset is more than 360 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- Significant financial difficulty of the borrower;
- A breach of contract;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the Statement of Financial Position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such exists, then the assets recoverable amount is estimated.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss in respect for assets 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 recognised.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

Financial Assets Measured at Amortised Cost	The Group considered evidence of impairment for these assets at and individual asset level. All assets were individually assessed for impairment. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amount was written off. If the amount of impairment loss subsequently derecognised and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognized impairment loss was reversed through profit or loss.
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3.10.2 Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any

indication of impairment. If any such exists, then the assets recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

3.11 Provisions

A provision is recognised 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.

3.12 Employee benefits**3.12.1 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 recognised as expense in profit or loss in the period during which services are rendered by employees.

Mercantile Service Provident Society Fund

The Group and executive staff contribute 15% and 10% respectively and the Group and clerical staff (other than Scan Division of C. W. Mackie PLC) contribute 12% and 8% 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.

3.12.2 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 recognised immediately in profit or loss and the Group recognises 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 Sri Lanka Accounting Standard 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 26 to the Financial Statements.

3.13 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 34 and 35 respectively to the Financial Statements.

3.14 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.

3.15 Revenue

3.15.1 Revenue recognition

Revenue from contracts with Customers

SLFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within SLFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

3.15.2 Rendering of services

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

3.15.3 Other income

Lease rental income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the agreement. Rental income is recognised as other income.

3.16 Government grants

Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.17 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 the profit or loss 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.

3.17.1 Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised 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 recognised in profit or loss using the effective interest method.

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

3.17.2 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised 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 recognised 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 recognised 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 realised simultaneously.

A deferred tax asset is recognised 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 utilised. 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 realised.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur 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.

3.19 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.

3.20 Statement of cash flows

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

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

3.21 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.

3.22 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 new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New and amended standards and interpretations

- (a) Amendments to LKAS 1 and LKAS 8: Definition of Material
- (b) Amendments to SLFRS 3: Definition of a Business
- (c) Amendments to SLFRS 7, SLFRS 9 and LKAS 39: Interest Rate Benchmark Reform
- (d) Amendments to references to the conceptual framework in SLFRS standards
- (e) Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16: Interest Rate Benchmark Reform (Phase 1 and 2)
- (f) Amendments to SLFRS 3
- (g) Property, Plant and Equipment: Proceeds before Intended Use: Amendments to LKAS 16
- (h) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37
- (i) Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

Standards Issued but not yet Effective

- (a) SLFRS 17 – Insurance Contracts

The amendments are effective for reporting periods beginning on or after 1st January 2023, with early application permitted. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
5. REVENUE				
Gross Revenue	11,398,971	9,307,162	10,440,929	8,674,123
Less:				
Trade and free issues	(137,089)	(131,729)	(137,089)	(131,729)
Turnover related taxes	(334,396)	(582,126)	(314,378)	(545,891)
Net revenue	10,927,486	8,593,307	9,989,462	7,996,503

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 all grades of natural rubber, thick pale crepe rubber (TPC), ribbed smoked sheet rubber (RSS), desiccated coconut, non traditional spices and sugar trading.

- **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.

- **Fast Moving Consumer Goods (FMCG)**

Manufacture and trading of consumer goods.

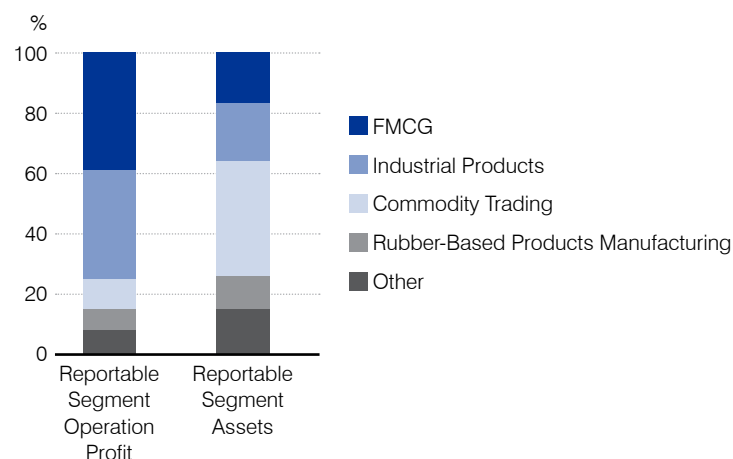
- **Other**

Other Group results mainly comprise with rent income from investment properties.

For the year ended 31 March 2021

Group Business segments	Commodity Trading	Rubber- based Product Manufacturing	Industrial Products	FMCG	Other	Consolidated
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Total revenue	4,563,867	853,755	1,268,502	4,436,139	-	11,122,263
Inter-segment revenue	(34,025)	(22,323)	4	(138,433)	-	(194,777)
Revenue from external customers	4,529,842	831,432	1,268,506	4,297,706	-	10,927,486
Segment gross profit	240,172	71,855	343,909	824,826	-	1,480,762
Operating overheads	(171,902)	(23,136)	(112,670)	(553,335)	(57,872)	(918,915)
Depreciation and amortisation	(13,126)	(12,684)	(25,207)	(48,271)	(35,238)	(134,526)
Contribution to defined benefit plan for gratuity	(2,435)	(5,562)	(2,436)	(5,005)	(3,653)	(19,091)
Provision for impairment of trade debtors	(1,200)	-	(13,287)	(15,041)	-	(29,528)
Other operating income	399	5,422	2,938	8,426	146,972	164,157
Results from operating activities	51,908	35,895	193,247	211,600	50,209	542,859
Finance income (including foreign exchange gain/loss)	11,837	1,717	-	215	8,972	22,741
Finance costs	(1,756)	(8,833)	(19,180)	(28,641)	(79,504)	(137,914)
Share of joint venture's loss	-	-	-	-	(50,516)	(50,516)
Profit/(loss) before taxation	61,989	28,779	174,067	183,174	(70,839)	377,170
Income tax expense	(26,195)	-	(52,004)	(48,157)	4,857	(121,499)
Profit/(loss) for the year	35,794	28,779	122,063	135,017	(65,982)	255,671
Total assets	1,254,316	771,370	1,408,123	2,745,383	1,072,241	7,251,433
Total liabilities	1,515,256	303,784	508,701	1,603,616	386,447	4,317,804
Capital expenditure	758	135	1,811	14,894	220,937	238,535
Total depreciation	13,126	12,684	25,207	48,271	35,238	134,526

2020/21

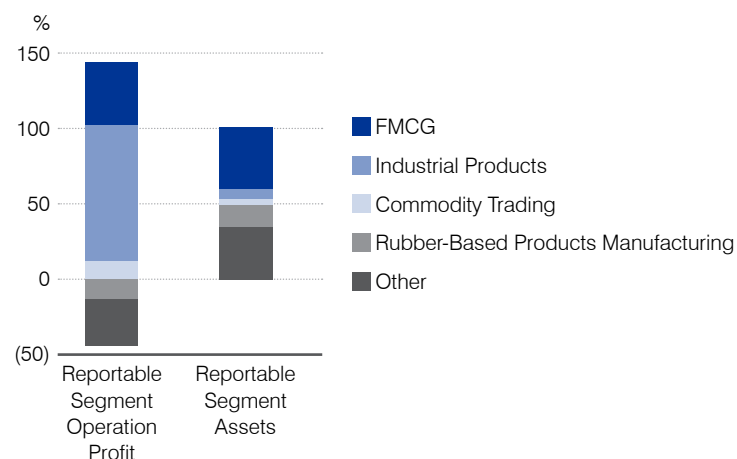


NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2020

Group Business segments	Commodity Trading	Rubber- based Product Manufacturing	Industrial Products	FMCG	Other	Consolidated
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Total revenue	3,059,643	569,274	1,042,299	4,134,773	-	8,805,989
Inter-segment revenue	(37,773)	(15,717)	(523)	(158,669)	-	(212,682)
Revenue from external customers	3,021,870	553,557	1,041,776	3,976,104	-	8,593,307
Segment gross profit	204,531	38,832	263,033	681,708	-	1,188,104
Operating overheads	(171,016)	(41,808)	(117,863)	(565,924)	(131,094)	(1,027,705)
Depreciation and amortisation	(14,775)	(13,870)	(15,657)	(49,675)	(45,835)	(139,812)
Contribution to						
defined benefit plan for gratuity	(1,735)	(4,661)	(1,736)	(3,529)	(2,605)	(14,266)
Provision for impairment of trade debtors	(1,200)	-	(7,526)	(11,154)	-	(19,880)
Other operating income	312	4,025	4,125	5,947	137,136	151,545
Results from operating activities	16,117	(17,482)	124,376	57,373	(42,398)	137,986
Finance income						
(including foreign exchange gain/loss)	10,344	2,392	-	323	29,848	42,907
Finance costs	(419)	(5,718)	(2,370)	(29,340)	(129,853)	(167,700)
Share of joint venture's profit	-	-	-	-	7,963	7,963
Profit/(loss) before taxation	26,042	(20,808)	122,006	28,356	(134,440)	21,156
Income tax expense	(20,862)	-	(40,669)	(25,491)	(12,103)	(99,125)
Profit/(loss) for the year	5,180	(20,808)	81,337	2,865	(146,543)	(77,969)
Total assets	256,806	836,229	399,226	2,445,032	2,094,492	6,031,785
Total liabilities	745,126	239,870	129,372	1,304,991	897,073	3,316,432
Capital expenditure	2,320	8,374	30,591	39,406	179,883	260,574
Acquisition of right-of-use assets	-	-	69,357	-	-	69,357
Total depreciation	14,775	13,870	15,657	49,945	45,835	139,812

2019/20



For the year ended 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
6. OTHER OPERATING INCOME				
Sundry income	10,562	6,059	9,264	5,714
Commission income	1,569	845	1,569	845
6.1 Profit on disposal of property, plant and equipment	11,904	5,600	11,835	5,598
Government grants	75	75	-	-
Service fee	1,036	1,618	21,002	22,621
Export handling fee	288	-	17,020	13,394
Rent income	138,723	137,348	126,024	125,733
	164,157	151,545	186,714	173,905
7. RESULTS FROM OPERATING ACTIVITIES				
7.1 Results from operations is stated after charging:				
Depreciation/amortisation on				
- Property, plant and equipment	88,339	94,664	71,959	76,286
- Investment property	8,842	8,842	4,799	4,799
- Intangible assets	5,063	11,731	5,050	11,727
- Lease hold property	32,282	24,575	31,853	24,146
Directors' emoluments (Note 32.2)	28,665	30,510	28,665	27,817
Personnel expenses (Note 7.3)	341,968	331,488	244,195	231,652
Auditors' remuneration - Audit fees	4,616	4,395	2,800	2,800
- Non-audit services	1,766	461	1,535	194
- Audit-related fees and expenses	210	1,064	190	963
Other auditors' remuneration - Internal audit fees	1,513	2,003	1,185	1,073
Write-off of economic service charges during the year	4,735	8,770	-	-
Provision for market returns (Note 9.5)	16,000	1,000	16,000	1,000
Provision for obsolete inventories (Note 15.1)	96,714	52,646	95,136	48,102
Provision for impairment of trade receivables (Note 16.4)	29,528	19,880	28,653	18,109
Provision for impairment of receivables from related parties (Note 16.2)	-	81,939	-	81,939
7.2 Results from operations comprise those of the:				
Company	536,423	206,681	536,423	206,681
Subsidiary Companies	6,436	(68,695)	-	-
	542,859	137,986	536,423	206,681
7.3 Personnel expenses:				
Salaries and wages	275,787	271,125	197,090	189,593
Contribution to defined contribution plans (EPF/MSPS/ ETF)	47,090	46,097	34,928	33,379
Contribution to defined benefit plan for gratuity (Note 26.6)	19,091	14,266	12,177	8,680
	341,968	331,488	244,195	231,652

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
8. NET FINANCING COSTS				
8.1 Interest cost				
Interest on other borrowings	123,706	155,664	102,430	144,675
Lease interest	14,208	12,036	14,111	11,902
Interest on inter company balances	-	-	312	655
	137,914	167,700	116,853	157,232
8.2 Interest income				
8.2.1 Interest on fixed deposits/ savings accounts	(11,437)	(10,069)	(11,013)	(436)
Interest from inter company balances	-	-	(5,784)	(3,558)
Interest on related party loan granted	(7,661)	(20,572)	(7,661)	(20,572)
Net foreign exchange gain	(3,643)	(12,266)	(11,817)	(13,885)
	(22,741)	(42,907)	(36,275)	(38,451)
	115,173	124,793	80,578	118,781
9. INCOME TAX EXPENSE				
9.1 Current tax expense				
Income tax on current year's profit (Note 9.3)	128,945	80,592	128,945	77,146
Under/(over) provision for previous year	466	21,111	(176)	21,159
	129,411	101,703	128,769	98,305
Deferred tax expense				
Deferred taxation (Note 28)	(7,912)	(2,578)	(7,939)	(3,877)
	(7,912)	(2,578)	(7,939)	(3,877)
	121,499	99,125	120,830	94,428

9.2 The Company and subsidiaries are liable for income tax at the rate of 24%, 18% and 14% (2020-28%, 24%, 18% & 14%) on taxable profits in accordance with the provisions of Inland Revenue Act No. 24 of 2017.

For the year ended 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
9.3 Reconciliation of accounting profit to income tax:				
Profit before income tax	377,170	21,156	405,329	95,863
Less: Other sources of income	35,234	(51,674)	38,659	(31,874)
Aggregate disallowable expenses	392,164	398,941	343,798	341,302
Aggregate allowable expenses	(246,898)	(171,712)	(215,328)	(143,319)
Other sources of income	27,883	43,711	24,458	23,911
Total statutory income	585,553	240,422	596,916	285,883
Tax losses set-off	(10,986)	-	-	-
Assessable income	574,567	240,422	596,916	285,883
Taxable income	574,567	240,422	596,916	285,883

For the year ended 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
9.3 Reconciliation of accounting profit to income tax: (Contd.)				
Applicable tax rates:				
Income tax @ 28%	-	64,500	-	61,054
Income tax @ 24%	112,130	13,984	112,130	13,984
Income tax @ 18%	1,877	405	1,877	405
Income tax @ 14%	14,938	1,703	14,938	1,703
Total income tax on taxable profit	128,945	80,592	128,945	77,146
9.4 Accumulated tax losses				
Tax losses at the beginning of the year	468,132	418,938	-	-
Adjustment to the tax loss brought forward	(2,498)	(6,915)	-	-
Loss for the year	23,613	56,109	-	-
Tax loss set off during the year	(10,986)	-	-	-
Tax losses at the end of the year	478,261	468,132	-	-
9.5 Economic service charge				
Balance at the beginning of the year	37,987	47,103	30,263	34,901
Payments made during the year	-	46,249	-	41,792
Set off against income tax	(30,263)	(46,595)	(30,263)	(46,430)
Write-off during the year	(4,735)	(8,770)	-	-
Balance at the end of the year	2,989	37,987	-	30,263

10. BASIC EARNINGS PER SHARE

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 requirements of the Sri Lanka Accounting Standard (LKAS 33) - "Earnings per Share".

For the year ended 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
Net profit/(loss) attributable to ordinary shareholders	264,684	(75,524)	264,684	1,435
Weighted average number of ordinary shares	35,988,556	35,988,556	35,988,556	35,988,556
Earnings/(loss) per share (Rs.)	7.35	(2.10)	7.91	0.04

11. DIVIDEND PER SHARE

Gross dividend paid during the year	-	125,959,946	-	125,959,946
Weighted average number of ordinary shares	35,988,556	35,988,556	35,988,556	35,988,556
Dividend per share (Rs.)	-	3.50	-	3.50

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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12. PROPERTY, PLANT AND EQUIPMENT

12.1 Property, plant and equipment - Group

As at 31 March

	Buildings on Leasehold Land	Freehold Land	Freehold Buildings	Plant, Machinery and Tools	Computer and other Installations	Office, Factory and Lab Equipment	Freehold Motor Vehicles	Furniture and Fittings	Capital Work-in- Progress	Total	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	Rs.000's	Rs.000's	Rs.000's
Cost											
Balance at the beginning of the year	38,419	742,000	225,017	331,355	73,494	38,668	312,622	61,933	363,250	2,186,758	1,958,575
Additions during the year	-	2,057	2,819	5,008	1,787	3,970	5,625	1,062	215,659	237,987	260,115
Disposals during the year	-	-	-	-	(154)	(21)	(18,532)	-	-	(18,707)	(29,787)
Transfers to right-of-use assets	-	-	-	-	-	-	-	-	-	-	(2,145)
Transfer during the year	-	-	6,239	-	-	-	-	-	(6,239)	-	-
Balance at the end of the year	38,419	744,057	234,075	336,363	75,127	42,617	299,715	62,995	572,670	2,406,038	2,186,758

Accumulated depreciation

Balance at the beginning of the year	26,588	-	63,912	264,321	58,796	25,911	200,779	36,235	-	676,542	604,598
Depreciation charge for the year	2,949	-	8,691	18,676	8,527	3,710	40,303	5,483	-	88,339	94,664
Disposals during the year	-	-	-	-	(122)	(16)	(18,429)	705	-	(17,862)	(22,149)
Transfers to right-of-use assets	-	-	-	-	-	-	-	-	-	-	(571)
Balance at the end of the year	29,537	-	72,603	282,997	67,201	29,605	222,653	42,423	-	747,019	676,542

Written down value :

As at 31 March 2021	8,882	744,057	161,472	53,366	7,926	13,012	77,062	20,572	572,670	1,659,019	
As at 31 March 2020	11,831	742,000	161,105	67,034	14,698	12,757	111,843	25,698	363,250	1,510,216	

SEGMENTAL CAPITAL EXPENDITURE



12.2 Property, plant and equipment - Company

As at 31 March

	Buildings on Leasehold Land	Freehold Land	Freehold Buildings	Plant, Machinery and Tools	Computer and other Installations	Office, Factory and Lab Equipments	Freehold Motor Vehicles	Furniture and Fittings	Capital Work-in-Progress	Total	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	Rs.000's	Rs.000's	Rs.000's
Cost											
Balance at the beginning of the year	38,419	170,000	42,612	131,635	63,612	38,668	287,934	55,386	2,864	831,130	780,763
Additions during the year	-	2,057	2,819	2,614	1,771	3,970	5,490	957	3,375	23,053	75,805
Disposals during the year	-	-	-	-	(154)	(21)	(18,218)	-	-	(18,393)	(25,438)
Transfer during the year	-	-	6,239	-	-	-	-	-	(6,239)	-	-
Balance at the end of the year	38,419	172,057	51,670	134,249	65,229	42,617	275,206	56,343	-	835,790	831,130
Accumulated depreciation											
Balance at the beginning of the year	26,588	-	13,832	86,177	49,736	25,911	181,218	30,994	-	414,456	356,695
Depreciation charge for the year	2,949	-	1,626	12,143	8,056	3,710	38,423	5,052	-	71,959	76,286
Disposals during the year	-	-	-	-	(122)	(16)	(18,218)	705	-	(17,651)	(18,525)
Balance at the end of the year	29,537	-	15,458	98,320	57,670	29,605	201,423	36,751	-	468,764	414,456
Written down value :											
As at 31 March 2021	8,882	172,057	36,212	35,929	7,559	13,012	73,783	19,592	-	367,026	-
As at 31 March 2020	11,831	170,000	28,780	45,458	13,876	12,757	106,716	24,392	2,864	416,674	-

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
12.3 Investment property				
Cost				
Balance at the beginning of the year	249,658	249,658	62,346	62,346
Additions	-	-	-	-
Balance at the end of the year	249,658	249,658	62,346	62,346
Accumulated depreciation				
Balance at the beginning of the year	52,558	43,716	43,165	38,366
Depreciation charge for the year	8,842	8,842	4,799	4,799
Balance at the end of the year	61,400	52,558	47,964	43,165
Written down value at the end of the year	188,258	197,100	14,382	19,181

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

As per the valuation carried out on 31 March 2019, by an independent professional Valuer Mr. K. T. D. Tissera, J. P. U. M., Diploma in Valuation (Sri Lanka), F. R. I. C. S.(Eng.), F. I. V. (Sri Lanka), Chartered Valuation Surveyor. These properties were valued on an open market value for existing use basis.

Fair value of the investment property as at 31 March 2019 is as follows:

Company/Location	Fair value Rs.Mn
C. W. Mackie PLC	270.8
No. 36, D.R.Wijewardena Mawatha, Colombo 10	
Sunquick Lanka Properties (Private) Limited	275.0
Munagama, Horana	
Total	545.8

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

For the year ended 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
Rent income	138,723	137,348	126,024	125,733
Direct operating expenses arising from investment property that generated rental income during the year	21,004	21,875	14,175	15,046

	Group		Company	
For the year ended 31 March	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
12.4 Intangible assets				
Software purchased				
Cost				
Balance at the beginning of the year	68,796	68,270	68,729	68,270
Additions	548	526	548	459
Balance at the end of the year	69,344	68,796	69,277	68,729
Accumulated amortisation				
Balance at the beginning of the year	62,812	51,081	62,808	51,081
Amortisation for the year	5,063	11,731	5,050	11,727
Balance at the end of the year	67,875	62,812	67,858	62,808
Written down value at the end of the year	1,469	5,984	1,419	5,921
12.5 Right-of-use asset				
Cost				
Balance at the beginning of the year	164,689	-	162,544	-
Transfer of right-of-use-assets on initial application of SLFRS 16	-	2,145	-	-
Recognition of right-of-use-assets on initial application of SLFRS 16	-	93,187	-	93,187
Adjusted balance	164,689	95,332	162,544	93,187
Additions during the year	-	69,357	-	69,357
Balance at the end of the year	164,689	164,689	162,544	162,544
Accumulated depreciation				
Balance at the beginning of the year	25,146	-	24,146	-
Transfer of right-of-use-assets on initial application of SLFRS 16	-	571	-	-
Recognition of right-of-use-assets on initial application of SLFRS 16	-	20,293	-	20,293
Adjusted balance	25,146	20,864	24,146	20,293
Depreciation charge of the right-of-use assets for the year	32,282	4,282	31,853	3,853
Balance at the end of the year	57,428	25,146	55,999	24,146
Written down value at the end of the year	107,261	139,543	106,545	138,398

12.5 (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 2021 is Rs.497.3 million (2020-Rs.413.4 million).

Company

The gross carrying amount of fully depreciated property, plant and equipment still in use as at 31 March 2021 is Rs.307.8 million (2020-Rs.227.3 million).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(ii) 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.

(iii) Assets pledged as securities against bank borrowings

Details of assets pledged are disclosed in Note 24.3 and 29.2

12.6 Property, plant and equipment extent

Company/Location	Extent	No of Buildings
Leasehold Land and Buildings		
C. W. Mackie PLC		
No. 36, D.R.Wijewardena Mawatha, Colombo 10	1A, 2R, 13.86P	4
Investment Property		
C. W. Mackie PLC		
No. 36, D.R.Wijewardena Mawatha, Colombo 10	57,158 Sq. Ft	2
Sunquick Lanka Properties (Private) Limited	2A,3R,33.07P	8
Munagama, Horana		
Freehold Land and Buildings		
C. W. Mackie PLC		
Scan Water Bottling Plant - Munagama, Horana	3A,0R,5.21P	4
Ceymac Rubber Company Limited		
Aramanagolla, Horana	5A,0R,0.45P	11
Thebuwana, Narthupana	5A,1R,10.00P	8
Kelani Valley Canneries Limited		
Kaluaggala, Hanwella	2A,0R, 35.00P	7

12.7 Capitalisation of borrowing costs

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

12.8 Significant changes in the Company's or its subsidiaries' fixed assets and the market value of land

There are no significant changes in the Company's or its subsidiaries' fixed assets and the market value of land when compared to the book value as at 31 March 2020.

12.9 Capital work-in progress

The capital work-in progress balance represent the cost incurred by Sunquick Lanka Property (Private) Limited on the project to improve the production capacity of the factory rented out to Sunquick Lanka (Private) Limited under the supervision of Co-Ro A/S, Denmark. Accordingly, the Company has capitalised the improvements made to land and buildings in the design stage of the project as at the financial year end.

As at 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
13. INVESTMENTS IN SUBSIDIARIES				
Ceymac Rubber Company Limited	-	-	424,823	424,823
Ceytra (Private) Limited	-	-	34,652	34,652
Sunquick Lanka Properties (Private) Limited	-	-	307,000	307,000
	-	-	766,475	766,475
Kelani Valley Canneries Limited	-	-	187,032	187,032
Less: Provision for impairment loss	-	-	(21,989)	(21,989)
	-	-	165,043	165,043
	-	-	931,518	931,518

Directors' valuation of investment in subsidiaries has been carried out on cash flow basis as at 31 March 2021 and present value of expected cash flows exceeds its carrying value and thus, no impairment was recognised.

As at 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
14. INVESTMENT IN JOINT VENTURE				
Sunquick Lanka (Private) Limited	291,146	341,765	291,146	341,765
	291,146	341,765	291,146	341,765

14.1 The Company has a 49% interest in Sunquick Lanka (Private) Limited, a joint venture formed for the purpose of manufacturing, processing and marketing Co-Ro A/S, Denmark products in the form of concentrates and ready-to-drink (RTD) products marketed under 'Sunquick' brand.

14.2 The Group's interest in Sunquick Lanka (Private) Limited is accounted for using the equity method in the Consolidated Financial Statements. Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in the Financial Statements are set out below:

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
Summarised Statement of Profit or Loss and Other Comprehensive Income				
Revenue	1,038,131	1,264,116	1,038,131	1,264,116
Operating expenses	(1,076,276)	(1,168,291)	(1,076,276)	(1,168,291)
Other operating income	15,426	4,085	15,426	4,085
Finance income	9,899	2,967	9,899	2,967
Finance cost	(95,213)	(35,609)	(95,213)	(35,609)
Profit/(loss) before tax	(108,033)	67,268	(108,033)	67,268
Income tax	4,940	(51,017)	4,940	(51,017)
Profit/(loss) for the year	(103,093)	16,251	(103,093)	16,251
Other comprehensive expense				
Actuarial gain/(loss) on defined benefit plans	(211)	-	(211)	-
Total Other comprehensive expense	(211)	-	(211)	-
Total comprehensive income/(expense) for the year	(103,304)	16,251	(103,304)	16,251
14.2.1 Share of profit/(loss) recognised for the year	(50,516)	7,963	(50,516)	7,963
14.2.2 Share of loss recognised in Other comprehensive income/(expense)	(103)	-	(103)	-
Summarised Statement of Financial Position				
Non current assets	978,664	635,497	978,664	635,497
Current assets	1,148,860	1,105,448	1,148,860	1,105,448
Non current liabilities	469,461	55,276	469,461	55,276
Current liabilities	1,063,888	988,189	1,063,888	988,189
Equity	594,175	697,480	594,175	697,480
Carrying amount of the investments	291,146	341,765	291,146	341,765
Equity Reconciliation				
Carrying value as at 1 April	341,765	333,802	341,765	333,802
Share of profit/(loss)	(50,619)	7,963	(50,619)	7,963
Carrying value as at 31 March	291,146	341,765	291,146	341,765

Subsidiaries - Unquoted	Principal Activity	Holding %	Deemed Cost	
			31.03.2021 Rs.000's	31.03.2020 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 specialised 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

Subsidiaries - Unquoted	Principal Activity	Holding %	Deemed Cost	
			31.03.2021 Rs.000's	31.03.2020 Rs.000's
Kelani Valley Canneries Limited	Manufacture, for sale and distribution locally as well as export of a wide range of processed tropical fruit, young coconut/king coconut water and beverage products under 'KVC' brand.	92.84%	187,032	187,032
Sunquick Lanka Properties (Private) Limited	Own the production site and the production facilities and to lease out these facilities to Sunquick Lanka (Private) Limited pursuant to the lease agreement.	51.00%	307,000	307,000

As at 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
15. INVENTORIES				
Raw materials	97,753	59,825	8,319	7,229
Work-in-progress	12,948	10,015	-	-
Finished goods	1,695,142	988,865	1,664,677	949,450
Goods-in-transit	586	918	586	918
Other consumables	66,822	56,755	39,784	35,807
Right to recover returned goods	139,428	82,998	139,428	82,998
	2,012,679	1,199,376	1,852,794	1,076,402
Less: Provision for slow moving inventories (Note 15.1)	(88,477)	(69,067)	(79,905)	(57,993)
	1,924,202	1,130,309	1,772,889	1,018,409
15.1 Provision for slow moving inventories				
Balance at the beginning of the year	69,067	42,167	57,993	35,637
Provision made during the year	96,714	52,646	95,136	48,102
Write-off during the year	(77,304)	(25,746)	(73,224)	(25,746)
Balance at the end of the year	88,477	69,067	79,905	57,993

Inventories mentioned above are stated at the lower of cost and net realisable value. Inventories amounting to Rs.2,012.6 million (2020 - Rs.1,199.3 million) have been pledged as security for short-term loans and overdraft facilities obtained from banks (Note 29.2).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Group		Company	
As at 31 March		2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
16. TRADE AND OTHER RECEIVABLES					
Trade receivables from related parties	(Note 16.1)	14,119	42,332	152,512	88,098
Trade receivables	(Note 16.3)	2,348,364	2,054,117	2,112,946	1,913,458
Deposits		10,754	9,185	7,844	7,838
Loans to employees	(Note 16.5)	23,193	21,583	6,259	4,193
Other receivables	(Note 16.6)	409,957	278,775	297,394	180,713
		2,806,387	2,405,992	2,576,955	2,194,300
16.1 Trade receivable from related parties :					
Ceymac Rubber Company Limited		-	-	118,913	12,335
Ceytra (Private) Limited		-	-	6,447	13,040
Sunquick Lanka Properties (Private) Limited		-	-	-	2
Kelani Valley Canneries Limited		-	-	13,159	20,432
CWM Hotels Holdings Limited		81,939	81,939	81,939	81,939
Ceylon Tapes (Private) Limited		-	47	-	55
Ceylon Trading Company Limited		157	555	157	555
E.B.Creasy & Company PLC		5	4	5	4
York Hotel Management Services Limited		174	174	174	174
Sigiriya Village Hotels PLC		303	537	303	537
Union Commodities (Private) Limited		13,353	36,560	13,227	36,509
Lankem Ceylon PLC		127	-	127	-
Candy Delights Limited		-	4,455	-	4,455
		96,058	124,271	234,451	170,037
Less : Provision for impairment loss	(Note 16.2)	(81,939)	(81,939)	(81,939)	(81,939)
		14,119	42,332	152,512	88,098
The Company recognises interest on the amount due from subsidiary companies based on the monthly average outstanding at the rate of 7.6% per annum (2020- 11.5%).					
16.2 Provision for impairment loss:					
Balance at the beginning of the year		(81,939)	-	(81,939)	-
Provision made during the year		-	(81,939)	-	(81,939)
Balance at the end of the year		(81,939)	(81,939)	(81,939)	(81,939)
16.3 Trade receivables:					
Trade receivables - Local sales		2,209,102	1,812,348	1,994,324	1,686,553
- Export sales		213,251	305,541	187,357	286,298
		2,422,353	2,117,889	2,181,681	1,972,851
Less : Provision for impairment loss	(Note 16.4)	(73,989)	(63,772)	(68,735)	(59,393)
		2,348,364	2,054,117	2,112,946	1,913,458

Trade Debtors amounting to Rs.2,422.3 million (2020 - Rs.2,117.8 million) have been pledged as security for short-term loans and overdraft facilities obtained from banks (Note 29.2).

As at 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
16.4 Provision for impairment loss :				
Balance at the beginning of the year	63,772	46,833	59,393	44,225
Provision made during the year	29,528	19,880	28,653	18,109
Write-off during the year	(19,311)	(2,941)	(19,311)	(2,941)
Balance at the end of the year	73,989	63,772	68,735	59,393
16.5 Loans to employees :				
Balance at the beginning of the year	21,583	21,299	4,193	6,098
Loans granted during the year	16,783	16,784	8,457	4,427
	38,366	38,083	12,650	10,525
Recovered during the year	(15,066)	(16,500)	(6,284)	(6,332)
Write-off during the year	(107)	-	(107)	-
Balance at the end of the year	23,193	21,583	6,259	4,193
Loans to employees represent short-term staff loans and staff advances, where repayment terms are less than 12 months.				
16.6 Other receivables				
Payments in advance	322,218	167,326	231,767	86,261
Economic service charge (Note 9.5)	2,989	37,987	-	30,263
VAT receivable	54,769	34,769	26,390	17,974
NBT receivable	922	963	922	922
WHT receivable	733	13,423	-	11,075
Prepayments	3,211	1,746	2,405	1,005
Income tax refund	333	233	100	-
Other receivables	48,203	45,749	43,388	40,791
	433,378	302,196	304,972	188,291
Less : Provision for other receivables (Note 16.6.1)	(23,421)	(23,421)	(7,578)	(7,578)
	409,957	278,775	297,394	180,713
16.6.1 Provision for other receivables				
Balance at the beginning of the year	23,421	23,421	7,578	7,578
Provision/(reversal) made during the year	-	-	-	-
Written off during the year	-	-	-	-
Balance at the end of the year	23,421	23,421	7,578	7,578
17. INTEREST BEARING SHORT-TERM LOAN TO RELATED PARTIES				
Balance at the beginning of the year	215,586	120,178	215,586	120,178
Capital granted during the year	-	200,000	-	200,000
Interest accrued during the year	18,026	15,586	18,026	15,586
Repayments during the year	(33,612)	(120,178)	(33,612)	(120,178)
Balance at the end of the year	200,000	215,586	200,000	215,586
17.1 Related party companies				
Lankem Ceylon PLC	200,000	215,586	200,000	215,586
Colonial Motors (Ceylon) Limited	-	-	-	-
	200,000	215,586	200,000	215,586

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

17.2 Short-term loans granted to related parties are based on market interest rates whereas repayment terms are less than one year.

As at 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
18. OTHER INVESTMENTS				
Fixed deposits	360	360	-	-
Less : Provision for impairment loss (Note 18.1)	(360)	(360)	-	-
	-	-	-	-
18.1 Provision for impairment loss :				
Balance at the beginning of the year	360	360	-	-
Provision made during the year	-	-	-	-
Balance at the end of the year	360	360	-	-
19. CASH AND CASH EQUIVALENTS				
Bank balances	62,449	74,001	53,179	22,519
Cash in hand	1,847	1,894	1,572	1,619
	64,296	75,895	54,751	24,138
Bank overdrafts	193,316	155,884	168,296	128,729
Cash and cash equivalents for cash flow purpose	(129,020)	(79,989)	(113,545)	(104,591)
20. STATED CAPITAL				
Ordinary shares (No. of shares 35,988,556)	507,047	507,047	507,047	507,047
The shares of the C W Mackie PLC are quoted on the Diri Savi Board of Colombo Stock Exchange. The shares shall confer on the holder the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in dividends paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company on liquidation.				
21. CAPITAL RESERVES				
Revaluation reserve	353,485	359,428	63,498	59,576
Adjustment due to merger of subsidiary	-	-	14,909	14,909
Export development grant reserve	8,734	8,734	-	-
	362,219	368,162	78,407	74,485
22. REVENUE RESERVES				
General reserves*	7,000	7,000	7,000	7,000
Retained earnings	1,723,573	1,489,693	2,063,272	1,800,934
	1,730,573	1,496,693	2,070,272	1,807,934

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

23. 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		Sunquick Lanka Properties (Private) Limited		Other Non-Material NCI		Total	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
NCI percentage (%)	37.18%	37.18%	49%	49%	8.44%	8.44%	-	-
Total assets	64,752	68,391	1,007,877	671,912	1,037,896	986,850	1,102,648	1,055,241
Total liabilities	11,384	11,062	191,384	15,760	454,236	373,185	465,620	384,247
Net assets	53,368	57,329	816,493	656,152	583,660	613,665	637,028	670,994
Carrying amount of NCI	19,842	21,315	400,082	321,514	(86,134)	622	333,790	343,451
Revenue	64,984	65,923	-	-	1,056,762	737,694	1,121,746	803,617
Profit/(loss) after tax	(2,528)	(2,451)	(15,283)	3,635	(12,281)	(78,929)	(14,809)	(81,380)
Total comprehensive income	(3,960)	(3,840)	(15,283)	3,635	(30,005)	(83,918)	(33,965)	(87,758)
Profit/(loss) allocated to NCI	(1,472)	(1,428)	(7,489)	1,781	(700)	(3,464)	(9,661)	(3,111)
Cash flows from/(used in) operating activities	(8,422)	3,128	190,110	15	(37,837)	(87,202)	143,851	(84,059)
Cash flows from/(used in) investing activities	73	219	(277,315)	(60,189)	(2,363)	(6,297)	(279,605)	(66,267)
Cash flows from financing activities	3,227	3,727	-	-	32,276	111,877	35,503	115,604
Net increase in cash and cash equivalents	(5,122)	7,074	(87,205)	(60,174)	(7,924)	18,378	(100,251)	(34,722)

	Group		Company	
As at 31st March	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
24. LOANS AND BORROWINGS				
Balance at the beginning of the year	194,448	295,040	191,710	291,550
Obtained during the year	44,900	947	-	-
Repayments during the year	(101,213)	(101,539)	(99,960)	(99,840)
Balance at the end of the year	138,135	194,448	91,750	191,710
24.1 Sources of finance				
Hatton National Bank PLC	18,200	-	-	-
Commercial Bank of Ceylon PLC	119,935	194,448	91,750	191,710
	138,135	194,448	91,750	191,710
24.2 Maturity analysis				
Payable after one year but less than five years	31,478	93,404	-	91,750
Payable within one year	106,657	101,044	91,750	99,960

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

24.3 Assets pledged as securities against long-term borrowings

Lending Institution	Facility Obtained	Assets Pledged	Interest Rate
Kelani Valley Canneries Limited			
Commercial Bank of Ceylon PLC	For financing of long term capital requirements	Mortgage bond over the machinery valued Rs.3 million and motor vehicle valued Rs.1.7 million at Kaluaggala, Hanwella	AWPLR + 3%

	Group		Company	
As at 31st March	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
25. FINANCE LEASE LIABILITY				
Balance at the beginning of the year	129,686	1,329	128,728	-
Adjustment due to initial application of SLFRS 16	-	82,569	-	82,569
Obtained during the year	-	62,337	-	62,337
Interest expense for the year	14,111	11,902	14,111	11,902
Repayments during the year	(39,925)	(28,451)	(39,554)	(28,080)
Balance at the end of the year	103,872	129,686	103,285	128,728
Interest in suspense	(65)	(163)	-	-
Capital outstanding at the end of the year	103,807	129,523	103,285	128,728
25.1 Payable after one year				
Lease rental payable	76,396	103,872	76,180	103,285
Interest in suspense	(10)	(65)	-	-
	76,386	103,807	76,180	103,285
25.2 Payable within one year				
Lease rental payable	27,475	25,814	27,104	25,443
Interest in suspense	(55)	(98)	-	-
	27,420	25,716	27,104	25,443
25.3 Amount recognised in profit or loss				
Leases under SLFRS 16				
Depreciation of right-of-use assets	32,282	24,575	55,999	24,146
Interest on lease liability	14,208	12,036	14,111	11,902
	46,490	36,611	70,110	36,048
25.4 Amount recognised in Statement of Cash Flow				
Total cash outflow for leases	(39,925)	(28,451)	(39,554)	(28,080)

As at 31 March		Group		Company	
		2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
26. RETIREMENT BENEFIT OBLIGATION					
Present value of defined benefit obligation	(Note 26.2)	167,031	121,827	117,282	85,902
Fair value of plan assets	(Note 26.3)	(63,823)	(55,009)	(60,611)	(53,133)
Unrecognised actuarial gain/(loss)	(Note 26.4)	-	-	-	-
		103,208	66,818	56,671	32,769
Arrears payable to the CWM Staff Non-Contributory Gratuity Fund	(Note 26.5)	13,352	13,019	10,333	10,102
		116,560	79,837	67,004	42,871

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 the Sri Lanka Accounting Standard 19 (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 2021 and the appropriate adjustments have been effected in the Financial Statements.

	Group		Company	
As at 31 March	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
26.1 Plan assets consist of the following;				
Treasury bills	40,590	39,130	38,561	37,565
Balance with Group Companies	13,358	13,024	12,690	12,503
Cash	9,158	2,090	8,700	2,006
Others	717	765	660	734
	63,823	55,009	60,611	52,808

The plan assets are invested entirely in short term Treasury Bills issued by the Government of Sri Lanka in order to mitigate any potential financial risks.

26.2 Movement in present value of defined benefit obligations

Balance at the beginning of the year	121,827	95,277	85,902	67,464
Current service cost	11,476	8,709	8,211	6,194
Interest cost	12,840	10,956	9,010	7,758
Benefits paid by the plan	(7,457)	(13,186)	(4,964)	(9,070)
Actuarial loss	28,345	20,071	19,123	13,556
Balance at the end of the year	167,031	121,827	117,282	85,902

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As at 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
26.3 Movement in fair value of plan assets				
Balance at the beginning of the year	55,009	52,787	53,133	50,753
Contribution paid into gratuity fund	13,358	13,025	10,333	10,102
Benefits paid by the gratuity fund	(6,765)	(12,415)	(4,964)	(9,070)
Expected return on plan assets	5,225	5,399	5,044	5,272
Actuarial loss	(3,004)	(3,787)	(2,935)	(3,924)
Balance at the end of the year	63,823	55,009	60,611	53,133
26.4 Unrecognised actuarial (gain)/loss				
Actuarial loss for year – obligation	28,345	20,071	19,123	13,556
Actuarial loss for year - plan assets	3,004	3,787	2,935	3,924
Actuarial loss recognised during the year	(31,349)	(23,858)	(22,058)	(17,480)
26.5 Arrears payable to the CWM Staff Non-Contributory Gratuity Fund				
Balance at the beginning of the year	13,019	(6)	10,102	-
Contribution for the year	13,358	13,025	10,333	10,102
Paid to the fund	(13,025)	-	(10,102)	-
Balance at the end of the year	13,352	13,019	10,333	10,102
26.6 Amount recognised in the Statement of Comprehensive Income				
Recognised in profit or loss				
Current service cost	11,476	8,709	8,211	6,194
Interest cost	12,840	10,956	9,010	7,758
Expected return on plan assets	(5,225)	(5,399)	(5,044)	(5,272)
	19,091	14,266	12,177	8,680
Recognised in the other comprehensive income				
Recognition of actuarial loss	31,349	23,858	22,058	17,480
Total amount recognised in the Statement of Profit or Loss and Other Comprehensive Income	50,440	38,124	34,235	26,160
26.7 Actuarial assumptions				
Discount rate	8.00%	10.00%	8.00%	10.00%
Expected return on plan assets	3.96%	6.34%	3.96%	6.34%
Future salary increases	10.00%	10.00%	10.00%	10.00%
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

The Discount rate was revised to 8% (2020 - 10%) to reflect the yield rates of the Treasury Bond. The term of the Treasury bond is 10.3 years, which is the estimated maturity of all benefits the Participants of the plan. The effect of this change resulted in an Actuarial Loss as the liability was higher due to lower discounting of the liability to the valuation date.

26.8 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.

31 March 2021	Sensitivity effect on			
	Total Comprehensive Income increase/(reduction)		Employment benefit increase/(reduction) in the liability	
	Group	Company	Group	Company
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Decrease in discount rate (1%)	(16,960)	(11,363)	16,960	11,363
Increase in discount rate (1%)	14,467	9,686	(14,467)	(9,686)
Decrease in salary escalation (1%)	13,964	9,320	(13,964)	(9,320)
Increase in salary escalation (1%)	(15,992)	(10,680)	15,992	10,680

31 March 2020	Sensitivity effect on			
	Total Comprehensive Income increase/(reduction)		Employment benefit increase/(reduction) in the liability	
	Group	Company	Group	Company
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Decrease in discount rate (1%)	(12,154)	(8,311)	12,154	8,311
Increase in discount rate (1%)	10,503	7,156	(10,503)	(7,156)
Decrease in salary escalation (1%)	12,181	8,324	(12,181)	(8,324)
Increase in salary escalation (1%)	(13,911)	(9,531)	13,911	9,531

	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
26.9 The expected benefits payout in the next 10 years				
Years from the current period				
1st following Year	9,058	7,591	4,668	5,273
2nd following Year	14,987	8,201	8,577	4,683
3rd following Year	12,018	12,801	9,917	7,632
4th following Year	17,931	10,376	10,771	8,496
5th following Year	20,924	15,433	14,184	10,434
Sum of Years 6 to 10	107,000	90,269	84,645	70,088
Sum of Years 11 and above	646,192	660,862	520,304	538,543
Weighted average duration of the defined benefit obligation (Yrs)	10.34	10.23	9.94	10.11

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
27. DEFERRED INCOME/REVENUE				
Government grant				
Balance at the beginning of the year	952	325	-	-
Received during the year	878	702	-	-
Amortised during the year	(75)	(75)	-	-
Balance at the end of the year	1,755	952	-	-
27.1 Maturity analysis				
Non-current	1,680	877	-	-
Current	75	75	-	-

Kelani Valley Canneries Limited (KVC) has been awarded a government grant in December 2016 from Industrial Development Board of Ceylon, amounted to Rs.500,000 for the acquisition of fully automated jam cup filling machine at a total cost of Rs 1.3 million. During the year 2019/20, the Company has acquired an Automated Filling Machine at a total cost of Rs 2.2 million under a government grant scheme which was aimed at facilitating Micro Small and Medium Enterprises (MSME) engaged in food based products by supporting them with funds needed to acquire new technology or purchase modern machinery to enhance the quality or productivity of their production. Out of the approved grant, the Company has received Rs.702,375/- during the previous year 2019/20 and Rs.878,000/- during the current year. The balance grant is yet to be received. The government grant is recognised as deferred income and is being amortised over the useful life of the machinery.

In accordance with the term of the grant KVC shall start the production with above machineries and shall not dispose, assign, pledge, mortgage, gift, or let rent the machinery for a period of five years from the date of purchase.

As at 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
28. DEFERRED TAXATION				
Balance at the beginning of the year	124,362	126,940	50,496	54,373
Reversal of temporary differences recognised in profit for the year	(7,912)	(2,578)	(7,939)	(3,877)
Impact of deferred tax rate change on revaluation reserve	5,943	-	(3,922)	-
Balance at the end of the year	122,393	124,362	38,635	50,496
28.1 Deferred tax asset	(9,395)	(9,395)	-	-
Deferred tax liability	131,788	133,757	38,635	50,496
	122,393	124,362	38,635	50,496

28.2 The Group has applied an effective tax rate of 24% (2020 - 28%) for calculation of deferred tax asset/liability as at the reporting date.

28.3 The deferred tax asset/ liability recognised on temporary differences are as follows :

As at 31 March	2021		2020	
	Temporary differences Rs.000's	Tax Effect Rs.000's	Temporary differences Rs.000's	Tax Effect Rs.000's
Group				
On property, plant and equipment	708,508	174,490	724,718	178,033
On retirement gratuity	(81,109)	(19,309)	(44,719)	(14,883)
On tax losses carried forward	(161,150)	(38,102)	(161,150)	(38,102)
On other provisions	22,142	5,314	(2,450)	(686)
	488,391	122,393	518,849	124,362
Company				
On property, plant and equipment	195,509	46,922	215,561	60,357
On retirement gratuity	(56,671)	(13,601)	(32,769)	(9,175)
On other provisions	22,142	5,314	(2,450)	(686)
	160,980	38,635	180,342	50,496

28.4 Unrecognised deferred tax assets

Deferred tax asset - Ceymac Rubber Company Limited

Deferred tax asset have not been recognised with effect from 2017/2018 Financial Year, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

The deferred tax asset on temporary differences are as follows :

	2021		2020	
	Temporary differences Rs.000's	Temporary differences Rs.000's	Temporary differences Rs.000's	Temporary differences Rs.000's
On property, plant and equipment	99,480	17,906	106,817	29,909
On retirement gratuity	(36,081)	(6,495)	(24,096)	(6,747)
On other provisions	(91)	(16)	-	-
On tax losses carried forward	(99,381)	(17,889)	(106,979)	(29,954)
	(36,073)	(6,494)	(24,258)	(6,792)

The Company has not recognised the deferred tax asset amounting to Rs.6.5 million (2020-6.8 million) with an effective rate of 24% (2020-28%) during the year ended 31 March 2021

Deferred tax asset - Ceytra (Private) Limited

Deferred tax asset have not been recognised with effect from 2016/2017 Financial Year, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The deferred tax asset on temporary differences are as follows:

	2021		2020	
	Temporary differences Rs.000's	Temporary differences Rs.000's	Temporary differences Rs.000's	Temporary differences Rs.000's
On property, plant and equipment	60	14	56	16
On retirement gratuity	(7,483)	(1,796)	(5,125)	(1,435)
On other provisions	(2)	-	-	-
On tax losses carried forward	(44,239)	(10,617)	(45,804)	(12,825)
	(51,664)	(12,399)	(50,873)	(14,244)

The Company has not recognised the change in the deferred tax asset amounting to Rs.3.0 million (2020:Rs.4.8 million) during the year ended 31 March 2021, as the Management was of the view that the deferred tax asset will not be crystallised exceeding Rs.9.4 million in the foreseeable future.

Deferred tax asset - Kelani Valley Canneries Limited

Kelani Valley Canneries Limited has not recognised the deferred tax asset amounting to Rs.53.6 million (2020:Rs.81 million) for the year ended 31 March 2021, as the Management was of the view that the asset will not be crystallised in the foreseeable future.

The deferred tax asset on temporary differences are as follows:

	2021		2020	
	Temporary differences Rs.000's	Temporary differences Rs.000's	Temporary differences Rs.000's	Temporary differences Rs.000's
On property, plant and equipment	30,559	5,501	30,906	8,654
On retirement gratuity	(5,992)	(1,079)	(4,822)	(1,350)
On tax losses carried forward	(322,627)	(58,073)	(315,905)	(88,453)
	(298,060)	(53,651)	(289,821)	(81,149)

As at 31 March	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
29. INTEREST BEARING SHORT-TERM BORROWINGS				
Short-term money market loans/import loans	1,295,064	1,403,591	1,161,064	1,258,591
	1,295,064	1,403,591	1,161,064	1,258,591
29.1 Sources of finance				
Hatton National Bank PLC	442,923	370,000	357,923	290,000
Commercial Bank of Ceylon PLC	422,141	541,113	373,141	476,113
NDB Bank PLC	265,000	285,000	265,000	285,000
Standard Chartered Bank	165,000	207,478	165,000	207,478
	1,295,064	1,403,591	1,161,064	1,258,591

29.2 Assets pledged as securities against short-term borrowings:

Lending Institution	Facility Obtained	Assets Pledged	Interest Rate
C. W. Mackie PLC			
Hatton National Bank PLC	To finance exports, imports and working capital requirements	Primary and secondary concurrent mortgage over stocks and book debts	Available money market rates
Commercial Bank of Ceylon PLC	To finance exports, imports and working capital requirements	Primary and secondary concurrent mortgage over stocks and book debts	Available money market rates
NDB Bank PLC	To finance exports, imports and working capital requirements	Primary and secondary mortgage over stocks and book debts	Available money market rates
Standard Chartered Bank	To finance exports, imports and working capital requirements	Primary concurrent mortgage over stocks and book debts	Available money market rates
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	To finance 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

	Group		Company	
As at 31 March	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
30. INCOME TAX PAYABLE				
Balance at the beginning of the year	68,305	57,935	66,828	51,592
Add:				
Income tax provision for the year	128,945	80,592	128,945	77,146
Under provision in respect of previous year	466	21,111	(176)	21,159
Less:				
Income tax/ ESC payments during the year	(124,165)	(91,333)	(121,718)	(83,069)
Balance at the end of the period	73,551	68,305	73,879	66,828

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Group		Company	
As at 31 March		2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
31. TRADE AND OTHER PAYABLES					
Trade payables to related parties	(Note 31.1)	468,983	360,289	312,687	362,331
Other trade payables		1,337,917	316,093	1,207,002	242,302
Dividend payable		5,286	5,466	5,043	5,048
Accruals		50,586	56,332	39,143	46,141
Pre-paid advances		58,062	183,649	57,860	181,397
Sundry creditors		17,976	15,969	17,976	15,912
Other provisions		139,901	92,870	132,186	87,242
Refund liabilities		176,912	104,482	176,912	104,482
Other payables		8,206	14,985	8,184	3,616
		2,263,829	1,150,135	1,956,993	1,048,471
31.1 Trade payables to related parties:					
Sunquick Lanka Properties (Private) Limited		-	-	151	-
Sunquick Lanka (Private) Limited		461,115	350,323	304,715	352,365
Colonial Motors (Ceylon) Limited		33	4	33	4
Kiffs (Private) Limited		7,788	9,962	7,788	9,962
Ceylon Tapes (Pvt) Ltd		47	-	-	-
		468,983	360,289	312,687	362,331

32. RELATED PARTY DISCLOSURES**32.1 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.

The Company carried out transactions in the ordinary course of business on arm's length basis with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

32.1.1 Transactions with subsidiary companies

Transactions with Subsidiary Companies				
Name of the related party	Relationship	Nature of the transaction	Amounts (paid) / received	
For the year ended 31 March			2021	2020
			Rs.000's	Rs.000's
Ceymac Rubber Company Limited	Subsidiary	Interest on current account balance	3,104	(93)
Director:		Service fees	10,403	7,159
Mr. W. T. Ellawala		Inter company sales/(purchases)	(7,657)	(6,733)
		Export handling fee	16,723	13,394
		Expense reimbursements	10,829	5,897
		Rental paid	(1,551)	(1,368)
		Short-term loan granted	188,000	-
		Short-term loan settlements	(104,000)	-
		Inter-company settlements	(9,273)	(10,332)

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.

Name of the related party	Relationship	Nature of the transaction	Amounts (paid) / received	
For the year ended 31 March			2021 Rs.000's	2020 Rs.000's
Ceytra (Private) Limited	Subsidiary	Interest on current account balance	(1,188)	64
Director :		Service fees	3,926	7,434
Mr. W. T. Ellawala,		Inter-company sales/(purchases)	(54)	(198)
		Investment related transactions	-	(10,000)
		Net settlements	(24,670)	(6,261)
		Expense reimbursements	15,394	18,904
Corporate guarantee of C. W. Mackie PLC for packing credit/short term loans and export bill discounting facilities of Rs.8 million to Hatton National Bank PLC.				
Kelani Valley Canneries Limited	Subsidiary	Interest on current account balance	1,643	3,167
Directors :		Inter company purchases	(149,088)	(178,004)
Mr. W. T. Ellawala		Inter company sales	20,630	33,396
Dr. T. Senthilverl		Expense reimbursements	11,661	16,087
Mr. K. T. A. Mangala Perera		Net settlements	76,067	31,692
Ms. C. R. Ranasinghe		Service fee	1,814	1,919
Mr. Anushman Rajaratnam		Investment related transactions	-	(50,000)
		Short-term loan granted	63,000	-
		Short-term loan settlements	(33,000)	104,000
Corporate guarantee of C. W. Mackie PLC for short-term loans of Rs.90 million to Commercial Bank of Ceylon PLC.				
Sunquick Lanka Properties (Private) Limited	Subsidiary	Net settlements	3	3
Directors :		Expense reimbursements	(343)	(3)
Mr. W. T. Ellawala		Net settlements	186	-
Mr. K. T. A. Mangala Perera				
Corporate guarantee of C W Mackie PLC for temporary bridge short-term loan facility of Rs.90 million to Commercial Bank of Ceylon PLC.				

32.1.2 Transactions with other related companies

Name of the related party	Relationship	Nature of the transaction	Amounts (paid) / received	
For the year ended 31 March			2021 Rs.000's	2020 Rs.000's
Sunquick Lanka (Private) Limited	Jointly controlled entity	Inter-company purchases	(1,007,868)	(1,457,673)
Directors :		Inter-company sales	49,960	142,499
Mr. W. T. Ellawala		Net settlements	898,838	1,436,864
Mr. Anushman Rajaratnam		Advance payments	(4,000)	-
Mr. K. T. A. Mangala Perera		Expense reimbursements	109,409	98,844
		Service rendered	1,311	2,869

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			2021 Rs.000's	2020 Rs.000's
Ceylon Trading Company Limited	Affiliate	Rent income	2,592	2,760
Directors :		Secretarial and legal fees	(18,161)	(18,203)
Mr. W. T. Ellawala		Inter-company sales	7	9
Ms. C. R. Ranasinghe		Management fees/overheads	(20,107)	(19,299)
		Net settlements	33,531	(3,185)
		Expense reimbursements	1,740	810
Colombo Fort Group Services (Private) Limited	Common directors	Services received	(12,661)	(13,934)
		Net settlements	12,661	13,954
Directors :				
Mr. S. D. R. Arudpragasam				
Mr. Anushman Rajaratnam				
Union Commodities (Private) Limited	Common directors	Inter-company purchases	(176,238)	(139,015)
Directors :		Inter-company sales	2,991	783
Mr. S. D. R. Arudpragasam		Net settlements	160,919	51,170
Mr. Anushman Rajaratnam		Advance payments for purchases	(10,933)	106,206
		Services received	(21)	(114)
Lankem Ceylon PLC	Common directors	Inter-company purchases	(149)	(16)
Directors :		Net settlements	(33,463)	(4,793)
Mr. S. D. R. Arudpragasam		Expense reimbursements	127	-
Mr. Anushman Rajaratnam		Short-term loan granted	-	200,000
		Interest on loan granted	18,026	20,395
E. B. Creasy & Company PLC	Common directors	Services received	(697)	(972)
Director :		Advance payments	-	324
Mr. S. D. R. Arudpragasam		Inter-company sales	8	4
		Net settlements	690	643
Sigiriya Village Hotels PLC	Common directors	Inter-company sales	233	537
Director :		Net settlements	(466)	-
Mr. S. D. R. Arudpragasam				

Name of the related party	Relationship	Nature of the transaction	Amounts (paid) / received	
For the year ended 31 March			2021 Rs.000's	2020 Rs.000's
C. W. Mackie Group Staff Non-Contributory Gratuity Fund	Defined benefit plan	Amount paid to gratuity fund	(10,102)	-
		Amount paid by gratuity fund to employees	4,964	9,070
Ceylon Tapes (Private) Limited	Common directors	Inter-company sales	48	55
Directors :		Net settlements	(103)	(37)
Mr. Anushman Rajaratnam				
Mr. S. D. R. Arudpragasam				
York Hotel Management Services Limited	Common directors	Inter-company sales	-	45
Director :		Net settlements	-	-
Mr. Anushman Rajaratnam				
Marawila Resorts PLC	Common directors	Services rendered	-	1,571
Director :		Net settlements	-	(1,571)
Mr. S. D. R. Arudpragasam				
Beruwala Resorts Limited	Common directors	Inter-company sales	-	9
Director :		Net settlements	-	(141)
Mr. S. D. R. Arudpragasam				
Candy Delights Limited/(Formerly known as Creasy Foods Limited)	Common directors	Inter-company sales	-	14,443
		Net settlements	(4,455)	(11,676)
Director :				
Mr. S. D. R. Arudpragasam				
Colonial Motors (Ceylon) Limited	Common directors	Services rendered	(798)	(737)
Directors :		Net settlements	769	749
Mr. Anushman Rajaratnam		Short-term loan settlements	-	(120,355)
Mr. S. D. R. Arudpragasam		Interest on short term loan	-	177

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			2021 Rs.000's	2020 Rs.000's
Kiffs (Private) Limited	Common directors	Inter-company purchases	(57,086)	(95,055)
Directors :		Net settlements	59,260	93,477
Mr. Anushman Rajaratnam				
Mr. S. D. R. Arudpragasam				

32.1.3 Recurrent related party transactions

Name of the related party	Relationship	Nature of the transaction	Terms and Conditions of the related party transactions	2021		2020	
				Rs.000's	As a % of net revenue	Rs.000's	As a % of net revenue
Sunquick Lanka (Private) Limited	Jointly controlled entity	Purchase of "Sunquick" branded products for redistribution	On arms' length terms in ordinary course of business.	1,007,868	10.09%	1,701,885	21.28%
		Sale of Sugar to manufacture "Sunquick" branded products	On arms' length terms in ordinary course of business.	49,914	0.50%	142,499	1.78%
				1,057,782	10.59%	1,844,384	23.06%

Aggregate value of the recurrent related party transactions with Sunquick Lanka (Private) Limited during the financial year 2020/21 exceeds 10% of the gross revenue of 2020/21 audited Financial Statements.

32.1.4 Non recurrent 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 which ever is lower of the Company as at 31 March 2021.

32.2 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	
	2021	2020	2021	2020
Short-term employee benefits	28,665	29,180	28,665	27,817
Terminal benefits	-	1,330	-	-
Total compensation paid to key management personnel	28,665	30,510	28,665	27,817

33. EVENTS AFTER THE REPORTING DATE

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

33.1 Dividend

The Directors of C. W. Mackie PLC have recommended the payment of a first and final dividend of Rs.7 per ordinary share amounting to Rs.251,919,892/- for the year ended 31 March 2021 for approval by the shareholders at the Annual General Meeting to be held on 18 August 2021. In accordance with the Sri Lanka Accounting Standard 10 (LKAS 10) "Events after the Reporting Period", this proposed dividend has not been recognised as a liability as at 31 March 2021.

34. OTHER MATTERS : IMPACT OF COVID-19

The outbreak of the COVID-19 pandemic and the measures adopted by Government to mitigate the pandemic's spread and economic stability have moderately impacted the Group.

The Group has evaluated the resilience of its businesses considering factors such as profitability, cash reserves, effective working capital management, strong net asset position and potential sources of financing facilities.

The impact of COVID-19 on the country's economy and how businesses and consumers respond is uncertain. There could be a possible increase in credit risk due to the loss of income by some of the businesses and the individuals which would delay the settlements of customer dues and some of the customers may default its settlements. Group, at each business segment level adopted a disciplined approach to optimise the collection via a rigid credit control management process.

The Group has negotiated financial liabilities with better terms and has adopted a control over the expenditure. Therefore, the Group is confident that there are no material uncertainties that may cast significant doubt on its ability to continue as going concern which arise due to the liquidity risk.

The Group imports and distributes products which are subject to foreign exchange volatilities and resultant cost escalations. Towards mitigating this risk, Group Treasury is deeply analysing the foreign exchange market and working closely with relevant financial institutions and other stakeholders.

Further, the Group has evaluated all guidelines issued by the Government as well as international best practices and the C.W. Mackie Group of Companies have developed health and safety guidelines to ensure suitable working arrangements and safe conditions for employees, customers and other stakeholders.

While there is uncertainty over the extent of the impact and longevity of the COVID-19 outbreak, the Group has so far coped well with the challenges and are confident that through our operating model and financial strength we are well placed. Nevertheless, Group envisages that no impact on the Group business continuity and expect to manage supply chain challenges effectively to provide continuous resource requirements for production as well as to full fill the consumer demand to continue for a foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

35. 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	2021 Rs. Mn	2020 Rs. Mn
Letters of comfort and guarantees provided on behalf of the subsidiaries:		
Ceymac Rubber Company Limited	99	99
Ceytra (Private) Limited	8	8
Kelani Valley Canneries Limited	90	90
Sunquick Lanka Properties (Private) Limited	90	-
Total	287	197
Ceymac Rubber Company Limited	85	80
Kelani Valley Canneries Limited	57	65
Total	142	145

These corporate guarantee have been provided for Hatton National Bank PLC and Commercial Bank of Ceylon PLC on behalf of the subsidiary companies Ceymac Rubber Company Limited, Ceytra (Private) Limited, Kelani Valley Canneries Limited and Sunquick Lanka Properties (Private) Limited for short-term loan facilities/temporary bridging short-term loan facility, 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 Financial Statements.

36. CAPITAL COMMITMENTS

There are no material capital commitments as at the reporting date that would require adjustment to or disclosure in the Financial Statements other than as disclosed above.

37. COMPARATIVE FIGURES

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

38. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risks limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors oversees how management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Company's Directors are assisted in their oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the result of which are reported to the Company's Directors.

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

- Credit risk (Note 38.1)
- Liquidity risk (Note 38.2)
- Market risk (Note 38.3)
- Operational risk (Note 38.4)

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.

38.1 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	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
Trade receivables from related parties	14,119	42,332	152,512	88,098
Interest bearing short-term loan to related parties	200,000	215,586	200,000	215,586
Trade receivables	2,348,364	2,054,117	2,112,946	1,913,458
Deposits	10,754	9,185	7,844	7,838
Loans to employees	23,193	21,583	6,259	4,193
Other receivables	409,957	278,775	297,394	180,713
Balances with banks	62,449	74,001	53,179	22,519
Total	3,068,836	2,695,579	2,830,134	2,432,405

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

As at	31 March 2021		31 March 2020	
	Gross Balance Rs.000's	Impairment Rs.000's	Gross Balance Rs.000's	Impairment Rs.000's
Group				
Past due 0-30 days	1,406,231	-	842,471	-
Past due 31-90 days	723,686	-	985,278	-
Past due 91-180 days	96,463	-	190,786	-
Past due 181-270 days	58,346	-	27,845	479
Past due 271-365 days	6,527	-	6,464	6
More than one year	131,100	73,989	65,045	63,287
Total	2,422,353	73,989	2,117,889	63,772

As at	31 March 2021		31 March 2020	
	Gross Balance Rs.000's	Impairment Rs.000's	Gross Balance Rs.000's	Impairment Rs.000's
Company				
Past due 0-30 days	1,277,924	-	725,518	-
Past due 31-90 days	619,297	-	972,471	-
Past due 91-180 days	93,560	-	185,768	-
Past due 181-270 days	55,696	-	23,242	-
Past due 271-365 days	6,319	-	6,459	-
More than one year	128,885	68,735	59,393	59,393
Total	2,181,681	68,735	1,972,851	59,393

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 trade receivables as at the reporting date by geography was as follows:

As at 31 March	Carrying amount			
	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
Domestic	2,212,867	1,764,093	1,997,310	1,641,968
Asian region	69,991	98,065	55,866	89,973
European region	82,621	159,473	71,631	150,158
African region	15,586	4,525	15,586	4,523
Southern American region	31,249	20,643	31,249	20,643
Northern American region	158	7,318	158	6,193
Middle East region	9,881	-	9,881	-
Total	2,422,353	2,054,117	2,181,681	1,913,458

Cash and cash equivalents

The Group and Company held cash and cash equivalents of Rs.64.3 million (2020 - Rs.75.9 million) and Rs.54.8 million (2020 - Rs.24.1 million) retrospectively at 31 March 2021 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	2021 Rs.Mn	2020 Rs.Mn
Letters of comfort and guarantees provided on behalf of the subsidiaries		
Ceymac Rubber Company Limited	99	99
Ceytra (Private) Limited	8	8
Kelani Valley Canneries Limited	90	90
Sunquick Lanka Properties (Private) Limited	90	-
Total	287	197
Outstanding short term loan facility	2021 Rs.Mn	2020 Rs.Mn
Ceymac Rubber Company Limited	85	80
Kelani Valley Canneries Limited	57	65
Total	142	145

Expected credit losses

With the adoption of SLFRS 9-Financial Instruments, the Company manages credit quality using a three stage approach which inline with the new standard requirements as well.

Stage one : 12 month expected credit losses (ECL)

Stage two : Lifetime expected credit losses (ECL) -not credit impaired

Stage three : Lifetime expected credit losses (ECL) -credit impaired

Table below shows the classification of assts and liabilities based on the above mentioned three stage model:

		12-month ECL	Life Time ECL – Not Credit Impaired	Life Time ECL – Credit Impaired	Unclassified	Total
		Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Group						
As at 31 March 2021						
Cash and cash equivalents	Note 19	64,296	-	-	-	64,296
Trade and other receivables	Note 16	2,806,387	-	-	-	2,806,387
Interest bearing short-term loan to related parties	Note 17	200,000	-	-	-	200,000
Other non-financial assets	-	-	-	-	4,180,750	4,180,750
Total assets		3,070,683	-	-	4,180,750	7,251,433

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		12-month ECL	Life Time ECL – Not Credit Impaired	Life Time ECL – Credit Impaired	Unclassified	Total
		Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Company						
As at 31 March 2021						
Cash and cash equivalents	Note 19	54,751	-	-	-	54,751
Trade and other receivables	Note 16	2,576,955	-	-	-	2,576,955
Interest bearing short-term loan to related parties	Note 17	200,000	-	-	-	200,000
Other non-financial assets	-	-	-	-	3,484,925	3,484,925
Total assets		2,831,706	-	-	3,484,925	6,316,631
Group						
As at 31 March 2020						
Cash and cash equivalents	Note 19	75,895	-	-	-	75,895
Trade and other receivables	Note 16	2,405,992	-	-	-	2,405,992
Interest bearing short term loan to related parties	Note 17	215,586	-	-	-	215,586
Other non financial assets		-	-	-	3,334,312	3,334,312
Total assets		2,697,473	-	-	3,334,312	6,031,785
Company						
As at 31 March 2020						
Cash and cash equivalents	Note 19	24,138	-	-	-	24,138
Trade and other receivables	Note 16	2,194,300	-	-	-	2,194,300
Interest bearing short-term loan to related parties	Note 17	215,586	-	-	-	215,586
Other non-financial assets		-	-	-	2,871,866	2,871,866
Total assets		2,434,024	-	-	2,871,866	5,305,890

38.2 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 2021, Group has unutilised borrowing facilities amounting to Rs.188.5 Million (2020-Rs.194.5 million) representing 12.4% (2020-11%) of the total borrowing facilities from the consortium of banks, i.e. Hatton National Bank PLC, Commercial Bank of Ceylon PLC, NDB Bank PLC and Standard Chartered Bank. However, the Company has over utilised its import Letter of Credit (LC) sub-limits from Commercial Bank of Ceylon PLC by 50%.

The following are the contractual maturities of financial liabilities:

As at 31 March	2021			2020		
	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
Group						
Financial liabilities (non derivatives)						
Long term borrowings	138,135	106,657	31,478	194,448	101,044	93,404
Lease liability	103,806	27,420	76,386	129,523	25,716	103,807
Interest bearing short-term borrowings	1,295,064	1,295,064	-	1,403,591	1,403,591	-
Trade and other payable	1,794,846	1,794,846	-	789,846	789,846	-
Trade payables to related parties	468,983	468,983	-	360,289	360,289	-
Bank overdrafts	193,316	193,316	-	155,884	155,884	-
Total	3,994,150	3,886,286	107,864	3,033,581	2,836,370	197,211
As at 31 March						
Company						
Financial liabilities (non derivatives)						
Long term borrowings	91,750	91,750	-	191,710	99,960	91,750
Lease liability	103,284	27,104	76,180	128,728	25,443	103,285
Interest bearing short-term borrowings	1,161,064	1,161,064	-	1,258,591	1,258,591	-
Trade and other payable	1,644,306	1,644,306	-	686,140	686,140	-
Trade payables to related parties	312,687	312,687	-	362,331	362,331	-
Bank overdrafts	168,296	168,296	-	128,729	128,729	-
Total	3,481,387	3,405,207	76,180	2,756,229	2,561,194	195,035

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

38.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.

38.3.1 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Exposure to currency risk

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

As at 31 March	2021		2020	
	USD	Euro	USD	Euro
Group				
Trade and other payables	(1,985,318)	(40,695)	(374,826)	(12,822)
Trade and other receivables	786,627	220,359	1,445,494	136,484
Cash and cash equivalents	287,260	4,767	267,895	952
Gross statement of financial position exposure	(911,431)	184,431	1,338,563	124,614
Company				
Trade and other payables	(1,985,318)	(40,695)	(364,106)	(12,822)
Trade and other receivables	705,803	196,130	1,409,699	74,376
Cash and cash equivalents	266,769	4,484	228,048	952
Gross statement of financial position exposure	(1,012,746)	159,919	1,273,641	62,506

The following significant exchange rates were applicable during the year:

	Average rate		Reporting date spot rate	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
USD	188.85	189.90	199.00	190.00
Euro	221.53	209.41	233.12	209.34

Sensitivity Analysis

A strengthening or weakening of the LKR, as indicated below, against the USD and Euro at 31 March 2021 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 period. The analysis assumes that all other variables, in particular interest rates, remain constant:

	Strengthening Profit or Loss Rs.000's	Weakening Profit or Loss Rs.000's
Group		
As at 31 March 2021		
USD (10% movement)	18,137	(18,137)
Euro (10% movement)	(4,299)	4,299
As at 31 March 2020		
USD (10% movement)	(25,433)	25,433
Euro (10% movement)	(2,609)	2,609

	Strengthening Profit or Loss Rs.000's	Weakening Profit or Loss Rs.000's
Company		
As at 31 March 2021		
USD (10% movement)	20,154	(20,154)
Euro (10% movement)	(3,728)	3,728
As at 31 March 2020		
USD (10% movement)	(24,199)	24,199
Euro (10% movement)	(1,309)	1,309

38.3.2 Interest rate risk

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

As at 31 March	Carrying amount			
	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
Fixed rate instruments				
Financial assets				
Related party receivables - subsidiaries	-	-	138,519	45,809
Financial liabilities				
Related party payables - subsidiaries	-	-	151	-
Lease liability	(103,806)	(129,523)	(103,284)	(128,728)
	(103,806)	(129,523)	35,386	(82,919)
Variable rate instruments				
Financial assets				
RFC deposits	58,276	51,099	54,132	43,528
Financial liabilities				
Long term borrowings	(138,135)	(194,448)	(91,750)	(191,710)
Interest bearing short term loan to related parties	(200,000)	(215,586)	(200,000)	(215,586)
Bank overdrafts	(193,316)	(155,884)	(168,296)	(128,729)
Short-term money market borrowings/import loans	(1,295,064)	(1,403,591)	(1,161,064)	(1,258,591)
	(1,768,239)	(1,918,410)	(1,566,978)	(1,751,088)

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	2021 Profit or Loss Rs.000's	2020 Profit or Loss Rs.000's
Group		
Variable rate instruments (1% decrease)	17,682	19,184
Variable rate instruments (1% increase)	(17,682)	(19,184)
Company		
Variable rate instruments (1% decrease)	15,670	17,511
Variable rate instruments (1% increase)	(15,670)	(17,511)

38.4 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.

38.5 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 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	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
Total liabilities	4,317,804	3,316,432	3,660,905	2,916,424
Less:				
Cash and cash equivalents	(64,296)	(75,895)	(54,751)	(24,138)
Net debts	4,253,508	3,240,537	3,606,154	2,892,286
Total equity	2,599,839	2,371,902	2,655,726	2,389,466
Net debt to equity ratio	1.64	1.37	1.36	1.21

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.

38.6 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.

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

The financial assets and liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value, other than below.

Fair value measurement for non-financial asset

The following table analyses non-financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position. The fair value include any differences between the transaction price and the fair value on initial recognition when the fair value is based on evaluation technique that uses unobservable inputs:

As at 31 March	Level I		Level II		Level III		Total	
	2021 Rs. 000's	2020 Rs. 000's	2021 Rs. 000's	2020 Rs. 000's	2021 Rs. 000's	2020 Rs. 000's	2021 Rs. 000's	2020 Rs. 000's
Group								
Non financial assets								
Freehold land	-	-	-	-	744,057	742,000	744,057	742,000
	-	-	-	-	744,057	742,000	744,057	742,000
Company								
Non financial assets								
Freehold land	-	-	-	-	172,057	170,000	172,057	170,000
	-	-	-	-	172,057	170,000	172,057	170,000

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

a) Level 3 fair value measurement

Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group		Company	
	2021 Rs.000's	2020 Rs.000's	2021 Rs.000's	2020 Rs.000's
Balance at the beginning of the year	742,000	742,000	170,000	170,000
Addition/ revaluation during the year	2,057	-	2,057	-
Disposal during the year	-	-	-	-
Impairment	-	-	-	-
Balance at the end of the year	744,057	742,000	172,057	170,000

As per the valuation carried out on 31 March 2019, by an independent professional valuer Mr. K. T. D. Tissera, J. P. U. M., Diploma in Valuation (Sri Lanka), F. R. I. C. S.(Eng.), F. I. V. (Sri Lanka), Chartered Valuation Surveyor. These properties were valued on an open market value for existing use basis.

b) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the freehold property mentioned above, as well as the significant unobservable inputs used:

Valuation technique	"Significant unobservable inputs"	"Inter - relationship between significant unobservable inputs and fair value measurement"
Market comparable Method: This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for, since the price may not reflect the fair market value.	Price per perch for land Price per square foot	Estimated fair value would increase/(decrease) if, price per perch increases/ (decreases) Price per square foot increases/(decreases)

TEN YEAR HISTORICAL SUMMARY

Year	2012 (Rs.'000)	2013 (Rs.'000)	2014 (Rs.'000)	2015 (Rs.'000)	2016 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2019 (Rs.'000)	2020 (Rs.'000)	2021 (Rs.'000)
OPERATING RESULTS										
Revenue	9,703,084	7,647,208	7,343,741	7,618,108	7,859,633	8,837,350	9,919,740	9,695,319	8,593,307	10,927,486
Results from operating activities	588,635	306,936	374,629	326,484	409,788	416,439	373,957	394,777	137,986	542,859
Net financing costs	(77,604)	(58,836)	(62,146)	(52,711)	(7,865)	(67,371)	(96,728)	(110,952)	(124,793)	(115,173)
Share of joint venture's profit/(loss)	-	-	-	-	-	-	(20,697)	46,659	7,963	(50,516)
Profit before taxation	501,771	248,100	312,483	273,773	401,923	349,068	256,532	330,484	21,156	377,170
Income tax expense	(115,972)	(84,587)	(103,154)	(94,318)	(123,401)	(111,937)	(86,685)	(114,014)	(99,125)	(121,499)
Profit after tax	385,799	163,513	209,329	179,455	278,522	237,131	169,847	216,470	(77,969)	255,671
Other comprehensive income	(483)	595	2,355	(8,649)	6,606	10,056	(20,141)	392,163	(23,858)	(37,395)
Total comprehensive income	385,316	164,108	211,684	170,806	285,128	247,187	149,706	608,633	(101,827)	218,276
Non-controlling interests	1,777	1,562	1,171	(9,863)	(6,466)	978	668	21,511	(3,111)	(9,661)
Total comprehensive income-equity holders	383,539	162,546	210,513	180,669	291,594	246,209	149,038	587,122	(98,716)	227,937
FINANCIAL POSITION										
Assets										
Non-current assets	853,776	852,228	886,279	880,463	864,854	812,094	1,308,390	1,920,305	2,204,003	2,256,548
Current assets	2,427,909	2,102,243	2,514,238	2,302,690	2,801,463	3,327,942	3,663,777	3,815,786	3,827,782	4,994,885
Total assets	3,281,685	2,954,471	3,400,517	3,183,153	3,666,317	4,140,036	4,972,167	5,736,091	6,031,785	7,251,433
Equity and liabilities										
Equity										
Stated capital	507,047	507,047	507,047	507,047	507,047	507,047	507,047	507,047	507,047	507,047
Capital reserves	8,734	8,734	8,734	8,734	8,734	8,734	8,734	368,162	368,162	362,219
Revenue reserves	1,018,527	1,144,983	1,247,551	1,320,112	1,502,686	1,622,935	1,620,820	1,722,554	1,496,693	1,730,573
Available-for-sale reserve	1,014	1,115	1,094	1,236	-	-	-	-	-	-
Equity attributable to equity holders of the Company	1,535,322	1,661,879	1,764,426	1,837,129	2,018,467	2,138,716	2,136,601	2,597,763	2,371,902	2,599,839
Non-controlling interests	28,397	29,817	46,190	34,615	28,031	29,009	323,866	345,377	343,451	333,790
Total equity	1,563,719	1,691,696	1,810,616	1,871,744	2,046,498	2,167,725	2,460,467	2,943,140	2,715,353	2,933,529
Non-current liabilities	185,157	159,093	150,545	122,473	92,038	78,684	124,287	373,245	411,682	357,892
Current liabilities	1,532,809	1,103,682	1,439,356	1,188,936	1,527,781	1,893,627	2,387,413	2,419,706	2,904,750	3,959,912
Total equity and liabilities	3,281,685	2,954,471	3,400,517	3,183,153	3,666,317	4,140,036	4,972,167	5,736,091	6,031,785	7,251,433
RATIOS										
Basic earnings per share (Rupees)	10.72	4.54	5.82	4.99	7.74	6.57	4.68	5.65	(2.10)	7.35
Revenue growth rate (%)	4.1%	-21.2%	-4.0%	3.7%	3.2%	12.4%	12.2%	-2.3%	-13.4%	10.2%
Net profit ratio (%)	4.0%	2.1%	2.9%	2.4%	3.5%	2.7%	1.7%	2.2%	-0.9%	2.3%
Current ratio (1:)	1.58	1.90	1.75	1.94	1.83	1.76	1.53	1.58	1.32	1.26
Net asset per share (Rupees)	42.66	46.18	49.03	51.05	56.09	59.43	59.37	72.18	65.91	72.24
Net return on assets (%)	11.8%	5.5%	6.2%	5.6%	7.6%	5.7%	3.4%	3.8%	-1.3%	3.5%
Net return on capital employed (%)	33.7%	16.6%	19.1%	16.4%	19.2%	18.5%	13.7%	13.3%	4.7%	15.0%
Assets turnover ratio (1:)	3.08	2.45	2.31	2.31	2.29	2.26	2.18	1.81	1.56	1.79
Dividends per share (Rupees)	2.00	1.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	-
Dividend payout ratio (%)	19%	22%	52%	60%	39%	53%	75%	62%	-167%	-

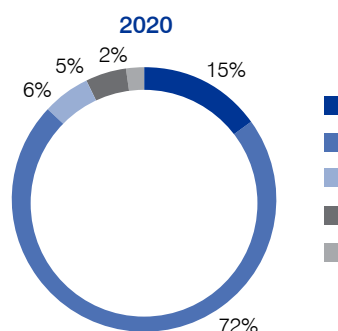
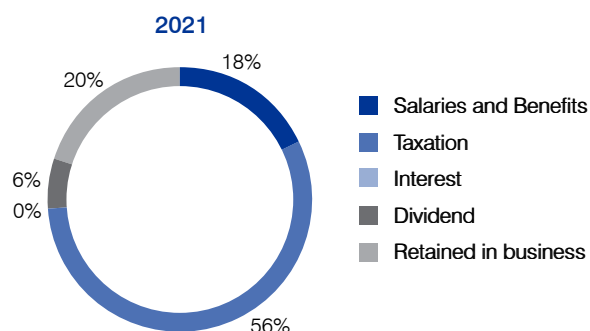
CONSOLIDATED STATEMENT OF VALUE ADDED

Organisations utilise 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 organisation. 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 organisation'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	2021 Rs. million	2020 Rs. million
Value added		
Sales made to external customers	10,927.5	8,593.3
Less: material and services bought in from outside	(9,192.0)	(6,494.7)
	1,735.5	2,098.6
Add: other income	164.2	151.5
Total value added available for distribution	1,899.7	2,250.1

	2021 Rs. million	%	2020 Rs. million	%
Distribution of value added				
To employees				
-Wages, salaries and benefits	342.0	17.9	331.5	14.8
Taxation to Government				
-Import duties and VAT	935.2		1,453.7	
-Export duties	11.9		12.8	
-Income tax	129.4		101.7	
-Economic Service Charge	-		46.2	
	1,076.5	56.4	1,614.4	71.7
To lenders				
-Interest	118.8	6.2	137.1	6.1
Providers of equity capital				
-Dividends	-	-	126.0	5.6
Retained in business				
-Depreciation on fixed assets	134.5		139.8	
-Retained earnings	227.9	362.4	(98.7)	41.1
		19.5		1.8
Total value added distributed	1,899.7	100.0	2,250.1	100.0
No. of employees in Group	528		549	
Value added per employee (Rs' 000)	3,598		4,099	



INVESTOR INFORMATION

FINANCIAL CALENDAR

Ninety Eighth Annual General Meeting - 24 September 2020

Interim Reports

First Quarterly Report

3 months to 30 June 2020 - 21 July 2020

Second Quarterly Report

6 months to 30 September 2020 - 22 October 2020

Third Quarterly Report

9 months to 31 December 2020 - 2 February 2021

Fourth Quarterly Report

12 months to 31 March 2021 - 28 May 2021

Annual Report - Financial Year 2020/21 - 22 July 2021

Ninety Ninth Annual General Meeting - 18 August 2021

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

As at 31 March Holdings (Shares)	2021			2020		
	No. of Holders	Total Shares	Holders %	No. of Holders	Total Shares	Holders %
1 - 1,000	1786	371,942	1.03	1,699	334,557	0.94
1,001 - 10,000	280	924,489	2.58	225	740,663	2.07
10,001 - 100,000	56	1,656,668	4.60	45	1,387,193	3.82
100,001 - 1,000,000	9	2,346,630	6.52	8	2,843,757	7.90
Over 1,000,000	5	30,688,827	85.27	4	30,682,386	85.27
	2,136	35,988,556	100.00	1,981	35,988,556	100.00

TWENTY LARGEST SHAREHOLDERS

As at 31 March		2021		2020	
Name of Shareholder		No. of Shares (Voting)	%	No. of Shares (Voting)	%
1	Lankem Ceylon PLC	16,006,441	44.48	18,137,526	50.40
2	Seylan Bank PLC/Senthilvel Holdings (Pvt) Limited	8,983,000	24.96	8,983,000	24.96
3	Union Bank of Colombo PLC/Lankem Ceylon PLC	2,137,526	5.94	N/A	N/A
4	Sampath Bank PLC/Dr. T. Senthilvel	1,782,575	4.95	1,782,575	4.95
5	Pan Asia Banking Corporation PLC/Lankem Ceylon PLC	1,779,285	4.94	1,779,285	4.94
6	Acuity Partners (Pvt) Limited/Union Investment (Pvt) Limited	950,000	2.64	950,000	2.64
7	People's Leasing and Finance PLC/L. P. Hapangama	329,353	0.92	191,204	0.53
8	Corporate Holdings (Pvt) Limited Account No. 1	238,341	0.66	238,341	0.66
9	Harnam Holdings SDN BHD	175,872	0.49	155,872	0.43
10	Mr. P. P. Anandarajah	155,100	0.43	155,100	0.43
11	Mr. M. A. Lukmanjee	155,000	0.43	155,000	0.43
12	People's Leasing and Finance PLC /Mrs. C. M. Dissanayake	124,202	0.35	N/A	N/A
13	Amana Bank PLC	117,989	0.33	858,500	2.39
14	Employees Provident Fund	100,773	0.28	139,740	0.39
15	Ms. N. Harnam	100,000	0.28	100,000	0.28
16	Sir F.I. Rahimtoola	90,000	0.25	90,000	0.25
17	People's Leasing and Finance PLC/Dr. H. S. D. Soysa and Mrs. G. Soysa	87,491	0.24	59,853	0.17
18	People's Leasing and Finance PLC/L. H. L. M. P. Haradasa	74,303	0.21	59,303	0.16
19	Mr. R. Gautam	69,800	0.19	69,006	0.19
20	Mr. Z. G. Carimjee	60,200	0.17	60,200	0.17

CATEGORIES OF SHAREHOLDERS

As at 31 March		2021			2020		
Categories		No. of Holders	Share Holding	Total %	No. of Holders	Share Holding	Total %
Individuals		2,038	2,527,747	7.02	1,887	2,210,311	6.14
Institutions		98	33,460,809	92.98	94	33,778,245	93.86
		2,136	35,988,556	100.00	1,981	35,988,556	100.00
Public		2,122	3,957,549	11.00	1,968	3,963,990	11.01

The float adjusted market capitalisation of the Company as at 31 March 2021 is Rs.174,184,611.04.

The float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Ninety Ninth Annual General Meeting of **C. W. Mackie PLC** will be held on Wednesday, 18 August 2021 at 2.30 p.m. and conducted as a Virtual Meeting from No. 36, D. R. Wijewardena Mawatha, Colombo 10 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 2021 with the Report of the Auditors thereon.
2. To declare a Dividend as recommended by the Directors.
3. To approve the re-appointment of Ms. C. R. Ranasinghe, 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. Sanjeev Rajaratnam, who retires in terms of Article 95 of the Articles of Association as a Director of the Company.
5. 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. *
6. 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. **
7. 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. ***
8. To approve the re-appointment of Dr. T. Senthilvel, 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 approve the re-appointment of Mr. S. D. R. Arudpragasam, who would have reached 70 years of age as at the date of the Annual General Meeting, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company. *****
10. To approve the appointment of Mr. A. Hettiarachchy, 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. +
11. To authorise the Directors to determine and make donations.
12. To re-appoint KPMG, Chartered Accountants, as Auditors to the Company and authorise the Directors to determine their remuneration.
13. Special Business:
To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in the manner following:

SPECIAL RESOLUTION

“Resolved :-

1. That the following words and meanings be included in the table under existing Article 2 of the Articles of Association immediately following the words ‘the Act’ and the meaning set opposite thereto:

electronic facility/ies	a system or method providing an electronic means of participating at a meeting including audio or audio and visual communication by which all members and/or participants participating can simultaneously hear each other throughout the meeting.
-------------------------	--

That the meaning set opposite the words ‘in writing’ in the table under existing Article 2 of the Articles of Association be amended to read as follows:

in writing	written or produced by any substitute for writing or partly one and partly another and/or to the extent permitted by law in any other form.
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2. That the following new Article 50(2) be included immediately after existing Article 50(1):
50(2). In the case of any general meeting being conducted partly or completely by electronic facility/ies the notice and/or a circular accompanying the notice shall provide details on the method of access and participation including how to speak and vote at the meeting.

That existing Article 50(2) and Article 50(3) be re-numbered as Article 50(3) and Article 50(4).

3. That existing Article 54 be deleted and the following be substituted therefor:
54(1). (a) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. The quorum for all purposes shall be three being a member present in person or by proxy or attorney or in the case of a corporation by an authorised representative as provided by Article 74.

NOTICE OF MEETING (Contd.)

- (b) In determining attendance at a general meeting it is immaterial whether any two or more members attending it are in the same place as each other.
- (c) Where a general meeting is held partly or completely by electronic facility/ies the directors and/or the chairman may stipulate any requirement that is reasonably necessary to ensure the identification of such participants and the security of the electronic communication.

(2). A general meeting may be held-

- (a) by the members being present and assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio or audio and visual communication by which all members participating can simultaneously hear each other throughout the meeting; or
- (c) by simultaneous attendance and participation partly by means of an electronic facility/ies and by being assembled together at a place where all members participating can simultaneously hear each other throughout the meeting.

for the despatch of business and adjourn and otherwise regulate the meeting as they think fit and that the quorum for such meetings as above shall be the same as is applicable for general meetings under these presents.

- (3). A resolution passed by the members gathered as aforesaid, notwithstanding that the members are not present together at one place at that time be deemed to have been passed at a meeting of the members held on that date and time and shall unless otherwise agreed be deemed to have been held at the office of the Company at which such members were present. All such provisions relating to the convening of such meeting and the giving of notice thereof and agenda shall be as the same as is applicable under these presents.

4. That existing Article 58 be re-numbered as Article 58(1) and the following new Article numbered Article 58(2) be included immediately after re-numbered Article 58(1):

58 (2). Notwithstanding the provisions contained in Article 58(1) at any general meeting held partly or completely by means of an electronic facility/ies, a resolution put to the vote shall be decided by the members signifying their assent or dissent via electronic means or in the event of a poll, such poll votes may be cast by such electronic means as the directors deem appropriate.

5. That existing Article 96(2) be deleted and the following be substituted therefor:

96(2). The board may concurrently participate either in person or by telephone, conference television or similar communication equivalent or any other form of audio or audiovisual instantaneous communication by which all directors participating in the conference are able to hear and be heard by all other participants for the despatch of business and adjourn and otherwise regulate the conference as they think fit or by a combination of such methods and that the quorum for such conference meeting shall be the same as is applicable to meetings of directors under these presents. A resolution passed by such conference may be constituted by an instrument in hard copy or electronic form (duly executed) and shall, notwithstanding that the directors are not present together at one place at the time of the conference, be deemed to have been passed at a conference of the directors held on the day and at the time at which the conference was held and shall be deemed to have been held at the office of the Company unless otherwise agreed and all directors and other persons including the secretary participating at that conference shall be deemed for all purposes to be present at the conference. All such provisions relating to the convening of a meeting of the board, including the giving of notice thereof and agenda, shall be the same as is applicable under these presents.

6. That existing Article 100 be deleted and the following be substituted therefor:

100. A resolution in writing signed by all the directors for the time being in Sri Lanka which shall not be less than the number required to constitute a quorum at a meeting of the directors shall be as effective as a resolution passed at a meeting of the directors duly convened and held and may consist of several documents in the like form, each signed by one or more of the directors; provided always that a resolution faxed, emailed or transmitted by any other electronic means under their respective signature/s shall be deemed to have been signed by them for all purposes hereof, the original of which shall be sent to the secretary for record.

7. That existing Article 117 be deleted and the following be substituted therefor:

117. The directors shall cause minutes to be maintained either in books or electronic means as permitted by law for the purpose:
- (a) of all the appointments of officers made by the directors;
 - (b) of the names of the directors present at each meeting of the directors and of any committee of the directors;
 - (c) of all resolutions and proceedings at all meetings of the Company and of the directors and of committees of the directors.

and every director present at any meeting of the directors or committee of the directors shall sign his name in a book to be kept for that purpose or in any electronic form.

8. That existing Article 139 be deleted and the following be substituted therefor:

139. A copy of every statement of financial position and financial statements which is to be laid before a general meeting of the Company (including every document required by law to be annexed thereto) together with a copy of the report of the auditors relating thereto and of the annual report of the board shall not less than fifteen working days before the date of the meeting be sent by post or any other instantaneous method of communication or made available on the Company's website and/or on the website of the Colombo Stock Exchange to every member and every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these presents (provided that this Article shall not require a copy of these documents to be sent to any person of whose address in Sri Lanka the Company is not aware or to more than one of joint-holders, but any member to whom a copy of these documents has not been sent, shall be entitled to receive a copy free of charge on application at the office of the Company).

Notwithstanding anything to the contrary and in accordance with Section 167 of the Act, the Company may, in the first instance, send every member by post or any other instantaneous method of communication or made available on the Company's website and/or on the website of the Colombo Stock Exchange together with the annual report of the board, the financial statements in the summarised form as may be prescribed in consultation with the Institute of Chartered Accountants of Sri Lanka. The Company shall inform each member that he is entitled to receive, if he so requires, the full financial statements or a printed copy of the annual report within a stipulated period of time.

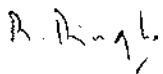
9. That existing Article 146 be re-numbered as Article 146(1) and the following new Article numbered Article 146(2) be included immediately after re-numbered Article 146(1):

- 146 (2). In the event of a postal disruption, the Company may issue notices and communications through the local newspapers and/or the Company's website and/or on the website of the Colombo Stock Exchange and/or by any other electronic means.

10. That existing Article 150 be deleted and the following be substituted therefor:

150. If a member has no registered address in Sri Lanka and has not supplied to the Company an address in Sri Lanka for the giving of notices and communications to him, a notice posted up in the office of the Company and/or on the Company's website and/or on the website of the Colombo Stock Exchange shall be deemed to be duly given to him at the expiration of twenty-four hours from the time when it is so posted up."

By Order of the Board



Ms. C. R. Ranasinghe
Executive Director/Company Secretary

Colombo
22 July 2021

NOTICE OF MEETING (Contd.)

Note :

* A Notice dated 15 July 2021 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. 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 eighty 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. William Tissa Ellawala."

** A Notice dated 15 July 2021 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 eighty 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 Deshabandu Ajit Mahendra de Silva Jayaratne."

*** A Notice dated 15 July 2021 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 seven 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."

**** A Notice dated 15 July 2021 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

Dr. T. Senthilvel as a Director of the Company under and in terms of Section 211 of the Companies Act No.7 of 2007:

"That Dr. Thirugnanasambandar Senthilvel 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 Dr. Thirugnanasambandar Senthilvel."

***** A Notice dated 15 July 2021 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. S. D. R. Arudpragasam as a Director of the Company under and in terms of Section 211 of the Companies Act No.7 of 2007:

"That Mr. Sri Dhaman Rajendram Arudpragasam who would have reached seventy years of age as at the date of the Annual General Meeting 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. Sri Dhaman Rajendram Arudpragasam."

+ A Notice dated 15 July 2021 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. Ariyawansa Hettiarachchy as a Director of the Company under and in terms of Section 211 of the Companies Act No.7 of 2007:

"That Mr. Ariyawansa Hettiarachchy who is seventy two years of age be and is hereby 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. Ariyawansa Hettiarachchy."

(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) Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up

at the Meeting and submit the same to the Company in accordance with the instructions for completion of the Form of Proxy on page 172.

- (v) The instrument appointing the Proxy must be deposited at the Registered Office of the Company, No.36, D. R. Wijewardena Mawatha, Colombo 10 or sent via email to companysecretary@cwmmackie.com or by facsimile No. (+94)112449586 before 2.30 p.m. on 16 August 2021.
- (vi) Please refer the Circular to Shareholders dated 22 July 2021 for further instructions relating to and for joining the Meeting virtually.
- (vii) In the event the Company is required to take any further action in relation to the Meeting and/or any communications, guidelines, directives or orders issued by the Government of Sri Lanka due to the COVID-19 pandemic, notice of such action shall be given by way of an announcement to the Colombo Stock Exchange (www.cse.lk), Company's website (www.cwmmackie.com) and/or in the local newspapers.

NOTES

FORM OF PROXY

I/Weof
being a member/members of
C. W. Mackie PLC hereby appointof
or failing him/her

William Tissa Ellawala	or failing him
Camani Renuka Ranasinghe	or failing her
Ajit Mahendra de Silva Jayaratne	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 Thantrige Aruna Mangala Perera	or failing him
Sanjeev Rajaratnam	or failing him

as my/our Proxy to represent me/us and speak and vote on my/our behalf as indicated below at the Ninety Ninth Annual General Meeting of the Company to be held as a Virtual Meeting on Wednesday, 18 August 2021 at 2.30 p.m. 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 2021 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a Dividend as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the re-appointment of Ms. C. R. Ranasinghe, who retires by rotation in terms of Article 89 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve the re-appointment of Mr. Sanjeev Rajaratnam, who retires in terms of Article 95 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. 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.	<input type="checkbox"/>	<input type="checkbox"/>
6. 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.	<input type="checkbox"/>	<input type="checkbox"/>
7. 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.	<input type="checkbox"/>	<input type="checkbox"/>
8. To approve the re-appointment of Dr. T. Senthilverl, 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.	<input type="checkbox"/>	<input type="checkbox"/>
9. To approve the re-appointment of Mr. S. D. R. Arudpragasam, who would have reached 70 years of age as at the date of the Annual General Meeting under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
10. To approve the appointment of Mr. A. Hettiarachchy, 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.	<input type="checkbox"/>	<input type="checkbox"/>
11. To authorise the Directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>
12. To re-appoint KPMG, Chartered Accountants, as Auditors to the Company and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
13. Special Business To amend the Articles of Association by way of a Special Resolution as set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of2021.

.....
 NIC/Passport No./Company Registration No.

.....
 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 on overleaf.

FORM OF PROXY (Contd.)

INSTRUCTIONS FOR COMPLETION OF PROXY

1. Please perfect the Form of Proxy by signing in the space provided and filling in legibly your full name, address and other required details.
2. Members who are unable to connect to the virtual Meeting are strongly encouraged to appoint one of the Directors of the Company to act on their behalf in order that each Member's vote may be identified and recorded as if such Member were participating at the Meeting.
3. If you wish to appoint a person other than the Directors as your Proxy, please insert legibly the relevant details in the space provided on the Form of Proxy and initial against this entry and forward same to the Company Secretary together with the Registration Form for Online Participation so that the Login information can be shared with your Proxyholder to connect to the virtual Meeting.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney or a notarially certified copy thereof should also accompany the completed Form of Proxy, if such Power of Attorney has not already been registered with the Company.
5. 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.
6. Please indicate with an 'X' in the space provided how your Proxy is to vote on each resolution.
7. The instrument appointing the Proxy must be deposited at the Registered Office of the Company, No.36, D. R. Wijewardena Mawatha, Colombo 10 or sent via email to companysecretary@cwmmackie.com or by facsimile No. (+94) 112449586 before 2.30 p.m. on 16 August 2021.
8. Members are, however, requested for the Company's administrative convenience to send their Forms of Proxy with their Registration Form for Online Participation to reach the Company not later than 2.30 p.m. on 10 August 2021 as this would enable the Company to efficiently make all arrangements for the virtual 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 (upto 31 December 2020)
Anushman Rajaratnam
S. D. R. Arudpragasam
Dr. T. Senthilvel
H. D. S. Amarasuriya
K. T. A. Mangala Perera
Sanjeev Rajaratnam (from 20 April 2021)

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@cwmmackie.com
Website: www.cwmmackie.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

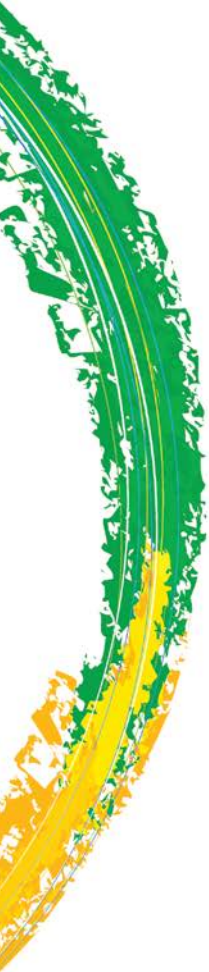
Julius & Creasy
Attorneys-at-Law, Solicitors & Notaries Public

GROUP MANAGEMENT COMMITTEE

W. T. Ellawala
Chairman/Chief Executive Officer
Ms. C. R. Ranasinghe
Executive Director/Company Secretary
K. T. A. Mangala Perera
Executive Director - Internal Trading
E. A. A. K. Edirisinghe
Chief Operating Officer - Export Division
N. J. P. Jayasinghe
Chief Operating Officer - Scan Products Division
L. M. Raveendra
General Manager - Group Treasury
Ms. C. Welengoda
General Manager - Group Finance
P. Pavalachandran
General Manager - Group Financial Services
E. S. Edirisinghe
Director/General Manager Ceymac Rubber Company Limited and Ceytra (Private) Limited
V. L. S. Ratnayake
General Manager - Kelani Valley Canneries Limited

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www.cwmackie.com

C. W. Mackie PLC
No. 36, D. R. Wijewardena Mawatha
Colombo 10, Sri Lanka.