



resilient GROWTH



C. W. MACKIE PLC
ANNUAL REPORT 2021/22

As we commemorate a milestone year for governance and reporting, we look back on our legacy while celebrating our unhindered progress amid uncertainty.

During the year under review, we embarked upon and successfully steered a growth strategy that helped sustain our diverse operations. While the economy braced itself in unpredictable times, we played to our strengths and was able to maintain our status among leading exporters, developing our segments to adapt and perform with a concentrated effort. The significance of what we have achieved now and over the decades, therefore, as recorded over the years, extends to our teamwork and our passion for excellence and we credit this strategy as the stepping stone for our continued ascent. Here's to many more years of resilient growth.



The theme in this report uses a continuous line, meant to denote continuous improvement; an ongoing effort to improve all elements of an organisation, its processes, tools, products, services, etc. Sometimes those improvements are big, at times they are small. But most importantly they are frequent, giving transformational results, building a competitive edge and a continued ascent.

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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:

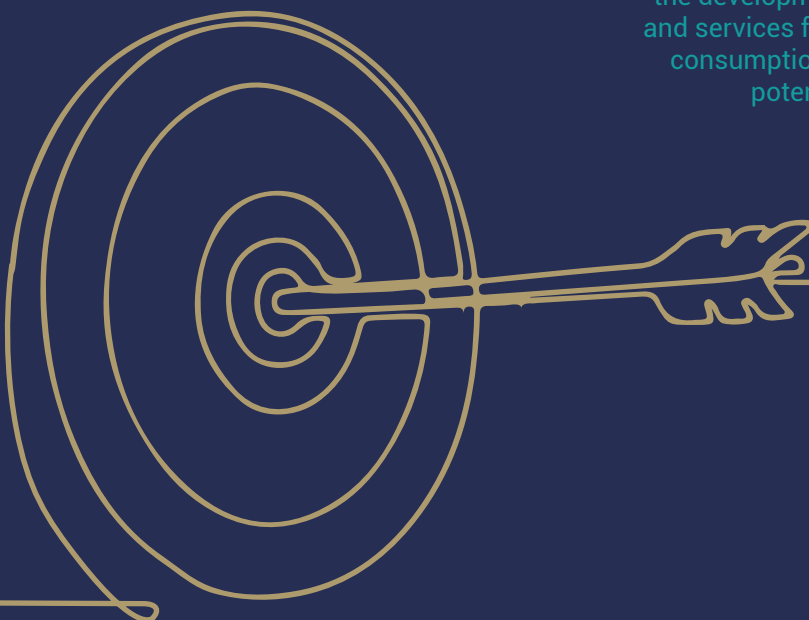
Achieving financial, technical and commercial independency by operating separate business power clusters as an ongoing, self-sustaining and viable entity;

Maintaining market competitive advantages, both locally and internationally, by operating in a sound business manner, manufacturing and selling quality products and services at the best possible cost;

Maintaining financial, technical and commercial competence and optimising operating efficiencies;

People centric approach to attract, build and retain best-in-class human resources to serve business productively; 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.



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 the shares 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 were acquired by Lankem Ceylon PLC and a connected party.

OUR BEGINNING

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.

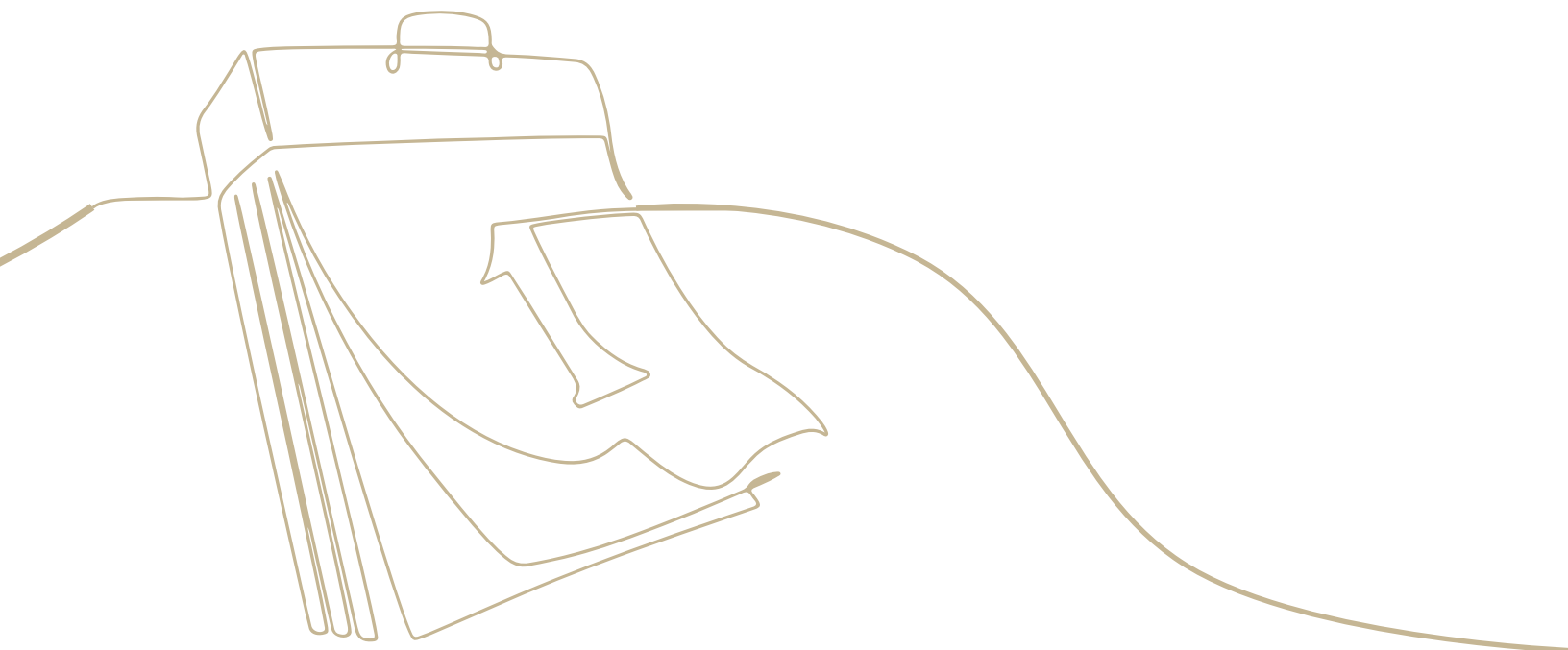
Current Status

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.



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; bottling of drinking water and processing of jumbo peanuts under "Scan" brand for sale/distribution.

SUBSIDIARY

CEYMAC RUBBER COMPANY LIMITED

STATED CAPITAL:	NUMBER OF SHARES ISSUED:	GROUP INTEREST:
RS.36,450,000	3,189,375	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:	NUMBER OF SHARES ISSUED:	GROUP INTEREST:
RS.30,000,000	3,000,000	62.82%

Manufacture and export of moulded rubber products.

SUBSIDIARY

KELANI VALLEY CANNERIES LIMITED

STATED CAPITAL:	NUMBER OF SHARES ISSUED:	GROUP INTEREST:
RS.65,709,041	56,059,104	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:	NUMBER OF SHARES ISSUED:	GROUP INTEREST:
RS.601,960,784	6,019,608	51%

Owens the land and buildings of the Sunquick Plant in Horana.

JOINT VENTURE

SUNQUICK LANKA (PRIVATE) LIMITED

STATED CAPITAL:	NUMBER OF SHARES ISSUED:	GROUP INTEREST:
RS.628,244,900	6,282,449	49%

Bottling of "Sunquick" range of fruit squashes and Ready-to-Drink (RTD) fruit juices for export and locally sale/distribution by the joint venture partner C. W. Mackie PLC.

WHAT WE DO



FMCG CLUSTER

FMCG

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



COMMODITY TRADING CLUSTER

RUBBER-BASED PRODUCTS MANUFACTURING

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

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



INDUSTRIAL PRODUCTS CLUSTER

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

HEMPEL PAINTS

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

YEAR IN REVIEW

For the year ended 31 March	2022	2021	Change %
Operating Highlights and Ratios			
Group revenue	Rs. 000's 13,163,499	10,927,486	20%
Group gross profit	Rs. 000's 1,958,514	1,480,762	32%
Group profit before tax	Rs. 000's 735,742	377,170	95%
Group profit after tax	Rs. 000's 495,407	255,671	94%
Profit attributed to parent company	Rs. 000's 507,931	264,684	92%
Group earnings per share	Rs. 14.11	7.35	92%
Dividend per share*	Rs. 7.00	-	100%
Interest cover ratio	No. of times 4.56	3.94	16%
Net return on capital employed	% 15.76	14.96	5%
Group foreign exchange earnings	Rs. 000's 3,049,749	1,931,511	58%
Contribution to government revenue	Rs. 000's 1,393,800	1,076,500	29%
Group value added	Rs. 000's 3,310,100	1,899,700	74%
Value added per employee	Rs. 000's 5,767	3,598	60%
Balance Sheet Highlights and Ratios			
Total assets	Rs. 000's 8,403,589	7,251,433	16%
Total shareholders' funds	Rs. 000's 3,310,220	2,599,839	27%
Total debt	Rs. 000's 2,644,589	1,730,321	53%
Current ratio	1: 1.38	1.26	9%
Net assets value per share	Rs. 91.98	72.24	27%
Debt/equity	% 80%	67%	20%
Debt/total assets	% 31%	24%	32%
Group capital expenditure	Rs. 000's 263,508	238,535	10%
Market/Shareholder Information			
Market value per share			
- at year end	Rs. 55.00	44.00	
- during the year - Highest	Rs. 74.30	59.00	
- during the year - Lowest	Rs. 50.20	30.20	
Dividend payout ratio*	% 50%	-	
Dividend yield*	% 13%	-	
Price earnings ratio	No. of times 3.90	5.98	
General			
Number of employees in Group	574	528	
Value in Rs. at official exchange rate	United States Dollar 292.00	199.00	
	Pound Sterling 383.60	273.40	
	Euro 326.41	233.12	

* Cash dividend paid during the year



Rs. **13.16** Bn
REVENUE

20%



Rs. **1.96** Bn
GROSS PROFIT

32%



Rs. **808.47** Mn
EBIT

49%



Rs. **495.41** Mn
PAT

94%



Rs. **8.40** Bn
TOTAL ASSETS

16%



Rs. **3.31** Bn
SHAREHOLDERS' FUND

27%



Rs. **91.98**
NET ASSETS PER SHARE

27%



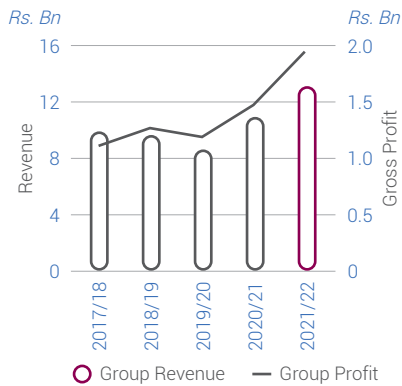
Rs. **14.11**
EPS

92%

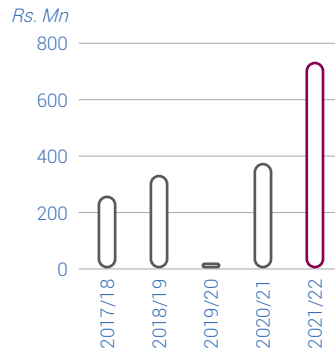


Year in Review contd.

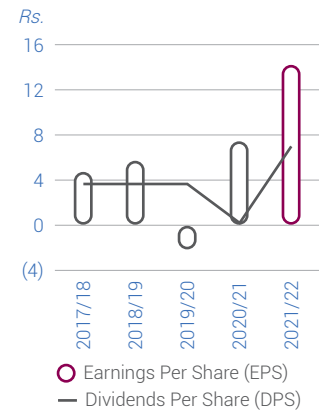
Group Revenue and Gross Profit



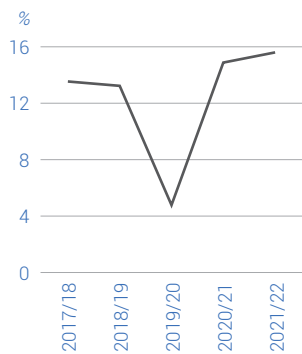
Group Profit Before Tax



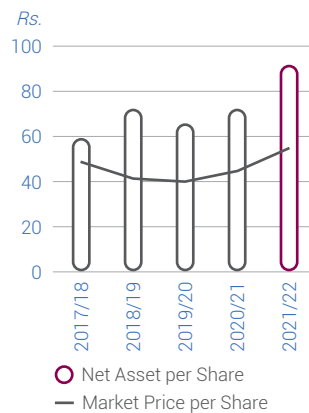
EPS Vs DPS



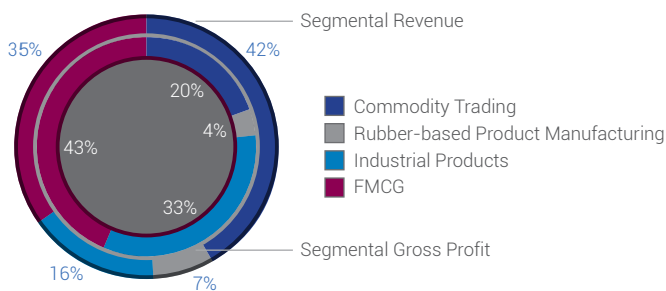
Return on Capital Employed



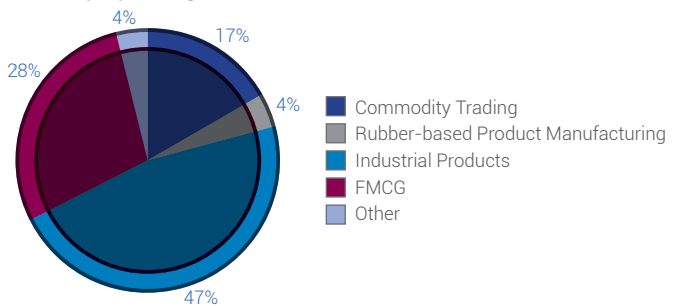
Net Asset per Share Vs Market Price per Share



Segmental Revenue and Gross Profit



Group Operating Profit



Exemplifying good governance that directs us on the path of integrity



CHAIRMAN/CHIEF EXECUTIVE OFFICER'S REVIEW

On behalf of the Board of Directors I am pleased to welcome you to the One Hundredth (100th) 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 2022.

FINANCIAL RESULTS

Group Gross Profit

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

	Group	
	Year ended 31 March 2022 Rs. Million	Year ended 31 March 2021 Rs. Million
C. W. Mackie PLC	1,823.40	1,348.51
Ceymac Rubber Company Limited	69.88	67.21
Ceytra (Private) Limited	0.27	4.65
Kelani Valley Canneries Limited	64.96	60.39
	1,958.51	1,480.76

Group Results from Operating Activities

The Group's result from operating activities for the period under review was Rs.808.47 million.

This is the best ever result in the Company's over 100 years in the trading business. This is a remarkable performance under very challenging conditions that prevailed during the year 2021/2022.

Group Profit Before Tax

The Group's ordinary activities resulted in a profit before tax of Rs.735.74 million for the financial year ended 31 March 2022 as given hereunder:

	Group	
	Year ended 31 March 2022 Rs. Million	Year ended 31 March 2021 Rs. Million
Profit from operating activities	808.47	542.86
Less: Net financing income/(costs)	55.08	(115.17)
Share of joint venture's loss	(127.81)	(50.52)
Profit before taxation	735.74	377.17

The Group's consolidated net revenue for the financial year ended 31 March 2022 was Rs.13,163.50 million as compared with Rs.10,927.49 million in 2021. The major contribution towards the consolidated net revenue was from FMCG and industrial products sales and distribution and commodity trading activities of Rs.12,388.95 million.

The results from operating activities was Rs.808.47 million and the net profit for the period, after charging income tax of Rs.240.34 million, was Rs.495.41 million.

Foreign Exchange gains as a result of drastic depreciation of the Sri Lanka Rupee against the US Dollar significantly contributed this achievement.

This is the best ever result in the Company's over 100 years in the trading business. This is a remarkable performance under very challenging conditions that prevailed during the year 2021/2022.



Group Total Comprehensive Income

The total comprehensive income of the Group after adjusting for taxation, other comprehensive income and non-controlling interests for the financial year ended 31 March 2022 was Rs.957.03 million and is shown in the following analysis:

	Group	
	Year ended 31 March 2022 Rs. Million	Year ended 31 March 2021 Rs. Million
Group profit from operating activities	808.47	542.86
Less: Net financing income/(costs)	55.08	(115.17)
Share of joint venture's loss	(127.81)	(50.52)
Group profit before taxation	735.74	377.17
Tax expense	(240.33)	(121.50)
Group profit after taxation	495.41	255.67
Other comprehensive income/(expense)	461.62	(37.39)
Group total comprehensive income	957.03	218.28
Non-controlling interests	5.27	9.66
Equity holders of the parent company	962.30	227.94

OVERALL PERFORMANCE

C. W. Mackie PLC (Parent Company)

The Company's net revenue in the financial year ended 31 March 2022 was Rs.12,086.94 million. The profit from operating activities was Rs.775.37 million and the profit for the year, after charging income tax of Rs.232.06 million, was Rs.523.16 million.

C. W. Mackie PLC (Group)

The Group's consolidated net revenue for the financial year ended 31 March 2022 was Rs.13,163.50 million as compared with Rs.10,927.49 million in 2021.

The results from operating activities was Rs.808.47 million and profit before tax Rs.735.74 million the net profit for the period, after charging income tax of Rs.240.34 million, was Rs.495.41 million.

INTERNAL TRADING

The internal trading activities comprising FMCG, Refrigeration and Air-conditioning Components, and Welding Electrodes, Marine Paints and Sugar made a significant contribution to turnover and profits.

Revenue from sales was Rs.9.52 billion and profit Rs.609.94 million as compared with sales Rs.8.44 billion and profit Rs.377.63 million in 2020/2021.

The internal trading activities is the fastest growing segment of the Group's business.

EXPORT TRADING

Export trading lead by natural rubber exports produced an extremely strong performance. Turnover was Rs.2.87 billion and profit Rs.298.89 million as compared with sales Rs.1.83 billion and profit Rs.72.99 million in 2020/2021.

This result was significantly supported by foreign exchange gains as a result of the depreciation of the Sri Lanka Rupee against the US Dollar. Foreign Exchange gains amounted to Rs.226.27 million.

Export of desiccated coconut produced a modest profit and spices, a largely informal trade, experienced severe competition and not able to show much progress and both sales and profit remained more or less the same as in the previous year.

SUBSIDIARY COMPANIES

Ceymac Rubber Company Limited

The lack of export orders for technically specified rubber (TSR) and decline in orders for sole crepe impacted on the Company's capacity to achieve profit.

Increased orders for TSR from local tyre makers improved turnover for the year to Rs.937.98 million as compared with Rs.788.77 million in the previous year and the contribution was not sufficient to produce a profit and the year ended with a loss of Rs.5.65 million, as compared with a loss of Rs.5.01 million in 2020/2021.

Ceytra (Private) Limited

Low order cover for exports and domestic sales continued to depress the Company's capacity to deliver a profit but just enough to breakeven. Turnover was Rs.69.20 million and profit Rs.0.65 million, as compared with turnover Rs.64.98 million and loss Rs.2.53 million in 2020/2021.

Kelani Valley Canneries Limited (KVC)

The Company produced a profit for the first time since the parent Company acquired it in 2014.

The turnover was Rs.301.44 million and profit for the year Rs.6.57 million as compared with Rs.267.99 million and loss of Rs.7.27 million in the previous year.

Chairman/Chief Executive Officer's Review contd.

Current restrictions on import of branded food and beverage products is creating a demand for locally produced products and this has helped KVC's business growth in domestic sales.

The intention is to take advantage of this emerging trend by enhancing the Plant's production capacity from the present installed capacity of 95,000 kgs. per month by adding another 30,000 kgs. per month. Plans to expand the Plant's production capacity are in the process of being developed.

Sunquick Lanka Properties (Private) Limited

The Company is part of the joint venture with Co-Ro A/S, Denmark. C. W. Mackie PLC share of equity in this Company is 51%.

The Company owns the land and buildings in which the Sunquick Ready-to-Drink (RTD) manufacturing Plant is installed. The land and buildings are leased to Sunquick Lanka (Private) Limited that manufactures the Sunquick RTD products.

The Company's principal source of revenue is lease rent. During the period under review the Company made a loss of Rs.21.04 million as a result of having to provide for exchange losses in importing of building accessories for the construction of the Sunquick RTD Plant.

FINANCE

The Sri Lanka Rupee depreciated against the US Dollar on an average of 47% during the year under review. This raised the cost of imports of FMCG and the industrial products and the cost of raw materials of exports of natural rubber, desiccated coconut and spices. The depreciation of the Sri Lanka Rupee was countervailed to some extent by foreign exchange gains but the net effect was still considerably adverse.

The depreciation of the Sri Lanka Rupee and the resulting increase in import and raw material costs of commodity exports put bank borrowings under pressure and required additional working capital which was secured at higher interest rates.

The net financing income for the period under review was Rs.55.08 million as compared with net financing costs Rs.115.17 million in 2020/2021. Foreign exchange gains mitigated financing costs in 2021/2022.

Interest rates on bank borrowings on an average was 8.47% per annum and the interest rates offered by the banks did not reflect any significant disparities and was mostly uniform and consistent.

The Group's income tax expense for the year was Rs.240.34 million as against Rs.121.50 million in 2020/2021.

The Parent Company had no carried forward tax losses. Subsidiary Companies, Ceymac Rubber Company Limited has a carried forward tax loss of Rs.94.29 million, Ceytra (Private) Limited a carried forward tax loss of Rs.51.60 million, Sunquick Lanka Properties (Private) Limited a carried forward tax loss of Rs.52.36 million and Kelani Valley Canneries Limited a carried forward tax loss of Rs.315.11 million.

The Group has deferred tax liabilities of Rs.327.34 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 peaceful relationship.

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

The Group's Human Resources Division successfully contained the spread of COVID-19 within the Group by ensuring a strict adherence to the guidelines and precautions issued by the Health Authorities. No member of the Group's workforce 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 employees received their normal emoluments despite the adverse effects on the business.

Manning levels as at 31 March 2022 is given below:

Company	Managerial/ Executives	Non- Executives	Manual Operatives	Total	
				As at 31 March 2022	As at 31 March 2021
C. W. Mackie PLC	106	235	53	394	333
Ceymac Rubber Company Limited	9	24	66	99	107
Ceytra (Private) Limited	2	4	26	32	33
Kelani Valley Canneries Limited	7	17	25	49	55
Group Total	124	280	170	574	528

DIVIDEND

The Directors recommend to the shareholders at the Annual General Meeting a first and final dividend of Rs.10/- per share amounting to Rs.359.88 million out of the profits for the year ended 31 March 2022 in accordance with the provisions of the Companies Act No.7 of 2007.

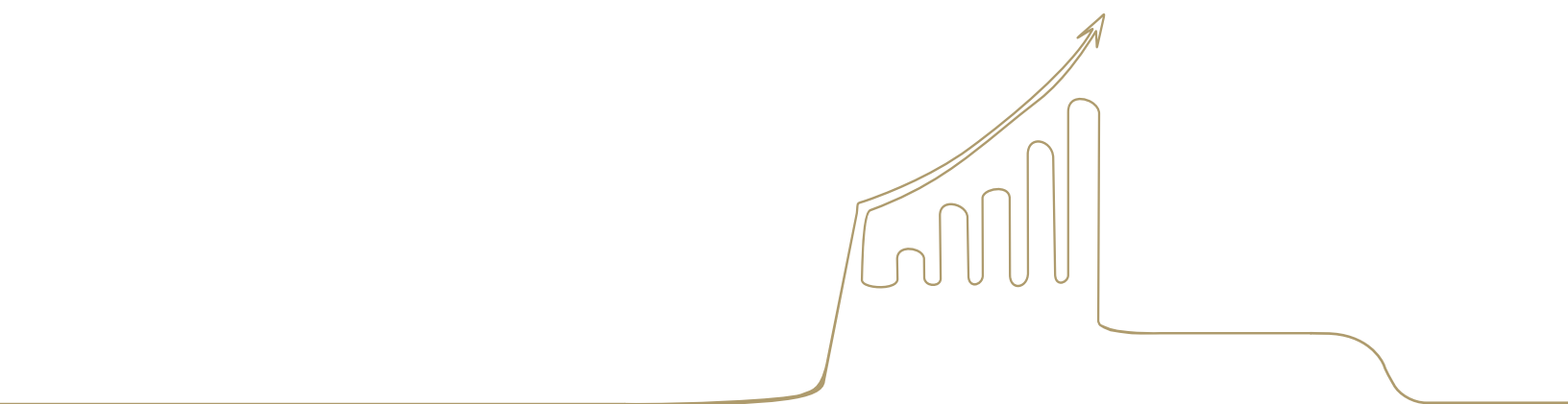
ECONOMIC OUTLOOK

At the beginning of 2022, COVID-19 pressures brought on a series of macro-economic challenges once again, which mired the country in a deep economic and political crisis as a result of mounting debt, low foreign reserves, energy shortages and high inflation. Consequently, the Asian Development Bank forecasts a dip in the country's growth to 2.4% in 2022.

Pandemic-induced supply chain disruptions, import bans, a failed organic agriculture policy and global commodity price increases resulted in the soaring prices of food, fuel and commodities, which caused Sri Lanka to grapple with the highest-ever inflation experienced by the country.

The foreign exchange squeeze created by reduced export earnings diminished tourism and dwindling worker remittances, high import costs as well as exchange rate depreciation also drove up inflation. The exchange rate was maintained during most of 2021 until the first quarter of 2022, mainly through moral suasion by the Central Bank of Sri Lanka, but the Sri Lanka Rupee declined sharply by 33% against the US Dollar due to market pressure when the Central Bank abandoned its peg in March 2022.

The Government is now making an effort to achieve economic stability by tightening monetary policy and restructuring debt. The country's appeal for an International Monetary Fund (IMF) bailout is yet to be approved as the necessary structural and governance reforms are not as yet in place to facilitate successful implementation of an IMF program. The economy needs time to recover, which can only occur with a series of economic reforms and restructuring processes that could put the people through more economic hardship. It is, therefore, imperative that Sri Lanka addresses the structural sources of its vulnerabilities and institutes urgent policy measures to address the high levels of debt and debt service.



Chairman/Chief Executive Officer's Review contd.

Trading under these conditions will be extremely challenging, but at C. W. Mackie PLC we have in place the strategies and the systems to cope with the situation and expect to deliver as good a result in 2023 as in 2022.

ACKNOWLEDGEMENTS

The expertise and wide experience of my colleagues on the Board comprising business leaders and professionals of the highest caliber collectively ensures a right balance of executive competency and independent judgment and has added much value to the deliberations of the Board. I am deeply grateful for their ready counsel enabling me to continue to efficiently conduct the affairs of the Company in the best interests of all stakeholders.

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 during my tenure, is acknowledged with deep appreciation.

The contribution of Dr. T. Senthilvel, the major minority shareholder in the Company, for his active participation in the deliberations of the Board and his confidence in the Management's capacity to efficiently conduct the business of the Company, is also acknowledged with much appreciation.

Mr. A. Hettiarachchy was appointed a Director in August 2021 as a nominee of Lankem Ceylon PLC and Mr. E. A. A. K. Edirisinghe was appointed as an Executive Director in April 2022. They are both expected to add considerable value to the deliberations of the Board.

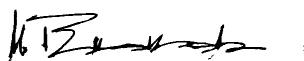
The commitment and dedication of the Group's highly competent Management team and employees at all levels helped to achieve the outstanding result despite adverse trading conditions during the year. I sincerely acknowledge with much appreciation their contribution.

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.

I will be retiring at the conclusion of the Annual General Meeting 2022 and relinquish my role as Chairman/Chief Executive Officer of the Company after 20 years in that position. I have no doubt the shareholders will acknowledge my contribution to expanding the business and restoring profitability that enabled a reasonable return on their investment consistently.

The price of C. W. Mackie PLC share at the time I took over as Chairman/CEO in July 2002 was Rs.3/-. During my tenure of 20 years as Chairman/CEO it has gained value and is now trading around Rs.70/-.

Mr. H. D. S. Amarasuriya, currently Deputy Chairman, will succeed me as Chairman/CEO and I have no doubt that in his position as Chairman/CEO he will ably carry on the work of the Management and achieve even better results in the future and take the C. W. Mackie PLC Group to a higher level in the corporate establishment.



W. T. Ellawala
Chairman/Chief Executive Officer

Colombo
22 June 2022

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 of Ceylon Trading Company Limited since 1988 and Managing Director since December 2000. Currently a director of Maersk Lanka (Private) Limited, Chairman of The Sri Lanka Society of Rubber Industry and a past Chairman of The Colombo Rubber Traders' Association, The Sri Lanka Shippers' Council and a past President of the Singhalese Sports Club. He is an Honorary Member of The Colombo Tea Traders' Association. 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. He is a Trustee of the Singhalese Sports Club and a Honorary Member and Trustee of the Colombo Club.

MS. C. R. RANASINGHE

Executive Director/Company Secretary

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

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

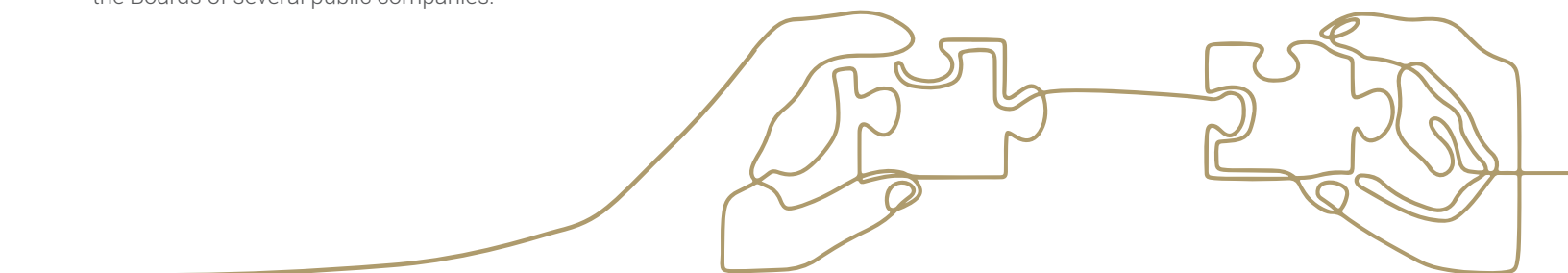
Non-Executive Director

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 projections, construction and management. He currently serves on the Boards of several public, public listed and private companies.



Board of Directors contd.

MR. H. D. S. AMARASURIYA

Deputy Chairman (from 1 January 2022)
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 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. Has over 20 years of cross industry experience at senior levels in marketing and general management, both locally and internationally. He currently functions as the Executive Director-Internal Trading of the Company and Managing Director of Sunquick Lanka (Private) Limited, the joint venture with Co-Ro A/S, Denmark and C. W. Mackie PLC. Also serves on several Boards as Non-Executive/Independent Director.

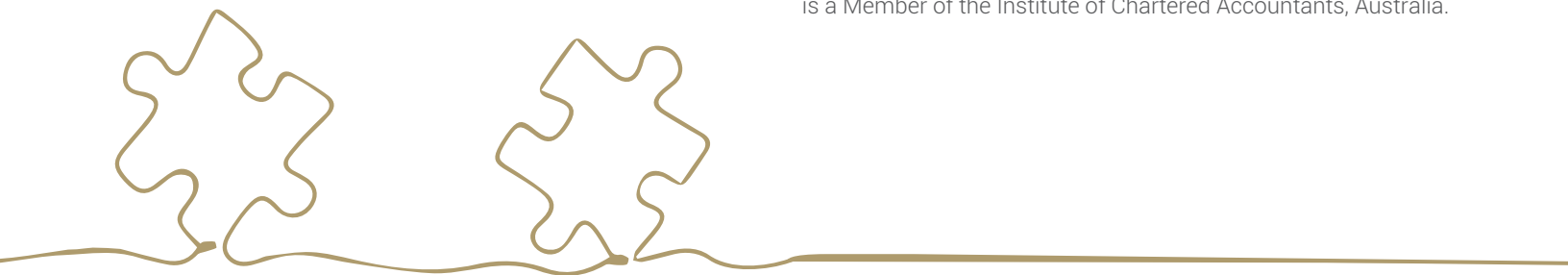
His academic and professional qualifications extend across multiple disciplines, comprising a Masters in Financial Economics from the University of Colombo, a BSc (Hons.) Marketing Management (Special) Degree from the University of Sri Jayawardenepura, a Post Graduate Diploma in Business & Financial 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 Colombo and University of Kelaniya. As an active marketing professional, he serves on several national level project committees/judging panels.

He is also actively engaged in national level sports administration and served as the President of the Sri Lanka Mercantile Volleyball Federation and played a vital role in promoting beach volleyball in Sri Lanka.

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. He holds a Bachelor of Science Degree in Business Administration from Boston College, USA and is a Member of the Institute of Chartered Accountants, Australia.



MR. A. HETTIARACHCHY

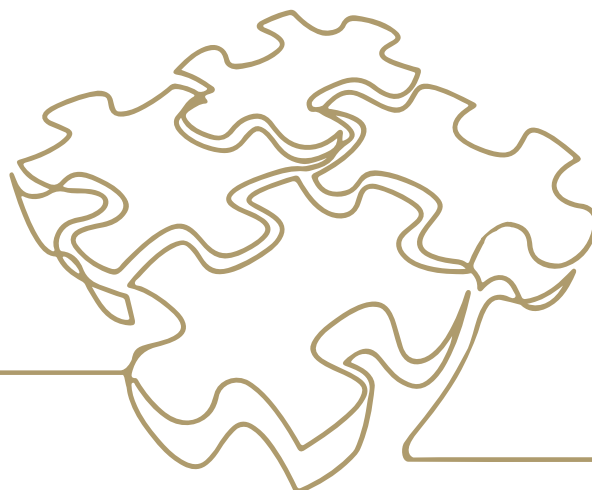
Non- Executive Director (from 18 August 2021)

A Director from 18 August 2021. A Chartered Engineer, he is a Director of Sri Lanka Institute of Nanotechnology. He functions in the capacity of Deputy Chairman on the Board of Lankem Ceylon PLC and as Chairman on the Boards of Acme Printing & Packaging PLC, Acme Packaging Solutions (Pvt) Limited, ISL Services Limited, LOLC Advanced Technologies (Private) Limited and Board Member of Central Industries PLC and serves as the Chairman of its Audit Committee. He has served on the Boards of Richard Pieris Finance Limited, Hayleys PLC and functioned as Managing Director on the Boards of Haycarb PLC, Recogen Limited and Puritas Limited. Also served on several other subsidiaries of Haycarb PLC and Hayleys PLC, both in Sri Lanka and overseas. He was also a Board Member of the National Science Foundation (NSF), Coconut Research Institute, Member of the National Nano Committee and a Member of several advisory Boards of the NSF. He possesses expertise in the fields of Process Design, Construction and Commissioning; Instrumentation and Control-Design, Installation and Commissioning; Mechanical Engineering, Thermal and Electrical Energy - Generation and Storage and Nano Technology.

MR. E. A. A. K. EDIRISINGHE

Executive Director (from 1 April 2022)

A Director from 1 April 2022. He heads C. W. Mackie PLC Group's Rubber Division. Also a Director of the subsidiary companies, Ceymac Rubber Company Limited and Ceytra (Private) Limited. He joined C. W. Mackie PLC in 1976 as a Management Trainee and over the years held executive and managerial positions in rubber trading. He has over 47 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.



GROUP MANAGEMENT

N. Jerome P. Jayasinghe

Chief Operating Officer - Scan Products Division

Jerome joined in 2010 as Assistant General Manager-National Sales of Scan Products Division and presently heads this Division. He has over 29 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 joined in 2001 as a Management Trainee and held several executive and managerial positions in finance, including Internal Auditor. He has over 21 years of experience in the field of Audit/Finance. He holds a B.Sc. HRM (Special Degree) from University of Sri Jayawardenepura and is a Fellow Member (FCA) of Institute of Chartered Accountants of Sri Lanka and Institute of Certified Management Accountants of Sri Lanka.

He is also a Director of the subsidiary companies, Ceymac Rubber Company Limited and Ceytra (Private) Limited.

N. M. Chaminda Nawaratne

General Manager - Sugar Division

Chaminda joined 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 26 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 in 1998 as Technical Sales Executive and currently heads the Hempel Division as General Manager. He has over 23 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 qualification of CIP Level-3 certification from the National Association of Corrosion Engineers (NACE), USA.

Saketha P. Jayasinghe

General Manager - Management Information Systems

Saketha joined in 1996 as a Management Trainee and held executive and managerial positions. Presently heads the Information Technology Sector. He has over 26 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 also the General Manager-Corporate Affairs of Ceylon Trading Company Limited. An Attorney-at-Law and Notary Public by profession. She joined in 1994 as Legal Intern/Management Trainee and held several executive and managerial positions. She has over 28 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 in 1984 as a Management Trainee and has held several executive and managerial positions. He has over 38 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 joined in 2012 as the Manager- Financial Reporting and has over 16 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.

She is also a Director of the subsidiary companies, Ceymac Rubber Company Limited and Ceytra (Private) Limited.

P. Pavalachandran

General Manager - Group Financial Services

Pavalachandran joined in 2017 as General Manager - Financial Services. He has over 24 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.

He is also an Executive Director of the subsidiary company, Kelani Valley Canneries Limited.

E. Sugath Edirisinghe

Director/General Manager - Ceymac Rubber Company Limited and Ceytra (Private) Limited

Sugath joined in 1995 as a Management Trainee and has held several executive and managerial positions during his tenure of service. He has over 27 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.

D. P. Pubudu K. Weerasekera

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

Pubudu joined in 2006 as Technical Sales Executive and currently heads the Industrial Products and Refrigeration and Air-conditioning Divisions as General Manager. He has over 16 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 International Institute of Ammonia Refrigeration, USA and Member of the Institute of Refrigeration, UK.

V. Lasantha S. Ratnayake

General Manager - Kelani Valley Canneries Limited (KVC)

Lasantha joined KVC in 2020. He has over 28 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 Hon. Secretary of Sri Lanka Food Processors' Association.

K. W. D. Duminda Kotalawala

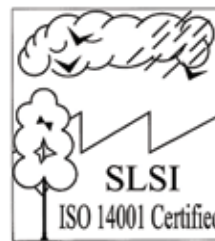
General Manager - Food Service and Personal & Household Care Business - Scan Products Division

Duminda joined the Company in 2011 as Brand Manager and has over 25 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.

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 certification 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 certificate for EU countries.
 - (b) Organic USDA-NOP - is the 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.



AWARDS

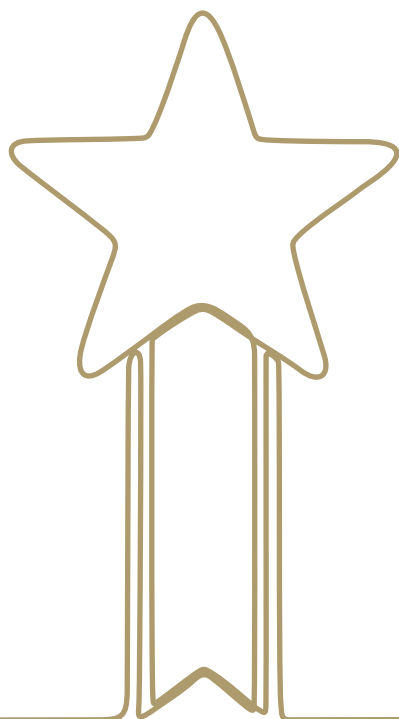
'Scan Jumbo Peanut' television commercial won the 'Finalist Effie' at the Sri Lanka's 12th Effie Awards competition in the category of 'A Perfect Choreography of Media'.

This event was organised in Sri Lanka by Sri Lanka Institute of Marketing. The grand finale was held in February 2022.

The coveted event is highly anticipated and celebrated by advertising agencies and marketers, both locally and globally, as the pre-eminent award and most distinguished honor in the industry.

The Effie Awards recognise all forms of effective marketing communications that contribute towards a brand's success while providing significant insights to effective marketing strategies.

Effie, is a global forum headed by Effie Worldwide Inc., that exists to lead, inspire and champion both the practice and practitioners of marketing effectiveness.



STRONG BRANDS



'Sunquick' a Danish origin multinational fruit squash brand which is 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' is a proprietary brand of C. W. Mackie PLC and a leader in its particular category enjoying 70% market share and processed and packed under its own label of Scan under stringent quality control and conditions.

During the year under review, C. W. Mackie PLC commissioned a peanut processing and packing facility in Horana.



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

During the year 2021, Delish jelly crystals product range was awarded SLS 885:1990 certification by Sri Lanka Standards Institution.

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' 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 has become 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' 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.

Strong Brands contd.



'Ocean Fresh' Tuna is 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 soybean 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 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 over 25 years.



'SANTOOR' is a well-known trusted Indian brand beauty soap in the personal care range of products. Santoor handwash is a new addition to the personal care range of products.

Santoor brand sandalwood and almond soap and sandalwood and lotus hand wash are under FMCG category and supplied by Wipro Consumer Care Lanka (Pvt) Limited (representing Wipro Consumer Care Limited, India). C. W. Mackie PLC is the exclusive distributor of Santoor products in Sri Lanka.



'Softouch' is another brand in personal and household care portfolio under FMCG category. 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 and C. W. Mackie PLC is the exclusive distributor of Softouch products in Sri Lanka.



'Himalaya' is a well-known and trusted Indian brand in the personal care range of products under FMCG category and includes face wash 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 and exclusively distributed in Sri Lanka by C. W. Mackie PLC.



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

Strong Brands contd.



'Hansaplast' is in the personal care range of FMCG products and includes medical plasters from Beiersdorf India (Pvt) Limited, India and C. W. Mackie PLC is the authorised distributor in Sri Lanka.



'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 and C. W. Mackie PLC is the authorised distributor in Sri Lanka.

Baygon aerosol is a pesticide used for extermination and control of household pests such as cockroaches, ants, silverfish and mosquitoes.



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



'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 and distributed in Sri Lanka by C. W. Mackie PLC.



'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 35 years.



'TELWIN' an Italian brand is a 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/distributor in Sri Lanka.



'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 and C. W. Mackie PLC is the authorised distributor in Sri Lanka.

Strong Brands contd.



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



'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 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. C. W. Mackie PLC is an authorised distributor for Bitzer compressors in Sri Lanka.



'Hira' is a trusted name for high quality pipe support system/accessories in the building and construction industry and C. W. Mackie PLC is the sole importer/distributor in Sri Lanka. Hira products comply with the most important standards required by the insulation industry. All products are fully customised 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. Hira is a product of United Arab Emirates.

BUSINESS OVERVIEW

C. W. Mackie PLC posted outstanding results this year, against a backdrop of global supply disruptions and market uncertainty brought on by the COVID-19 pandemic prevalent over the past two years and exacerbated by the economic and political headwinds triggered in the country during the last quarter of the fiscal year. The main profit driver of the Group was the Industrial Products cluster, which contributed the major share of approximately Rs.330.52 million to the bottom line, from Rs.174.06 million recorded in the previous financial year. This dramatic turnaround was the result of a strategy adopted last year to expand the portfolio of industrial products, which enabled the cluster to grow in scale and profitability.

The Group overcame several formidable socio-economic and geo-political challenges during the period of review to reach its present profitability. A three-month lockdown from April to June 2021 to contain the virulent Omicron variant of COVID-19 marked the commencement of the financial year, which concluded with the conflict in the Ukraine. The war added to the series of supply shocks that had hit the economy over the course of the pandemic, contributing to more shortages and supply chain disruptions. These dual adversities resulted in significant fiscal and debt challenges, inflationary pressures and constraints on export revenue and FDI inflows.

FMCG CLUSTER

- MANUFACTURING
- IMPORTS
- DISTRIBUTION & MARKETING
- FOOD & BEVERAGE PRODUCTS
- PERSONAL & HOUSEHOLD CARE PRODUCTS

INDUSTRIAL PRODUCTS CLUSTER

- REFRIGERATION AND AIRCONDITIONING PRODUCTS
- LIGHTWEIGHT MACHINERY AND WELDING ELECTRODES
- SPECIAL PRODUCTS
- COPPER TUBES TRADING
- REFRIGERANT GASES
- HEMPEL PAINTS
- IMPORTS
- DISTRIBUTION



COMMODITY TRADING CLUSTER

- MANUFACTURING RUBBER-BASED PRODUCTS
- IMPORTS
- EXPORTS
- SUGAR TRADING
- SPICE TRADING
- RUBBER TRADING
- TRADING COCONUT-BASED PRODUCTS

Business Overview contd.

COMMODITY TRADING CLUSTER

The commodity trading cluster is the source of foreign currency for the Group and the supporting arm for all the Group's other import clusters. During the year under review, the Commodity Trading cluster was the highest contributor to the Group's bottom line. The cluster comprises seven segments, namely, rubber-based products manufacturing, imports, exports, sugar trading, spice trading, rubber trading and coconut-based products trading.

With the depreciation of the Sri Lankan rupee, the performance of the division was significantly enhanced by foreign exchange gains. Rubber exports recorded a remarkable performance due to the adoption of a forward buying strategy but exports of desiccated coconut produced only a modest profit and spices, a largely informal trade, experienced severe competition and were therefore unable to show much progress with both sales and profit remaining more or less the same as in the previous year. To alleviate the impact of the high prices, the segment adopted a strategy of segmented marketing that successfully expanded its market share.

This varied performance enabled the cluster to achieve a profit before tax of Rs.389.53 million in the current financial year.

INDUSTRIAL PRODUCTS CLUSTER

This became the second largest and most significant cluster for the Group in terms of bottom line, despite prevailing uncertainties and a volatile macro-economic environment.

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, and import and distribution operations.

Construction activities continued throughout the year, with the exception of COVID-19-related adverse macro-economic conditions during the 3rd and 4th quarters of the financial year. Despite disruptions and cost appreciations in the supply chain, the Group ensured an uninterrupted supply of products to the market, which in turn enabled this cluster to strengthen its margins. 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.330.52 million in the year under review.

FMCG CLUSTER

The FMCG cluster secured the same contribution to the Group's profitability as it had in the previous year, inspite of macroeconomic challenges.

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

The F&B segment experienced many challenges during the year, which included supply chain disruptions, worsening exchange rates, import restrictions and declining real incomes. Consumer behavior patterns prioritised the purchase of essential items due to diminished disposable incomes brought on by escalating inflation. The majority of the products in this sector are non-essential consumer items, which were therefore not prioritised as purchases by consumers with reducing incomes. Tourism experienced a major set-back due to social distancing requirements, travel disruptions/restrictions and lengthy quarantine periods. This had a massive impact on the Hotels/Restaurants/Catering (HORECA) sector, from which the FMCG cluster derives a substantial portion of its revenue which this year contributed just 15% to FMCG revenue. The P&HC segment was quick to turn the situation to their advantage and capitalising on consumers' increased health and sanitation concerns, caused the demand for household and detergent products.

As a result, this cluster posted a sustained performance of Rs.185.27 million profit before tax in an extraordinary year, despite changed consumer behavioural patterns.

LOCAL GROWTH FRAMEWORK

The Sri Lankan economy recorded a growth of 3.7% in 2021, as against the contraction of 3.6% experienced during the preceding year with all sectors of the economy registering growth during the year. But even as the country was experiencing a muted recovery from the COVID-19 pandemic during the latter half of 2021 due to an extensive vaccination campaign, strong growth was held back by a series of macroeconomic challenges that arose from mounting debt, low foreign reserves, energy shortages and high inflation, which caused the worst economic and political crisis experienced by the country in decades. As a result of these pressures, ADB forecasts Sri Lanka's economic growth to dip to 2.4% in 2022.

SRI LANKA INFLATION RATE

The pandemic had a significant impact on Sri Lanka's external sector during the year and reduced foreign exchange inflows amid large foreign currency debt servicing requirements. The depletion of foreign currency largely due to weakened export earnings widened the trade deficit which the Central Bank financed by depreciating the rupee. The depreciation of the LKR against the USD began in 2021 and reached an all-time high in March 2022, which created further challenges for imports. Added to this, the downgrading of Sri Lanka's credit worthiness by sovereign rating agencies during the last quarter of the fiscal year affected market confidence. This influenced the Company's inability to open letter of credits to purchase the necessary raw materials which increased production and landed costs substantially.

The currency squeeze resulted in extensive food and fuel shortages during the first quarter of the current year which caused escalating prices. Consequently, inflation rose to unprecedented levels with food inflation climbed to over 57% and non-food inflation spiralling to nearly 40% as at May 2022. As a result, consumers' disposable income decreased which further impacted Group bottom lines.

Exports, too, were affected by the Russia-Ukraine war. As a result of many freighters not navigating the Black Sea in the proximity of the warring countries, the Group was unable to obtain export orders or raw materials from countries bordering the Black Sea.

GLOBAL GROWTH FRAMEWORK

Global socio-economic prospects worsened significantly this year. The world experienced an economic unwinding driven by the COVID-19 pandemic, climate pressures and the degradation of international political and economic systems, exacerbated by the Russia-Ukraine war. Economic damage from the war in Ukraine contributed to a significant slowdown in global growth in 2022 and added to inflation. Global growth slowed from an estimated 5.9% in 2021 to 4.4% 2022

GLOBAL GROWTH PROJECTIONS

As Russia is a major supplier of oil, gas, and metals and together with Ukraine of wheat and corn, Supply disruptions of these commodities drove their prices up Sharply. Persistent price pressures led to a tightening of monetary policy in many countries. Prior to the war, inflation had surged in several economies due to soaring commodity prices as a result of pandemic-induced supply-demand imbalances. In 2022, inflation rose to a projected 5.7% in advanced economies and 8.7% in emerging markets and developing economies.

STRATEGIES FOR BUSINESS GROWTH

The Group's exceptional performance in the light of these subdued market sentiments and operational disruptions demonstrates our versatility in taking challenges in our stride and our resilience in countering present and anticipated realities. A key strategy we employ to buffer us against unfavorable market conditions is to diversify our portfolio of export and import businesses. Today, exports comprise 35% of our business while imports and import-based manufacturing bring up the balance 65%. Supported by our strong financials, we leverage this strength to gain a distinctive edge in an otherwise recalcitrant business climate to drive long-term value for our shareholders whilst building sustainable business platforms.

Over the years, the Group has transformed itself strategically to keep in step with the times by continuously pursuing innovation. A key innovation this year has been the harnessing of the synergies of our five-pillar strategy to capitalise on new growth opportunities through a diversified portfolio across clusters.

Five-pillar Strategy

While maintaining the three power clusters namely the Industrial, FMCG and Commodity Trading clusters, categories have been expanded through product and market development and will work under five (5) strategic business themes in the medium term. These five themes are:

- Managing the corporate portfolio and diversification;
- Focus on power clusters;
- Customer centric business model (new business or the product development process is planned from the point of the customer);
- Continuous efficiency agenda (implementation of cost saving by cost avoidance and productivity improvements);
- Talent (building a high performance team).

The efficacy of this strategy is confirmed in the achievement of a performance that exceeded expectations.

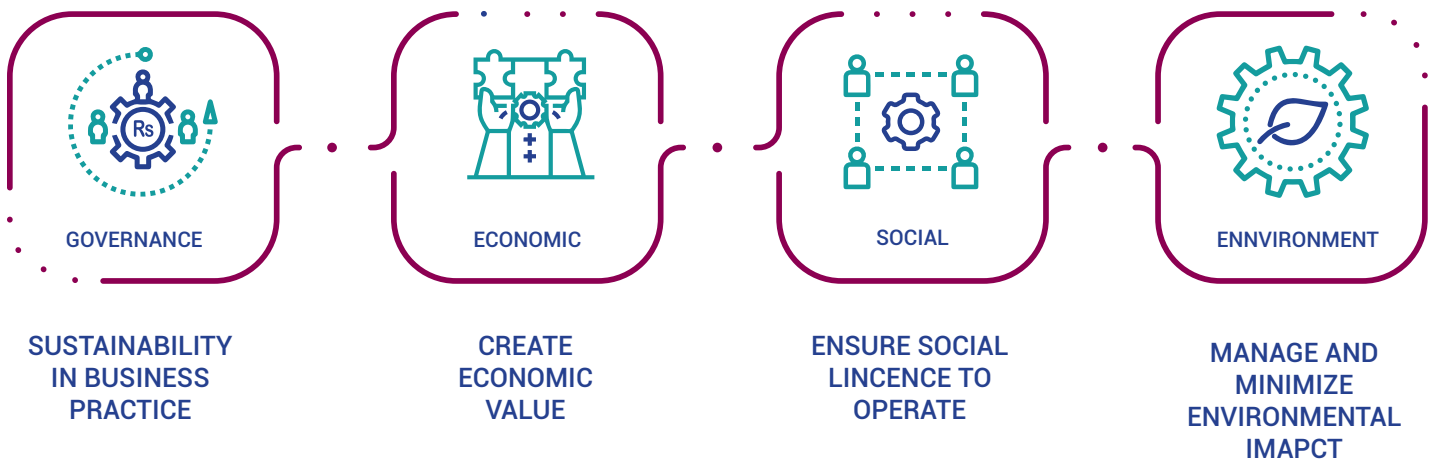
The strategy for the forthcoming year however, will not look at growing volumes but to secure the bottom line instead. New opportunities for expansion of our customer base will be explored and pricing and overheads adjusted to meet the exigencies of the times.

Business Overview contd.

Quadruple Model of Sustainability

Recognising our responsibility to deliver sustainable returns, the Company introduced the Quadruple Model of Sustainability. Implementation addresses the four key areas of business sustainability, namely the:

- Governance
- Social
- Economics
- Environment factors



The **governance** aspect introduces an innovative bottom-up approach which has as its key driver, the consideration of ideas from employees in non-executive cadres with a view to implementation, as their involvement could bring in a fresh perspective and improve collaboration.

Environment-Several new initiatives on sustainability were implemented this year. Further steps were taken to minimise emission levels at the factories, environment-friendly biodegradable packaging was introduced, a waste water management system was added, wastage was minimised and PET bottles were recycled in an environmentally friendly manner. More information on these aspects is available in the Natural Capital report of this annual report.

Social-The Company commenced commercial production of jumbo peanuts, its most popular snack item, locally. Processing is carried out in a built-for-purpose state-of-the-art processing facility. The program benefits over 1,000 farmer families, who were co-opted to cultivate the peanuts and sell the raw product to the Company at competitive prices. More information on this initiative is available in the Social Capital report in this annual report.

IN RETROSPECT

Unusually high uncertainty surrounds the forecast for the next few years. Post pandemic scars are expected to be much larger in emerging markets and developing economies than in advanced economies due to more limited policy support with output expected to remain below pre-pandemic levels. Further global risks could emerge, which include a possible worsening of the war, escalation of sanctions on Russia and a sharper than anticipated deceleration in China as a strict zero-COVID strategy is tested by Omicron etc. The war in Ukraine has increased the probability of wider social tensions because of higher food and energy prices, which would further weigh on the outlook. Inflation is also expected to remain elevated, driven by war-induced commodity price increases and broadening price pressures.



FMCG CLUSTER



The Cluster is represented by the performance of C. W. Mackie PLC's Scan Products Division and Kelani Valley Canneries Limited and specialising in the food and beverage, personal and household care categories.

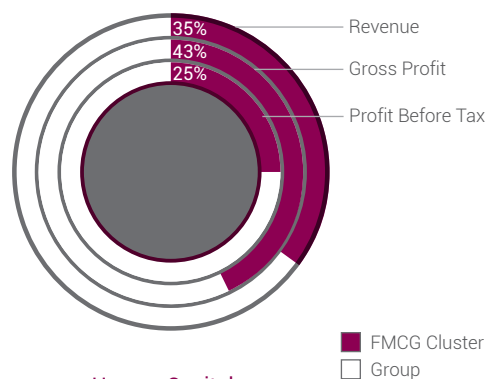
 **Rs. 4,562.1 Mn**
REVENUE

 **Rs. 851.6 Mn**
GROSS PROFIT

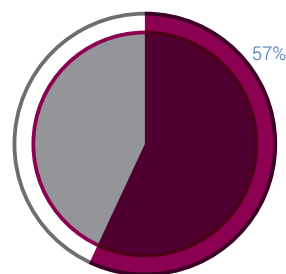
 **Rs. 231.9 Mn**
EBIT

CONTRIBUTION TO GROUP

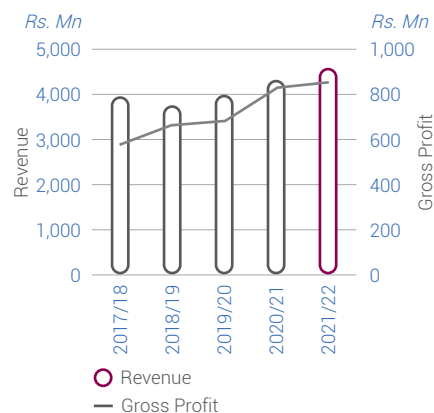
Revenue, Gross Profit and Profit Before Tax



Human Capital



Revenue and Gross Profit



Business Overview contd.



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

Rs. 4,562.1 Mn
NET REVENUE

Rs. 231.9 Mn
EBIT

Rs. 185.3 Mn
PROFIT BEFORE TAX



FMCG CLUSTER

The FMCG cluster is one of the Group's three broad clusters. The FMCG business was expanded into a fully-fledged cluster and now includes FMCG manufacturing and import activities and dedicated distribution channels for food and beverage (F&B) products and personal and household care (P&HC) products. This restructuring follows a corporate strategic decision to streamline the strategic business units (SBUs) to enable them to operate from a position of strength in order to withstand the volatilities that arose as a result of the pandemic and other external factors that created market uncertainties.

BRAND PORTFOLIO

The brand portfolio of the Scan Products Division includes a range of reputed local and global brand names such as Sunquick squashes, Scan jumbo peanuts, Scan bottled drinking water, Delish dessert and bakery products, Kotagala Kahata tea, Ocean Fresh tuna, Star brand essences and colourings, as well as the KVC product range. The Company also imports and distributes personal care products that 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. The Glade range of air fresheners, Kiwi range of shoe care, Mr. Muscle range of cleaners and Drainex [representing S. C. Johnson]. Many of these brands enjoy market leadership in their respective categories and are popular household names today.



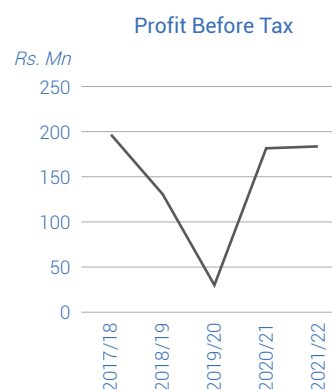
BACKWARD INTEGRATION

The key new initiative this year has been the local manufacture of Scan jumbo peanuts, which has significantly improved the efficiency and productivity levels of entire manufacturing process. This manufacturing plant equipped with state-of-the-art equipment that ensures a high quality product from the production process. The company took a strategic decision to build the manufacturing facility on ascertaining the potential of the snack category. The plant was inaugurated in October 2021 and is geared to produce a range of snacks.

New product items will be added to the snack category very shortly and several product variants are in the pipeline already.

PERFORMANCE

The FMCG cluster performed well during the current financial year, despite market challenges and uncertainties. The financial year commenced with the closure of several markets from end April to early November, in moves to contain the second wave of the COVID-19 pandemic, which correspondingly closed shops and brought modern trade, general trade and food service sector to a standstill.



The FOREX squeeze in the last quarter of the financial year reduced sales due to supply chain disruptions and higher landed cost. Nevertheless, sales soared during March 2022, on the eve of the Sinhalese and Tamil New year (traditional New Year) season.

The snack category fared exceptionally well, as COVID concerns made people more conscious of the need to purchase a reputed brand for consumption. The demand for the cluster's flagship brand, Sunquick reduced as a result of embargoes on gatherings which were effected during the five month period from April 2021, due to COVID concerns. However, the positive performance of RTD Sunquick served to mitigate the adverse effect of the diminished demand for its squash and cordial counterparts.

Despite the numerous challenges faced during the year FMCG cluster reaches its topline with a growth rate of 6% comparing to year 2020/21.

DISTRIBUTION NETWORK

The FMCG cluster has a multi-channel distribution network that comprises six channel servicing over 80,000 outlets island wide. These six channels are: General Trade (GT)-retailers, Modern Trade (MT)-supermarket chains, HORECA-(hotels, restaurants and catering) food Services, Wholesale (WS), Institutions and Independent Supermarkets (ISM) which are stand-alone

Business Overview contd.

supermarkets. e-commerce, the sixth channel was launched during the previous financial year and facilitates the uninterrupted supply of products to consumers, which is invaluable especially during the lockdown period of the pandemic.

FMCG MANUFACTURING

Scan Bottled Drinking Water

The Scan water bottling plant has been awarded ISO 14001:2015 - Environmental Management Systems certification by the Sri Lanka Standards Institution. This certification recognises the plant's initiatives in identifying, managing and mitigating the environmental impact of its operations in a systematic manner that contributes to the environmental pillar of sustainability.

In a further initiative to improve its environmental performance by utilising resources efficiently and reducing waste, the Company embarked on a sustainability project for collecting plastic bottles that would otherwise pollute the environment. Bins are positioned in strategic locations to collect these plastic bottles, which are then recycled by a business partner to produce yarn for local and export.

Another initiative introduced this year is the use of re-fillable glass water bottles, which supplies the market with a more sustainable glass bottle as a Company strategy. This move has been applauded by the HORECA sector which focuses on areas like sustainable tourism.

Distribution of Scan water were expanded to more sectors during the year.

Delish Manufacturing and Processing Plant

Delish branded bakery products have been a favourite with consumers since their launch in 2017. The product range includes jelly crystals (strawberry, orange, apple and blackcurrant flavours), gelatine, corn flour, sugar, 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.

The bakery 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 ingredients of the highest quality. In recognition of this quality, Delish jelly crystals have been awarded the SLS 885:1990 standard.

Sunquick Ready-to-Drink (RTD) Manufacturing Plant

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

Kelani Valley Canneries (KVC) Limited

KCV posted a dramatic turnaround in profitability in the current fiscal year, achieving a net profit of Rs.6.6 million from a loss of Rs.7.3 million reported in the previous year, despite marginal topline growth during this year.

This reversal in profits is attributed to the introduction of a carefully thought-out strategy that restructured operational and product related areas to improve productivity and achieve operational efficiencies.

Three pillared growth strategy

The restructuring of KVC followed a three pillared strategy that addressed and improved three main business areas:

Sales

This was the first area to be addressed and focused on channel development. A pricing formula was introduced and products were priced according to the requirements of each channel. The export market was also developed further. Pricing continues to be reviewed and monitored in line with product costs to secure a minimum standard margin.

Product development

Product rationalisation was followed and slow-moving products were discontinued while greater focus was placed on improving fast-moving items. Import restrictions were overcome by adjusting the product recipes to utilise available components without compromising on quality, following research carried out by the inhouse R & D team. Line efficiencies were also fine-tuned to manage costs. Automation was introduced to increase product output and labour was managed more effectively to increase the profitability of the production area.

Operations

Operational efficiencies were improved with process and business enhancements which reduced overheads and associated costs to correspond to the reduced sales volumes. The company also increased focus on improving margins from private branding and transportation etc., and streamlined supporting functions like warehouse operations, inventory management, procurement and quality assurance.

The structural enhancements enabled the Company to achieve profits every month of the year, whereas profits were made only in peak months and losses were suffered in the off season, during earlier years.

Challenges

These commendable results were achieved despite a challenging operational environment. The financial year began with the third wave of COVID which locked down the country for extensive periods and brought with it several restrictions in operations and product availability. Restrictions were imposed on factory operations which compelled the company to adjust its environment and expenses to the exigencies of the times.

Product availability and distribution

KVC consistently supplied its products to customers despite the lockdown and concentrated on export trade and modern trade sales. Products continue to be distributed through the distribution arm of the Scan Products Division of parent company, C. W. Mackie PLC, which improved overall profitability. The Company followed strict health and safety guidelines at all outlets of the major supermarket chains it supplies to. It also continued to pursue its contract manufacturing initiative by supplying jams and chutneys to two leading supermarket chains under the customers' brand names and carried out contract manufacturing for specific export orders as well.

Pre-planning

Most business activities are now carried out in accordance with a pre planned schedule that integrates all business areas in line with market requirements. Procurement, production and delivery are planned to cater to the volumes of sales forecast. Production and operations are being continuously reviewed and adjusted.

Business model

KVC also follows a business model with an activity related costing approach that enables the company to gain considerable advantages in a difficult environment.

During the year, the Company continued to build on its reputation for on time delivery, strengths in research and development (R&D), good customer service and speedy resolutions of issues, if and when they arise, coupled with strict compliance with Sri Lanka's quality standards, namely, GMP, SLS, HACCP and ISO 22000:2018. This has given them the edge over the competition.

Human resources

Restrictions on factory operations prompted strict adherence to the protocols and guidelines imposed by the government. This necessitated addressing the health and safety of factory staff. All factory workers, including contract employees, received both vaccinations at the initial stages, which facilitated minimum down time and disruptions to production even in the event of factory staff contacting the virus. Because of these far-sightedness initiatives to meet the challenges, the Company was able to realise capacity requirements.

Product range

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 has, over the years, gained a solid reputation for trusted quality and flavour. The products are consistently benchmarked against the best in the market to ensure quality and flavour. Its strong R&D team is equipped to develop personalised products to meet customer preferences, especially for exacting export markets.

Future plans

With the right strategies now in place KVC is confident that sustainable profitability and strong growth is assured well into the future. The Company will now focus on expanding its product range to reach more local and overseas customers in the near future.

Business Overview contd.

QUALITY STANDARDS

FMCG manufacturing operations are carried out in accordance with certified GMP practices and guidelines and most products are SLS certified. The manufacturing facilities are designed to meet high standards of quality.

Internal and external quality assurance programmes ensure periodic testing of quality and processes. All products meet the most stringent international and national quality standards and are ISO 9001:2015 and ISO 22000:2018 certified.

The manufacturing facility follows a HACCP inspection plan to ensure that hygienic standards are followed to ensure food safety. Additionally, all handlers of the food ingredients undergo annual medical check-ups.



WAREHOUSE COMPLEX

The fully-fledged high-tech warehouse facility that was upgraded with enhanced infrastructure last year, is now fully operational. Its digitalised and automated environment is geared to store a range of diverse products according to the storage conditions particular to each product type. As a result of the capacity enhancements that were effected during the previous financial year the warehouse space has been expanded to 25,000 sq. ft. (2,500 pallet positions).

A Warehouse Management System (WMS) is also to be introduced to promote traceability and improve efficiency. The system uses QR codes and barcodes to enable speedy identification of any issues with items in storage.



STRATEGIES

The cluster introduced several structural developments and policy reforms during the year that will position the sector for profitability in the medium term by catering to the anticipated increases in demand.

The field sales structure was also re-aligned from January 2022 and new demarcations were set and new territories were added. In line with the digital transformation of the Company, the sales force automation system was also introduced with real time software architecture that has streamlined the sales process. The success of these initiatives was confirmed by the additional revenue brought in by the cluster during the last quarter of this financial year.



COMMODITY TRADING CLUSTER



The Cluster is represented by the performance of Ceymac Rubber Company Limited, Ceytra (Private) Limited, C. W. Mackie PLC's Export Trading Division and Sugar Trading Division. Except Sugar trading operation, all others are foreign exchange earner in the Group.



Rs. 6,504.4 Mn
REVENUE



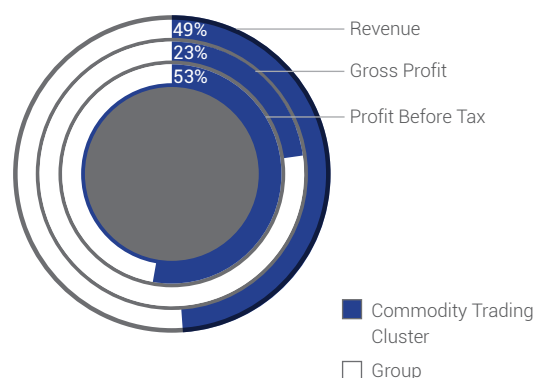
Rs. 457.5 Mn
GROSS PROFIT



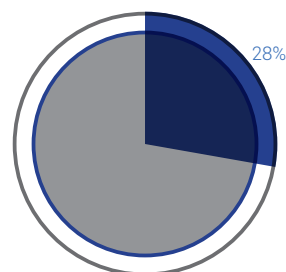
Rs. 168.5 Mn
EBIT

CONTRIBUTION TO GROUP

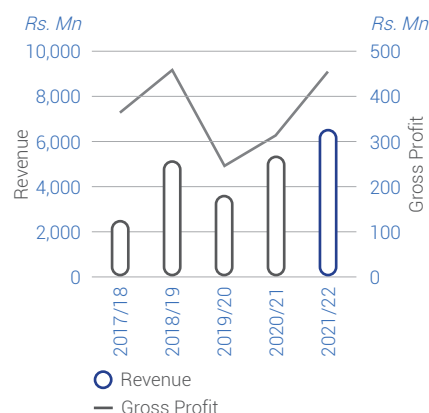
Revenue, Gross Profit and Profit Before Tax 2021/22



Human Capital



Revenue and Gross Profit



Business Overview contd.



**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

Rs. 986.2 Mn
NET REVENUE

Rs. 33.5 Mn
EBIT

Rs. 41.2 Mn
PROFIT BEFORE TAX



Ceymac Rubber Company Limited and Ceytra (Private) Limited are subsidiaries of C. W. Mackie PLC and belong to the Commodity Trading Cluster of the Group. They engage in manufacturing and exporting primary and specialty rubber products and value-added rubber products for the local and international markets. These products meet the rubber requirements of many Industries which include pharmaceuticals, shoes, solid tyres, construction, transport and agriculture.

RESOURCE OPTIMISATION

The close proximity of the locations of Ceymac Rubber Company Limited and Ceytra (Private) Limited facilitate several competitive advantages in terms of cost saving and efficient operations and both companies share management skills, infrastructure and technical resources effectively. This enables them to operate efficiently and with minimum management and unskilled labour. These shared functions reduce overhead costs as well.

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. The Company's manufacturing facility is strategically located in a prime rubber plantation area in the Kalutara district, which provides it with a competitive advantage for collecting latex and producing natural rubber products that conform to the highest international quality standards.



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

CEYTRA (PRIVATE) LIMITED (Ceytra)

Ceytra is a 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. 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

The Company exports to India, Europe, Japan, Canada, South Africa, Vietnam and China

Quality Standards

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

Effluent Treatment

Ceymac deals with effluents in a responsible manner. 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 Company's effluent treatment process.

PERFORMANCE

CEYMAC and CEYTRA

The Companies completed the financial year on a high note, posting a 20% increase in export revenue to Rs.163.60 million this year from Rs.135.30 million in the previous year. However, the year had been difficult for both rubber manufacturing companies. Pandemic induced disruptions in supply chains added to recent market developments, resulted in shortages of raw rubber, chemicals, packaging and fuel which were accompanied by escalating prices especially during the last quarter of the financial year. As a result, the Companies experienced an increase of 18.6% in turnover during the year to Rs.986.00 million this year from Rs.831 million recorded a year earlier in 2020/21. This was mainly due to the rise in commodity prices that were accompanied by the devaluation of the rupee. Export volumes reduced by 16% from 2.5 MT to 2.1 MT.

Business Overview contd.

The resultant shortfalls in production affected the profitability of both companies. Therefore neither company was able to achieve its targets and no improvements to products or processes were carried out during the year.

CEYTRA, which uses chemical-intensive processes in rubber manufacture, experienced severe constraints due to the surge in chemical prices and the slowdown of the international market as a result of disruptions in the supply chain. State restrictions on the opening of LCs were the root cause of the chemicals shortage which impacted factory operations.

CEYMAC, which focuses more on local sales, was less affected by supply chain disruptions. Additionally, since the Company uses less chemical intensive manufacturing processes, it was less affected by the surge in the prices of chemicals. However, acute shortages of packing material and other consumables affected the Company's bottom line.

PEOPLE

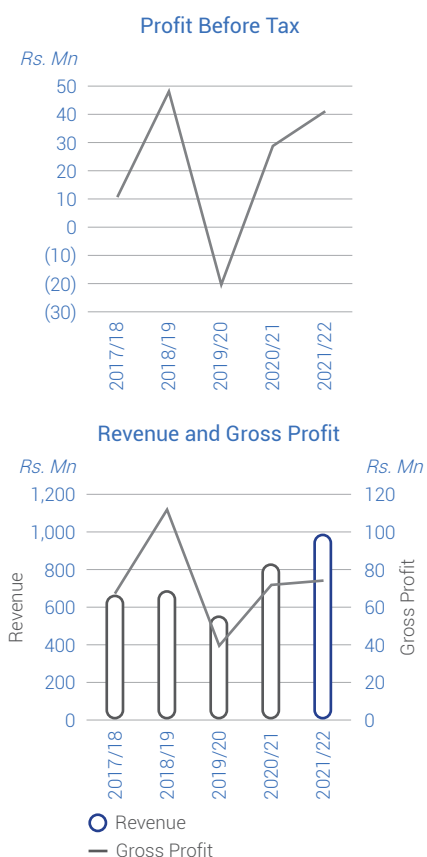
Despite the challenges of market uncertainties both companies Ceymac and Ceytra retained their staff cadres and provided them with their salaries as well as increments and other relevant statutory payments in line with the Group policy of caring for the welfare of their people.

LABORATORY TESTING

The quality of the 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. The laboratory is headed by a qualified and experienced Rubber technologist.

STRATEGIES FOR EXPANSION

Ceymac and Ceytra continue to explore new opportunities for expansion into profitable markets and niche markets. There will be opportunities in the local market due to import restrictions on certain rubber related products and seek to capitalise on this opportunity.





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

Rs. 2,866.6 Mn
NET REVENUE

Rs. 80.1 Mn
EBIT

Rs. 298.9 Mn
PROFIT BEFORE TAX



Trading in the export of natural rubber, coconut products and Sri Lankan spices has been the core activity of the C. W. Mackie Group since 1900.

PRODUCT PORTFOLIO

Rubber

The Company is a leading exporter of all grades of natural rubber (NR), including thin and thick pale latex crepe, thick brown crepe, ribbed smoked sheet (RSS), white and coloured sole crepe, technically specified rubber (TSR) as well as specialty grades of natural rubber, such as granulated crepe and ZOX crepe. Natural rubber grade exports are used in the pharmaceutical, adhesive, marine paints, automobile and footwear industries as well as in manufacturing household goods.

Coconut

The Company also processes quality desiccated coconut and other coconut products for export. These include desiccated coconut in fine, medium, chips, threads, flakes and toasted grades. Among the coconut products exported are organic desiccated coconut, low-fat coconut and value added coconut products.

Spices

Since November 2020, the Company has made significant headway in spice exports and exports a range of spices that include black pepper, cloves, nutmeg, mace, sesame seed and arecanut.

Business Overview contd.



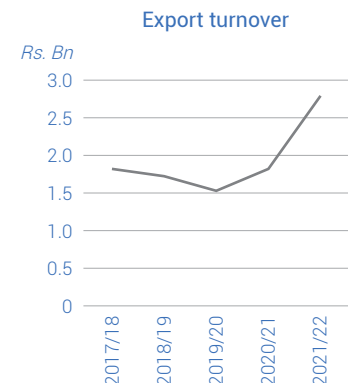
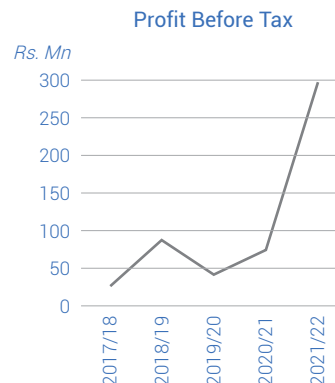
Sri Lanka enjoys the advantage of producing spices of the highest quality, unique to the island. Therefore, prices were correspondingly high at the farm gate when compared with other producing countries in the region, due to our high cost of production. Therefore maintaining consistency in trading margins was a challenge given the highly competitive overseas market.

About 80% of spices are utilised in the food industry, with nutmeg and mace used for the medical and cosmetic industries.

The Company is exploring expansion to new markets, to Europe in particular. Spice production 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.

PERFORMANCE

It was an exceptional year for commodity exports with the sector posting one of the highest profits during the period in review. Export trading lead by natural rubber exports produced an extremely strong performance. This positive performance was largely due to the rupee devaluation coupled with forward thinking strategies and the realisation of market expectations. Rubber volumes, however, did not increase significantly due mainly to unfavourable weather conditions, which the Company anticipates will improve towards the latter part of this year. Rubber exports suffered several constraints however, which included a decline in the availability of raw rubber as a result of lower production as well as adverse weather conditions and increased freight costs brought on by COVID lockdowns, port congestions and by the war in Ukraine.



Exports of desiccated coconut recorded a substantial increase both in value and volume compared to last year and of approximately 55% top line growth. Desiccated coconut exports were expanded in to the African continent as well during the year which was a significant breakthrough. Although profit margins improved as a result of prudent marketing strategies adopted the sector experienced many challenges due to the pandemic that slowed down business growth during the previous calendar year, and the fuel crisis that followed in the last quarter of the fiscal year.

During the year under review considerable volume of pepper, sesame, cloves, nutmeg, mace and arecanut were exported which contributed to the overall export sector income.

MARKETS

The Company exports commodities to a range of countries including Japan, USA, China, India, UK, Europe, Pakistan, Taiwan, Singapore, Canada, South America and 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 sector 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 International Organisation for Standardisation (ISO) requirements. International and EU standards in product manufacture and exports are followed throughout the manufacturing process. The Company adhere to all the legal requirements of its commodity exports with regards to the quality standards to ensure 100% satisfaction to its customers.

Environmental and social concerns that could arise during the manufacturing processes are duly 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 division has had a high rate of employee retention over the years due to its care and concern with staff welfare.

STRATEGIES FOR EXPANSION

The sector introduced new strategies this year to mitigate the negative impacts of the pandemic on business performance. Strategies to increase volume growth will also be introduced this year and the Company will continue to anticipate market trends and currency movements in order to stay profitable into the future.

Business Overview contd.



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.

Rs. 2,668.4 Mn
NET REVENUE

Rs. 73.8 Mn
EBIT

Rs. 74.7 Mn
PROFIT BEFORE TAX

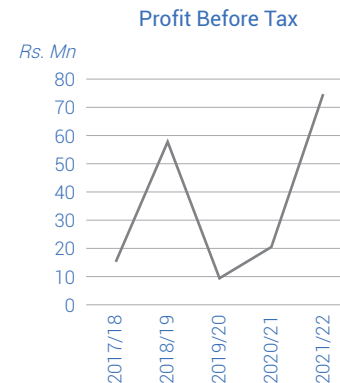


Sugar trading is a segment under the Commodity Trading Cluster of C. W. Mackie PLC and engages in importing and distributing high quality refined white sugar.

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

PERFORMANCE

Profits picked up considerably during this financial year. Despite pandemic related market pressures, the sugar trading operation achieved a net profit before tax of Rs.74.66 million, which is a 262% increase over the previous year's figure of Rs.20.63 million.



As a fast moving commodity, the volumes achieved could have exceeded budgeted revenues by another 50% due to the high demand of sugar by large conglomerates, but foreign exchange constraints limited the volumes purchased on the international market.

The Company pursued a strategy of buying when prices were low on the international market, which enabled wider profit margins. Positive relationships developed with the Indian and Thai market in particular, assure product quality. The client base comprises both new as well as established customers.

Granulated sugar is also provided to clients on request, the sugar is ground at the Delish manufacturing plant in Horana.

IMPORT CATEGORIES

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 rates.

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

The sugar trading segment will continue to anticipate market dynamics and concentrate on its new and established B2B customers in different industries including handling operation.

Business Overview contd.



INDUSTRIAL PRODUCTS CLUSTER



The Cluster delivered a year of strong growth with profit before tax, increasing by 90% despite numerous challenges from external environment. The segment is represented by the performance of C.W.Mackie PLC's Refrigeration and Air-Conditioning, Lightweight Machinery and Welding Electrodes and Hempel Divisions.



Rs. 2,096.9 Mn
REVENUE



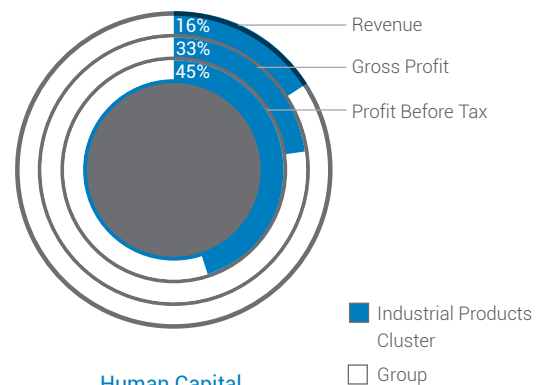
Rs. 649.5 Mn
GROSS PROFIT



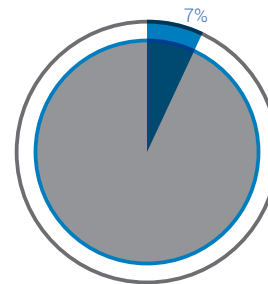
Rs. 378.2 Mn
EBIT

CONTRIBUTION TO GROUP

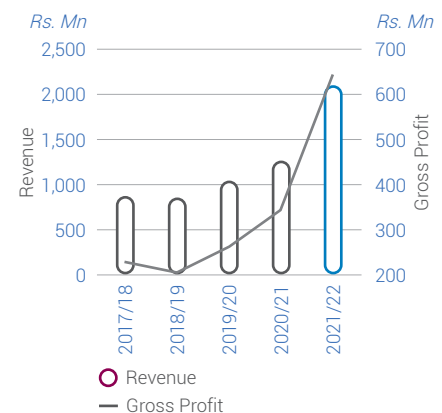
Revenue, Gross Profit and Profit Before Tax 2021/22



Human Capital



Revenue and Gross Profit





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

Rs. 791.9 Mn
NET REVENUE

Rs. 179.1 Mn
EBIT

Rs. 160.3 Mn
PROFIT BEFORE TAX



C. W. Mackie PLC's Refrigeration and Air-Conditioning (R&AC) segment imports, sells and distributes world-renowned brands of refrigeration and air-conditioning equipment, components, accessories and refrigerant gases.

PRODUCT PORTFOLIO

The Company is the authorised importer/distributor and sales agent for industrial refrigeration and air-conditioning products and related components as well as insulation materials, copper tubes, refrigerant gases and pipe supporting products of the following brands, most of which are category leaders in their respective categories.

- BITZER-Germany: Compressors
- HIRA/DIAMOND WALRAVEN-Netherlands: Pipe support systems
- 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



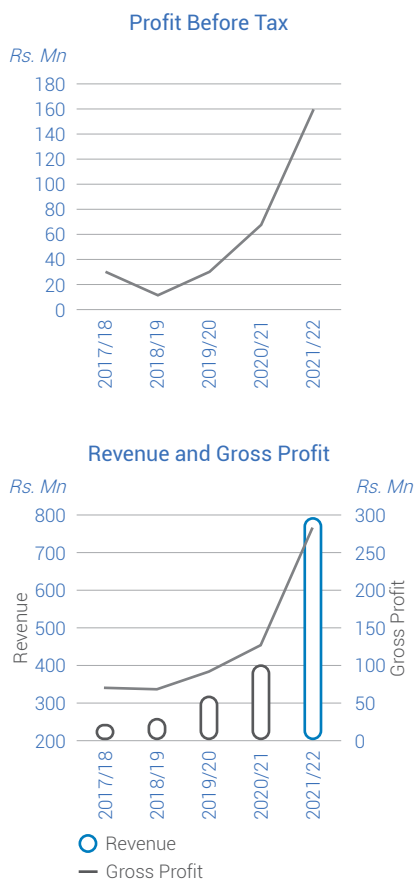
Business Overview contd.

PERFORMANCE

R&AC products were among the main drivers of Group profitability during this financial year to which German BITZER compressors and Dutch Hira/DIAMOND and WALRAVEN pipe support systems introduced to the market during the preceding year made a substantial contribution.

German manufactured Bitzer cool room components which provide a complete solution for the refrigeration industry were introduced in Sri Lanka during this fiscal year. The product took off immediately as its advent coincided with the expansion of the poultry industry and created the demand for reliable and reputable cool room facilities. Purchases by all the big players in the refrigeration market caused volumes to rise which resulted in substantial revenue for the company.

As a result, sales during the current year rose to Rs.791.91 million, from Rs.402.06 million in the previous year, which correspondingly increased the sector's profit before tax in 2021/22 to Rs.160.30 million from Rs.68.38 million recorded in 2020/2021.



FORWARD PLANNING STRATEGY

The success of this cluster was mainly due to the introduction of a carefully planned forward looking strategy that anticipated the fluctuations of the US dollar on the international market. The Company purchased required planned quantities of its products at the beginning of the calendar year and maintain a smooth supply chain. This strategy was followed with the importation of copper tubes as well, which responded to comparatively good profit margins, as high quality copper tube was in great demand in all the big mall and hotel projects in the city. Introduced about two years earlier, Hira Diamond Walraven pipe support products were also in high demand for these large projects and performed well this year.

The profits generated from the sales of these three products were the main contributors to the profitability of the Industrial Products cluster. Danfoss products also fared well during the year due to their expanded product range that enabled the Company to access and cater to new industries in the country.

SUSTAINABILITY

The R&AC segment has moved away from using toxic gases in its cooling processes and supports environmentally friendly alternatives.

PEOPLE

The solid reputation of the Group and the skills of the inhouse team of engineers added impetus to sales volumes. The Company reinforced its technical cadre during the year by recruiting more engineers who added to the Company's knowledge base and succeeded in expanding sales volumes.

FUTURE PLANS

Industrial Products have been identified as being one of the fastest growing clusters with the most potential for expansion and profitability. This has prompted the management to focus on developing the cluster further over the next years.



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

Rs. 806.3 Mn
NET REVENUE

Rs. 106.99 Mn
EBIT

Rs. 108.1 Mn
PROFIT BEFORE TAX



The Light Weight Machinery and Welding Electrodes segment of the Industrial Products cluster was established in the 1980s to cater to the demands of the local market for welding electrodes, alloys, rods, wires and generator equipment. This segment imports, sells and manages a range of industrial products and is the local arm of several global agencies of world-renowned brands.

PRODUCT PORTFOLIO

Products are divided into the following 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

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

Business Overview contd.

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

5. Earth moving machinery spare parts

Authorised Importer and Distributor for:

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

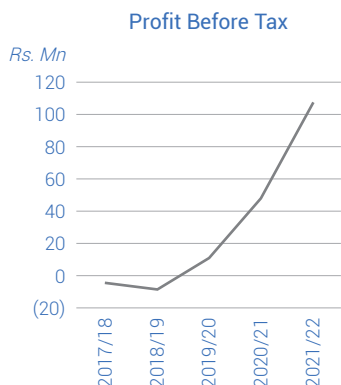
6. Power Generators

Authorised Importer for Sales and Services for:

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

PERFORMANCE

The segment posted a significant performance growth in the current financial year, during which its core business of importation and sale of welding electrodes contributed 82% to the turnover. This achieved sales of Rs.806.27 million and resulted in a growth of 58%. With a diversified customer segment with proper price revision at the correct time, segment enable to quadruple the profit before tax to Rs.47.84 from Rs.108.09 million realised in the previous financial year.



PEOPLE

The Industrial Products cluster comprises professionals with the requisite technical skills to provide an efficient and professional customer service that reassured customers of their professionalism at all times. This cadre of professionals is added to as an when required.

FUTURE STRATEGY

Opportunities to expand and diversify the market are being explored further and hitherto untapped market segments will be accessed. This will increase penetration and develop strong distribution channels into several industries in the country.

This forward looking strategy was emulated with the lightweight machinery and welding electrodes sector's main product, Stonebridge welding electrodes, as well, which proved successful once again. Stonebridge welding electrodes were introduced to the local market during the preceding year and became the market leader in its category very soon. All shipments of the welding electrodes were placed at the beginning of the year, which enabled Stonebridge to continue to capture the major market share, expanded its distribution network and substantially expanded sales volumes.





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

Rs. 499.8 Mn
NET REVENUE

Rs. 92.3 Mn
EBIT

Rs. 99.6 Mn
PROFIT BEFORE TAX



MARINE PAINTS

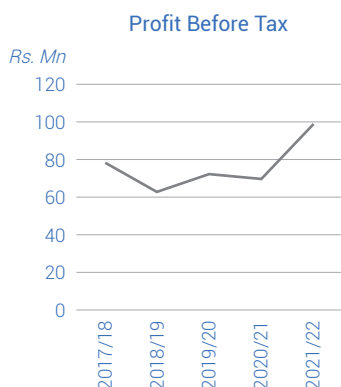
The division has been selling and distributing marine paints and protective coatings under international brand name 'Hempel' since 1982.

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 division mainly serves the shipping industry, the government as well as multi-national and local companies. Sales were 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 Hempel segment posted an excellent performance with sales during the year increasing by Rs.142.30 million over the previous year, which is a percentage growth of 40% over last year's figure of Rs.357.51 million. The main contributors to revenue this year was a building project in the container coating segment that commenced during the previous year and were continued into the last quarter of this fiscal year. This includes a new building project commissioned by the Colombo Dockyard which is still ongoing, for which the Company supplied protective coating paints for 4 ships and will be providing paints for two more vessels shortly. The project awarded to the protective coating segment by the Road Development Authority (RDA) to paint the highway underpass bridges on the southern highway that connect the roads from Baddegama to Matara commenced in September 2021 and also brought in considerable revenue.

Business Overview contd.



The Company continued to supply paint products for the projects of established as well as new customers and this year too, supplied products for the painting and preservation of steel building structures, water tanks and diverse power and irrigation systems that include the Kerawalapitiya and Norochholai Power Stations.

PEOPLE

Technical training was provided to two coating advisors on the staff, who will receive certifications for their prowess in this field on completion of the training. A new recruit was also added to the team this year. The team engages in the inspections of surface preparation for paint applications, especially for projects that are under warranty terms.

CUSTOMER SEGMENTS

Container Coating Segment

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 the division.

Marine Segment

The marine segment of the Hempel division 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.

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

Protective Coating Segment

The protective coating segment of Hempel has decades 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 segment, Hempel offers anti-corrosive coatings for almost any type of steel structure. Hempel paints are supplied 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.

TECHNICAL SERVICES

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 division's technical staff strength was further augmented with the qualification of one more team member in the NACE Level 1 examination.

Marine paints are essential for minimising corrosion and preserving the condition of the vessel and are utilised not only for maintaining the cosmetic appearance of vessels. This process helps to reduce the costs of maintenance when dry docking.

This year, a complete system of technical inspection equipment was purchased to further enhance service levels.

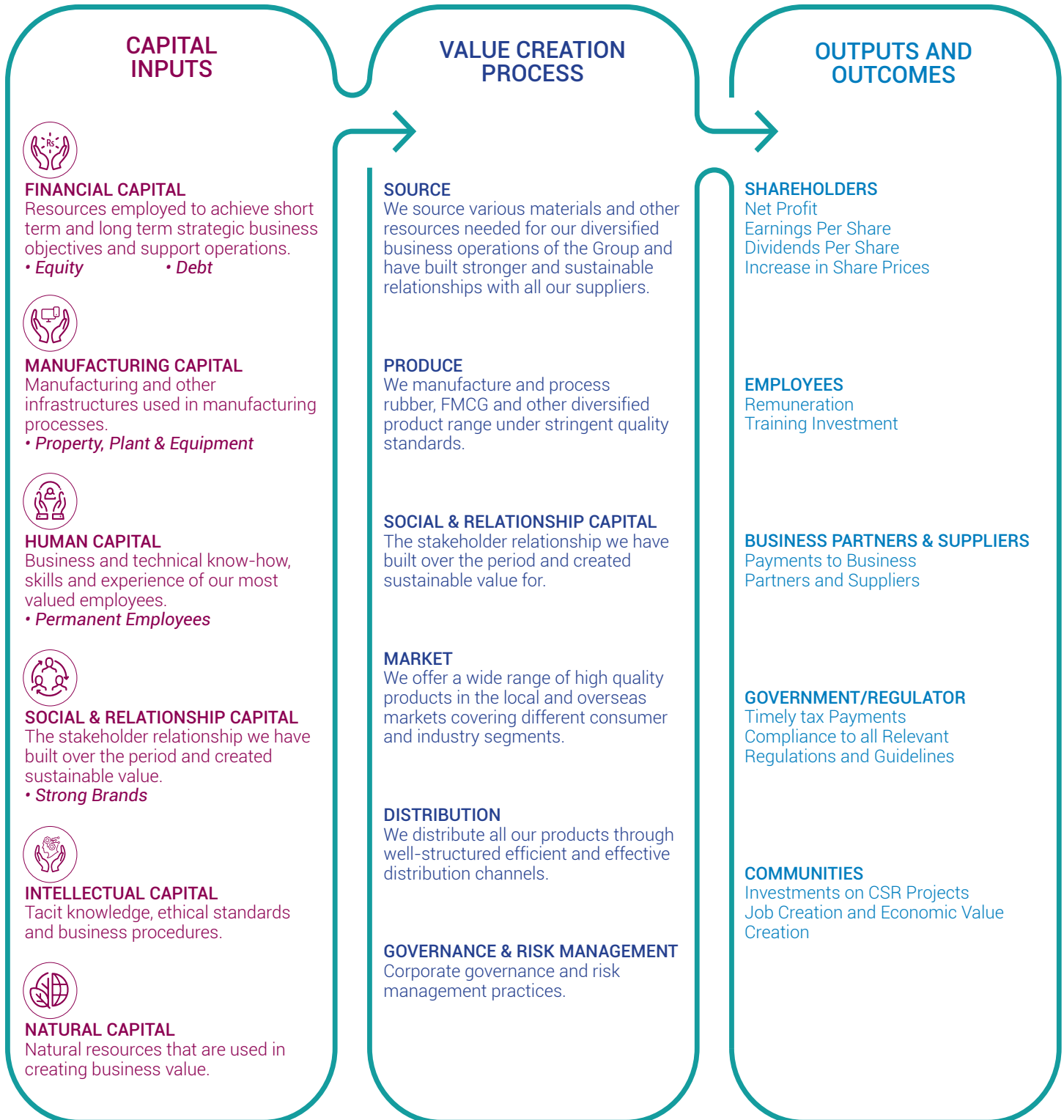
STRATEGY FOR EXPANSION

The focus this year was on larger projects. The Company's success during the could be attributed to a well planned and timely strategy that enabled the placement of paint orders ahead of schedule, based on anticipated future demand.

**Celebrating spirited growth,
captured across
a century of meticulous reporting**



VALUE CREATION MODEL





FINANCIAL CAPITAL

Our profitability is due to the financial acumen we have acquired over the years. This has enabled us to evaluate the impact of every business decision on our financial statements and enables us to exercise prudent financial management when allocating our funds in ways that assure us of the profitability and sustainable growth. This was necessary for achieving our financial objectives as well as short and long-term goals and has assured our financial well being well into the future.

OUR APPROACH

The Group 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 manages risk. Prudent financial management is critical to our continuity in this rapidly evolving business landscape and the volatility of numerous factors beyond our control. This year saw shortages in foreign currency liquidity coupled with the steep depreciation of the Sri Lankan Rupee, to which was added, restrictions on imports, climbing inflation and changes in consumer purchasing patterns. All these factors adversely influenced both demand and supply. Diversification and parity between export proceeds and imports helped the Group perform exceptionally well and record a substantial profit this year despite the numerous challenges.

As the Group engages in trading the balance of inventory, debtors, borrowings and finance costs determine our bottom line. The Group adopts the following financial strategy:

- 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

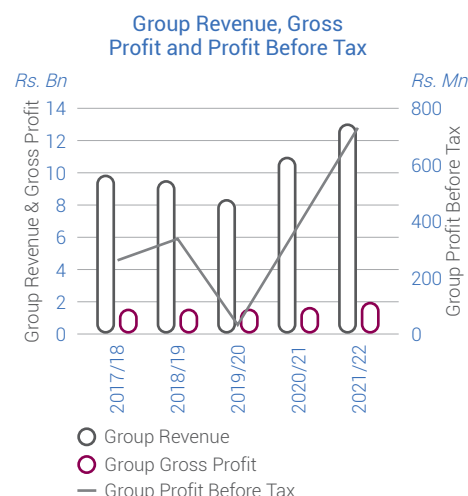
Parity between profitability and liquidity is the key to the sustainable growth of the Group. The following approach served to strengthen the bottom line during this very challenging period;

- Effective margin management with timely price revisions
- Procurement of adequate inventory to see the Company through the next few months
- Concentration on cash sales and rigorous controls on credit
- Sourcing of locally produced raw materials
- Secure funding lines to manage possible liquidity issues
- High focus to secure export income from the commodity trading business and extend the product portfolio to other commodities, viz.-cloves, nutmeg, cinnamon, areca nut

REVENUE AND GROSS PROFIT

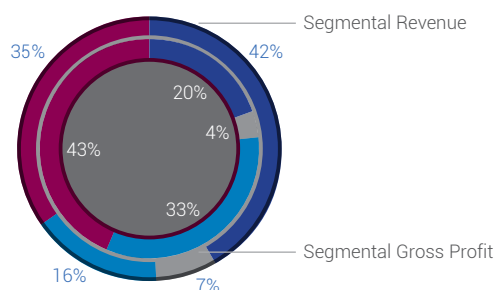
The Group's revenue for 2021/2022 was Rs.13.16 billion, compared to Rs.10.93 billion during 2020/2021, which reflects a 20% growth. The Industrial Products cluster, one of the fastest growing clusters within the Group, continues to contribute the highest revenue growth. Mainly due to the SME sector, suppliers of industrial products have limited access to imports than previously due to government restrictions on foreign currency and working capital issues due to the outbreak of COVID-19. This induced the Group to increase its customer base and turnover. Export turnover in Sri Lanka Rupees of the commodity trading cluster also increased, mainly due to the depreciation of the Sri Lanka Rupee against the US Dollar.

Group cost of sales increased by 19% in line with top line growth, and the Group attained a growth in gross profits of 32% to Rs.1.95 billion during the year, from Rs.1.48 billion achieved in 2020/21. This was as a result of increases in the documented currency value of exports, proper price revisions and diversified product portfolio.

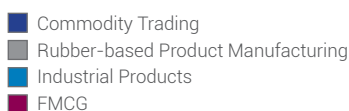
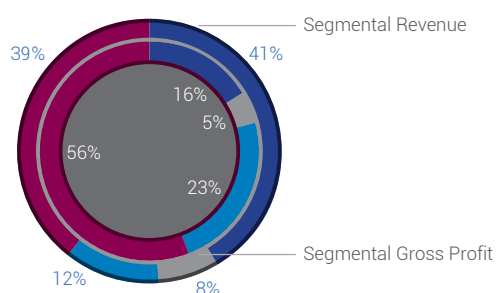


Financial Capital contd.

Segmental Revenue and Gross Profit 2021/22



Segmental Revenue and Gross Profit 2020/21



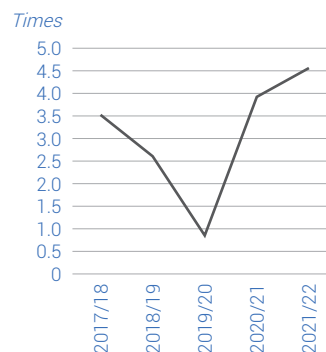
OPERATING EXPENSES

During the year selling and distribution expenses increased by 30% in line with top line growth and administration costs increased by 14% over the previous year, mainly due to inflation that caused upward pressure on fuel prices, transport costs and annual salary increments etc. Also stores rent and related expenses increased with the expansion of the operation and additional capacity requirements for excess stock holdings due to adverse macro-economic conditions.

NET FINANCE COST

During the year, the Group recorded a net finance income position due to the foreign exchange gain of Rs.217.94 million as a result of the conversion of US Dollar denominated export debtors and bank balances to Sri Lankan Rupees. But finance cost on bank borrowings increased by 29% as a result of the increase in interest rates and the increase in usage of borrowed funds during the second half of the year.

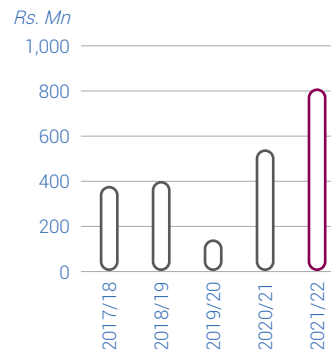
Interest Cover Ratio



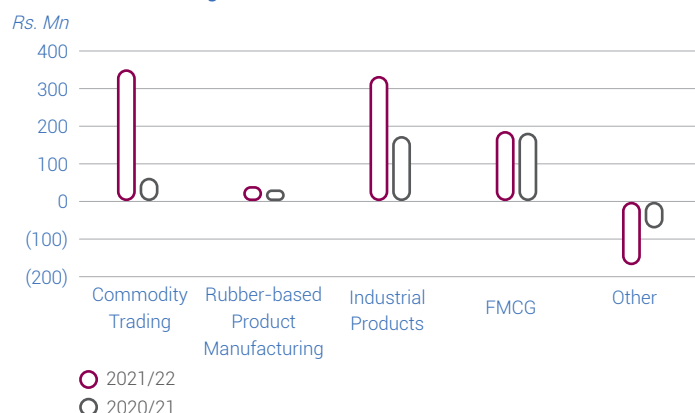
PROFITABILITY

The result from operating activities was Rs.808.47 million and the net profit for the period, after charging income tax of Rs.240.34 million, was Rs.495.41 million after absorbing a share of loss of Rs.127.81 million. This is the best ever result the Group has achieved after over 100 years in the trading business, under very challenging conditions that prevailed during 2021/2022.

Group EBIT



Segmental Contribution to Profit Before Tax



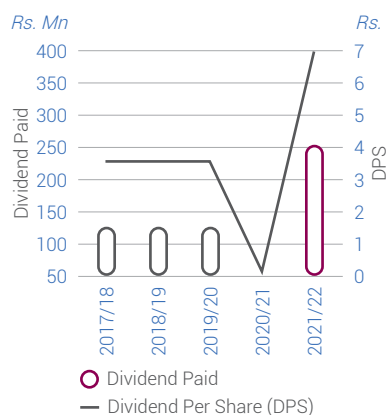
OTHER COMPREHENSIVE INCOME

Total other comprehensive income increased to Rs.461.63 million basically due to revaluation gains on freehold land.

VALUE ADDITION TO SHAREHOLDERS

Despite various challenges during the year, the Group delivered substantial profits to its shareholders with an earnings per share of Rs.14.11, which is an increase of 92% over the previous year, while escalating the net asset per share from Rs.72.24 to Rs.91.98.

Dividend Paid and Dividend Per Share



Dividend Yield

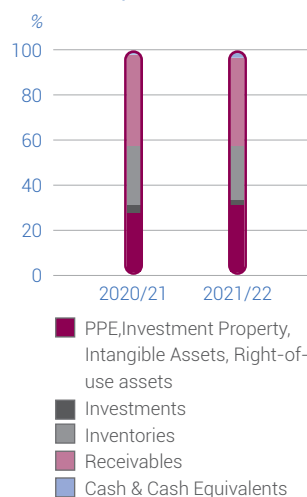


FINANCIAL POSITION

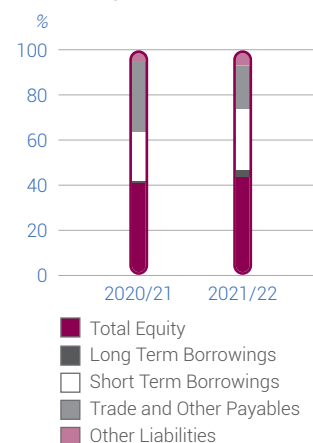
The Group invested more funds on working capital due to the uncertain macro-economic conditions, and total current assets were increased to Rs.5.62 billion while total assets were increased to Rs.8.40 billion. About 67% of total assets comprise current assets of which 63% is inventory and trade other receivables.

Total Group liabilities were increased by Rs.0.45 billion and main contributory factor is interest bearing borrowings as a result of change in working capital requirements.

Composition of Assets



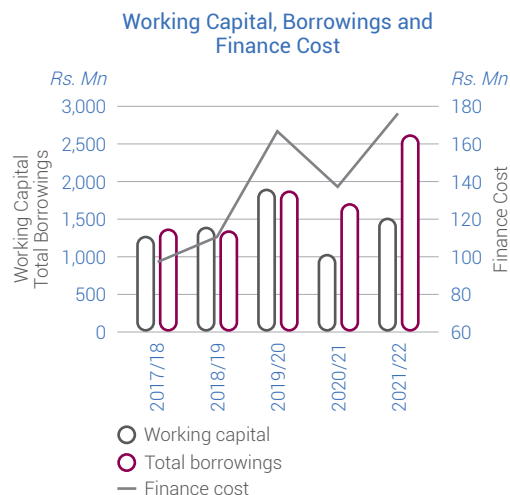
Composition of Liabilities



Financial Capital contd.

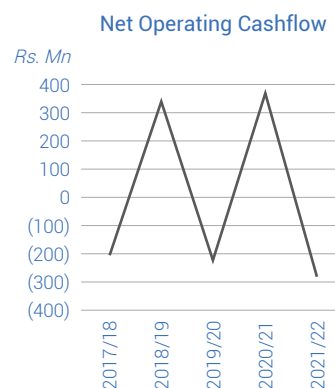
GROUP CAPITAL STRUCTURE AND GEARING

Total debts of the Group increased by 53% to Rs.2.64 billion and bank borrowings improved as a result of improved the trading volumes of the industrial products cluster. The working capital requirement escalated as a result of inflation and currency depreciation, driven purchase price hikes. Further, Sunquick Lanka Property (Private) Limited, a subsidiary Company obtained a long-term loan of Rs.200.00 million at the rate of 9.25% per annum for a tenure of 7 years to meet the urgent contract payment and settle inter-company borrowings obtained for the construction of the new factory building in Horana.



CASHFLOW

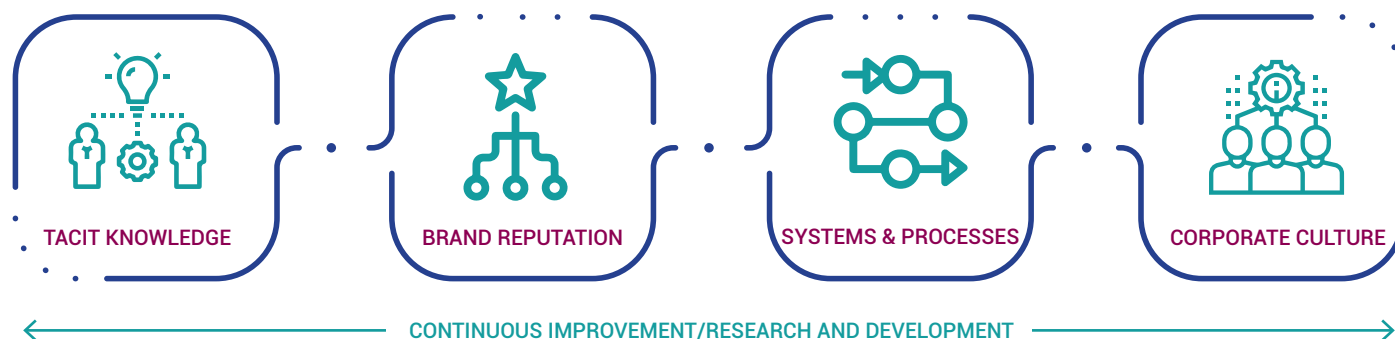
During the year of review, the Group posted a net operating cash outflow of Rs.285.45 million whereas in the financial year 2020/21 a cash inflow of Rs.370.08 million was recorded. This is mainly due to increases in investments in working capital. Further, with the Sri Lankan Government regulations on 180 days Letter of Credit for sugar imports, most of the sugar import bills outstanding as at 31 March 2021 were settled during the second and third quarters of 2021/22, which amounted to Rs.689.90 million. This situation also induced an improved cashflow position in 2020/21. During the year, the Group invested Rs.263.51 million on capital assets acquisitions, mainly in the investment of the plant and machinery for jumbo peanut locally processed project.





INTELLECTUAL CAPITAL

Intellectual capital is an intangible asset and is, therefore not reflected in the Company's Statement of Financial Position. It drives of our business growth and creates non-monetised value for our stakeholders. This capital can be broadly defined as being the sum of all informational resources that the Company has at its disposal which ultimately determine our market competitiveness.



OUR APPROACH

Our intellectual capital defines our corporate identity and is created by the value generated by the wealth of our accumulated industry knowledge, the 'tacit knowledge' of our employees, namely the knowledge, skills and training that our people bring to our business jobs, the technologies, processes, systems and procedures we use in manufacturing, the trademarks, licenses and permits we obtain to conduct our daily business activities as well as the reputation and goodwill we have painstakingly built up with our stakeholders over the years. These make a cohesive whole within a corporate culture unique to us and contribute substantially to our bottom line. This is in turn translated into economic value that we pass on to our shareholders.

We understand that our business success is determined by how we leverage our intellectual capital because this is a key capital that ensure the business stays sustainable well into the future. Having commenced business at the turn of the 20th century, we have established our position as a leader in the trading sector. The many challenges we have overcome over the years confirm our resilience born out of an ability to innovate and move with the times, which are key capabilities and substantial deposits in our base of intellectual capital.

The Group's corporate strategy focuses on continuous improvements supported by R & D capabilities that drive the intellectual factors as they create significant value addition to the Group and its business clusters.

TACIT KNOWLEDGE

This is the knowledge possessed by our staff at all levels of the business and ranges from the industry experience, expertise and professionalism of the Chairman/CEO, Board of Directors and the management team, the professionalism and business knowledge of our executives, the competencies of our non-executives, as well as the technical skills and experience of the workforce at our factories and manufacturing plants. The skills and knowledge possessed by these diverse groups is extensive and comprehensive because it comprises vital expertise on every aspect of our business built up over two decades of our operations. It is therefore, an invaluable and irreplaceable deposit in our knowledge repository.

Our loyal workforce is a healthy mix of new and long standing employees who create a culture of care and support the sharing of ideas and initiatives. They help to strengthen our portfolio and expand operations. We invest substantially in upgrading their technical and professional skills at all levels.

Our technical experts at the manufacturing facilities are competent in designing and developing products to meet the demands and specifications of both local and international customers, which enables the Company to be competitive in the manufacturing industry.

Our knowledge capital creates continuous value only because we have a record of very high employee retention and are, therefore, able to retain, develop and fine-tune this knowledge base in order to keep in step with evolving market needs and thereby attain sustainable business success.

Intellectual Capital contd.

BRAND REPUTATION

We hold the sole franchises of world renowned brands Sunquick, Danfoss, Hempel, Santoor, Kiwi, Himalaya to name a few, which have an established international presence and reputation based on quality and trust.

Our proprietary brands, Scan, KVC and Kotagala Kahata have positioned our Company's presence in the mind of consumers in their various categories for jumbo peanuts, bottled drinking water, processed tropical fruits and vegetables and tea respectively.

These brands are now household names and have built up loyalty and increased customer confidence in our products over the years, which has driven sales and substantially increased bottom-line-growth.

COPYRIGHTS AND TRADEMARKS

We have about 40 trademarks to date, registered and pending registration at the National Intellectual Property Office, Sri Lanka in respect of the food and beverage products we manufacture at our facilities, as well as trade marks for a range of industrial products.

SYSTEMS AND PROCESSES

The technologies, systems, processes and procedures we have on board are the building blocks of our business and are designed to contribute to our business strategy. We use state-of-the-art technologies to ensure that we stay abreast of the latest developments in our industry, communicate better and manage costs more efficiently. We use systems and procedures for enhancing our operations and controls for our financial and accounting systems and our state-of-the art Human Resources Information System (HRIS) has established digital transformation throughout the Company. The Company does business within the framework of established legal and statutory requirements that are reviewed systematically by independent professional third parties to ensure conformity with industry regulations and with business goals.

Our manufacturing facilities and products are certified with well recognised local and global quality standards - ISO9001:2008, ISO22000:2005, HACCP, GMP, IFC and SLS to name a few.

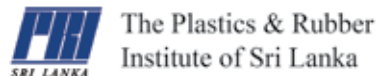
CORPORATE CULTURE

We have a collaborative and performance based culture. Our people share commonalities and maintain strong bonds of loyalty and camaraderie, irrespective of caste and creed. We foster fellowship and encourage a work-life based culture that includes staff events that encourage participation and interaction. We have also instituted several initiatives that reward, recognise and motivate employees to high performance. This approach creates considerable corporate value and contributes to the growth and success of the Company.

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



Top-of-the-range manufactured capital is essential for creating value for a manufacturing and trading Company because it ensures product quality improves efficiency and reduces downtime in the event of machinery malfunctions. This enhances the overall productivity of the business and ensures a smooth operation well into the future.

OUR APPROACH

We understand the critical importance of manufactured capital for building the capacity of a manufacturing Company such as ours and have expended 78% (upto the end of the fiscal year 2021/22) of our production cost on technologically advanced manufacturing facilities to cater to the various production and process requirements of our three clusters in order to reinforce our core competency in manufacturing and trading.

We ensure that the machinery invested in is cutting edge and conforms to all relevant manufacturing and environment standards. Experienced and qualified technical teams ensure that the equipment functions at optimum efficiency during all operational hours.

MANUFACTURING ASSETS

The Group's manufacturing capital comprises its factories, machinery, equipment and leasehold land valued at a total Rs.1.40 billion as at 2021/22.

The Group's has five manufacturing facilities, Ceymac Rubber Company Limited, Ceytra (Private) Limited, Kelani Valley Canneries Limited, the Scan bottling plant, and the Delish manufacturing facility.

A facility for the processing and packaging of jumbo peanuts was added recently.

Ceymac Rubber Company Limited

Manufactures sole crepe and TSR for export as well local sales and has two factories for producing TSR (Technically Specified Rubber) and its more expensive counterpart, sole crepe.

Both TSR and sole crepe manufacture use a range of specialised machinery imported from overseas as well as manufactured locally.

TSR is manufactured using plantation scrap rubber in a technology intensive process that uses pre cleaning machines with high water sprays, rubber breakers, a hammer mill, a hydraulic press, a soaking facility as well as well as a slab cutter. All machinery is purpose-built.

Several coagulating tanks and milling machines are used to manufacture the more expensive sole crepe rubber.



Ceytra (Private) Limited

Manufactures and exports moulded rubber products out of natural and synthetic rubber mainly for the European market. A significant quantity is also supplied to a reputed local supermarket chain. The process uses a Kneader machine and heated rubber moulds.

Scan Bottling Plant

Scan bottling plant fills and distributes high quality bottled water mainly to the local market under the 'Scan' brand name.

The production facility uses a Monoblock filler a rinser, filler and capper designed to fill 500 ml, 1 litre and 1.5 litres of bottled water. A separate line is set up to fill 5 litre and 19 litre bottles. The lines can be operated independent of each other.

Manufacturing Capital contd.

A separate purification plant has also been set up to enable the Company to provide its consumers with water that meets local and international standards of quality.



Kelani Valley Canneries Limited

Manufactures and sells processed products made from locally produced fresh fruit and vegetables.

Although the business was labour intensive when first set up, processing machinery added later successfully stepped-up production quantities. The factory now uses a semi-automated filling line.

Delish Manufacturing Plant

Company's line of bakery products is manufactured under the 'Delish' brand name for distribution mainly in the local market. A manufacturing and packaging plant was built for the purpose.

For the manufacture of jelly crystals, a ribbon mixer and a multi head weigher packaging machine are used in a fully automated line that includes a Vibratory Feeder and Bucket Elevator. The plant is also equipped with three weighing scales for weighing 50 kg, 3 kg and 320 gram packs and two band sealers are used in the final stages of the packaging process.

Scan Jumbo Peanut and Snack Manufacturing Plant

This is the newest addition to the Group's manufacturing capital and uses a range of machinery that assures the highest quality of the finished product, namely the jumbo peanut. This equipment includes high efficiency peanut shellers, sizing shakers and destoners, as well as aspirators and peanut blanchers that prepare the whole nut for the market.



EFFICIENT DEPLOYMENT OF ASSETS

Operations are maintained at optimum levels at the Group's six manufacturing facilities namely, Ceymac Rubber Company Limited, Ceytra (Private) Limited, the Scan bottling plant, Kelani Valley Canneries Limited, the Delish manufacturing facility and the Scan jumbo peanut manufacturing facility. Upgrades are made consistently to ensure the Group's manufacturing capital is on par with industry standards.

Our technical team of experienced and qualified professionals maintains regular servicing schedules to ensure that the equipment functions at maximum capacity and efficiency at all times. Every repair or maintenance job follows a regulated process and procedure.

ADDITIONS TO MANUFACTURED CAPITAL

Additions to our manufacturing capital were made in the area of a jumbo peanut packaging and processing plant. This is a new venture that was set up within the precincts of the Ceymac factory, at a value of over Rs.123 million. This facility began production in October 2021 and now produces all the Scan Product division's requirements of jumbo peanuts locally, whereas the Company was compelled to import jumbo peanuts earlier. The new plant will considerably improve production costs and efficiencies.



SOCIAL AND RELATIONSHIP CAPITAL



Our Social and Relationship capital comprises our relationships with six key group of stakeholders, namely our shareholders, customers, employees, suppliers, financial service institutions and the government/regulators. Each group is fundamental to our value creation process because they are either impacted by our Company's operations or have an impact on Company strategies and the achievement of goals. Building on our social and relationship capital over the century-plus years of the Group's presence is a core competency we have acquired and fine-tuned and paves the path to our continuous and sustainable development and continuity into the future.

OUR APPROACH

We count these relationships as being among the Company's most valuable assets that provide us with returns by way of corporate recognition and brand endorsement. We exercise our corporate responsibility by operating our business in a manner that conforms with fundamental ethical values and respect for individuals. This approach includes maintaining a dialogue with stakeholders, which is important in our daily operations and for arriving at a consensus when decisions are made. We believe that communicating with our stakeholders is invaluable to building trust and understanding of the role the Company plays in local communities and society.

We take various initiatives to enhance stakeholder value which translates into stakeholder satisfaction. These initiatives address the particular interests of each stakeholder group.

SHAREHOLDERS

Our shareholders are key stakeholders because they are essentially the owners of the Company and provide the funds necessary for our growth and development. Therefor they play an important role in the financing, operations, governance and control aspects of the business and we carry out our business activities with the ultimate aim of maximising shareholder wealth.

As the investors of our business, we keep our shareholders informed of all business development initiatives as well as our performance and give due consideration to their ideas, recognising their prerogative to exercise their rights in an informed manner.

Our communication with them is open, continuous and consistent and we ensure clarity of disclosure in all communications which is aimed at facilitating understanding of our mutual objectives. We interact with our shareholders at AGMs, EGMs and other shareholder events. They are also encouraged to access the Company Secretary for any clarifications needed or for further information on any area of the business. They are kept updated on our financial performance and activities through our Annual Reports Interim Financial Statements and from information posted on the corporate website and also access stock exchange announcements and media communications on our value creation activities.

CUSTOMERS

We nurture our relationship with our customers because they drive revenue and are therefore the primary source of our value creation. The business cannot exist without them and their confidence in our brands is the Company's strength. Their ideas and opinions are critical when developing our marketing messaging and strategy. We foster long-term, sustainable relationships with them based on the excellence of the products we supply them and build their trust through product responsibility, service quality and open and honest communication.

The Company provides its customers with products using five channels of distribution, namely, General Trade (GT)-retailers, Modern Trade (MT)-supermarket chains, Food Services (FSS) -HORECA, Wholesale (WS), Independent Supermarket (ISM) -standalone supermarkets. We have devised a range of initiatives tailored to reach the diverse consumer groups at various touchpoints in their lives, based on market analyses on their preferences and behaviour. All categories are rewarded with loyalty promotions, price discounts and banded offers while the FS segment which comprises hotels, restaurants and caterers, also receive support for special events in the hotel industry and training events for smaller caterers.

Social and Relationship Capital contd.

In addition to excellent product quality a range of other incentives are also provided them to reinforce their loyalty to us. We maintain reciprocal relationships though providing them technical support and site visits, invitations to dealer and sales conventions. We personalise our relationships with management visits and one-on-one discussion when necessary. Customers also access information about the Company and its products and activities from our corporate website and through media communications. Customer satisfaction surveys are a key method of reaching them and an important source of feedback on our service. These surveys have always been positive over the years.

COMMUNITY ENGAGEMENT

The communities that live in the vicinities of our factories are a critical stakeholder category. They have lived in these areas for generations and our activities have a direct impact on their lives, lifestyles, activities and the environment in which they live. Therefore, building cordial and mutually beneficial relationships with them is of importance to the Company. We ensure that we deal with effluents that might otherwise impact their lives and lifestyles in a responsible manner.

We contribute in a variety of other ways to enable these communities to benefit from our growth processes in ways that recognise the value of their contributions, respect their dignity and enable a fairer distribution of the benefits of growth. We continue to provide them with employment in our factories and this year, about 75 residents near our factories were recruited which gives them an income that elevates their lifestyle.

This year we reached out to communities based must further afield. The Company commenced commercial production of jumbo peanut locally and provided over 1,000 farmer families in the North and East of the country with the raw materials needed to cultivate and sell back the peanut product to the Company at very competitive rates. Cultivation is carried out in both the Yala and Maha seasons in about 250 acres in these areas, which have soil with a calcium-rich content that is vital for peanut cultivation. As a result of the naturally available calcium and other nutrients in this soil, the home grown product is far superior to its imported counterpart. This is both an import substitution as well as export earning project, as peanuts were earlier imported from overseas and processed locally. Overseas suppliers infused gypsum to the soil to provide the peanut plant with the necessary calcium, could produce for one season only due to the onset of winter and were compelled to store the harvested product in cool rooms prior to export. By producing locally, the Company provides these communities with a livelihood and is in return, supplied with larger quantities of a better quality product,

We also continued our flagships project of maintaining the ward at the Horana base hospital, which is a project we have been pursuing for well over a decade. Over the years our staff have transformed the basic facilities the ward into a well-appointed unit equipped to meet the needs of patients, medical care providers, and hospital authorities.

We continue with the maintenance of the Ward 32 at the Colombo National Hospital. This is a surgical ward which is now completely refurbished with new beds, linen and many other facilities for improved patient care.

The Company has also, over the years, fostered leisure care activities. We have been continuously involved in sports and in particular volleyball, the country's national sport and been the Gold Sponsor of the annual Mercantile Volleyball Tournament. We believe that leisure activities are an important aspect of community well-being. These initiatives have been well received and have served to strengthen community ties and interactions.

EMPLOYEES

Our employees are the cornerstone of the business, it is their engagement that is the main contributors to revenue. Therefore, nurturing and developing them is central to the Company's strategy of strengthening our resources to meet the dynamic and evolving needs of stakeholders and society. Studies show that developing the talent of engaged employees also influences the provision of high customer service standards, reduces absenteeism and staff turnover, as well as increases productivity and efficiency.

The senior management has a close and interactive relationship with employees at all levels and is proud of the fact that it has no labour disputes despite having a unionised workforce. Team meetings and activities are encouraged and the training and development needs of staff are identified at annual performance reviews.

Staff are provided with training opportunities at every level and benchmark the best talent in the industry. Opportunities are provided to upgrade skills that equip them to climb the corporate ladder, training is also provided to fill gaps in skills and knowledge necessary for meeting their job descriptions. Time and again the Company has also provided them with need based training on soft skills. Reward schemes have been introduced to motivate performance.

Emails, memos and notice boards are the primary media used in staff communications.

Employee work-life balance is also taken seriously and team spirit in encouraged through a range of recreational activities, although these events were reduced over the past two years due to COVID concerns.

More information on the HR initiatives of the Group is available in the Human Capital report.

SUPPLIERS

With our suppliers, we have mainly established longstanding relationships built and nurtured over the years to ensure we are provided with products of the highest quality, reliability and most equitable prices. This is especially important to us since we manufacture and market many international brands that must be competitive on the global market by conforming to international standards of quality.

We leverage on their logistical advantages and source quality products from suppliers with a market reputation or through reliable third party referrals. We have established procurement procedures for the purchases of various raw materials and finished goods for our manufacturing processes, which follow best practices. We ensure that all payments are made promptly except in the event of a dispute. In such an instance steps are taken to arrive at a mutually agreeable solution at the earliest, in an atmosphere of open dialogue.

We also attempt to, as far as possible, ensure that our suppliers follow ethical business practices in their production processes. Minute attention is paid to the quality of their supplies, since the Group trades in highly competitive international markets that demand specified and stringent standards of quality.

Mainly smallholders supply our rubber manufacturing business with latex and scrap rubber. This provides smallholders with a lucrative outlet for their products, but we ensure that the rubber raw material supplied conforms to stringent international specifications and standards on rubber quality. This follows that the Company purchases only from growers who are familiar with these international specifications and are geared to produce for export markets.

Fruit and vegetable growers who supply to KVC Canneries must be registered with us, the Company purchases organic products only from registered organic farms. It is also mandatory for these suppliers to have country specific international organic certifications.

The Company interacts with its suppliers through one-to-one meetings whenever necessary, as well as at corporate events to which they are invited and supports them with sponsorships of their events. They access information about us from the Annual Report, media communications as well as from our corporate website.

THE GOVERNMENT AND REGULATORY BODIES

We have built cordial and interactive relationships with the government and regulatory authorities with whom we communicate regularly with updates on products, processes and activities to ensure compliance with all applicable statutes and regulations for the manufacturing trading industry. This communication is by way of submitting periodic returns and statements as well as by formal meetings and dialogues when required. They also access regular updates on our activities in the media.

BANKS AND OTHER FINANCIAL INSTITUTIONS

The Company has built cordial business relationships to ensure healthy financial dealings with this key group of financiers, which maintain their long-term trust, goodwill and confidence in our financial strength.

We keep them apprised of developments in our business by providing them with regular business reports and financial statements and have personal meetings with them whenever required. They are also privy to public information obtained from our corporate website and media communications.

ETHICAL BUSINESS PRACTICES AND COMPLIANCE

The C. W. Mackie Group conducts all aspects of its operations in an ethical and transparent manner. That is to say that we follow ethical procurement practices and give priority to partners who emulate ethical business practices. We have no history of corruption or non-compliance nor have any incidents of anti-competitive behavior been recorded for which legal action was taken against the Company, a supplier or a contractor during the period of review. Our operations have not been assessed for risk related corruption and no anti-trust and monopoly practices been recorded during the year, either. We are also proud of the record of our zero convictions on human rights violations on the value chain in this financial year. We confirm that there were no incidents of non-compliance with the laws and regulations in the socio-economic sphere during this fiscal year.

Social and Relationship Capital contd.

FUTURE PLANS

The Company will continue to create value by aligning our stakeholders' expectations alongside Company objectives and will monitor these expectations against delivery. This focus will enable us to introduce mitigating strategies if and when required.

Meanwhile, we will continue to foster long-term, sustainable relationships with our stakeholders based on excellent product quality, our strong brand reputation and an internationally recognised presence and standing in the local and global marketplace.

STAKEHOLDER ENGAGEMENT AND ANALYSIS

Stakeholder	Their expectations of the Company	Arena for dialogue	The Company's measure
Customers: local and overseas, existing and potential	<ul style="list-style-type: none"> • Security of supply • Compliance with regulations • Product safety, quality and performance • Predictability • Availability, service and communication • Sustainable sourcing and production • Ethical standards (anti-corruption, ethical purchases, etc.) • Favourable terms and conditions • Development of new and improved products/services • Market position and reputation • Approach to ESG topics 	<ul style="list-style-type: none"> • Customer meetings • Company website • Marketing communication • Day-to-day operations • Technical support and site visits • Dealer and sales conventions • Management visits • One on one engagements when needed • Customer satisfaction surveys • Media communications 	<ul style="list-style-type: none"> • Delivery agreements, preventive maintenance, long-term planning, • Certifications of Compliance with guidelines • Purchasing policies • Proactive communication • Customer satisfaction surveys • Innovation initiatives
Shareholders and lenders	<ul style="list-style-type: none"> • Sustainability reporting • Good governance • Transparent and available information • Clear and consistent reporting on important and relevant factors • Quantitative goals 	<ul style="list-style-type: none"> • Annual general meetings • Annual report with sustainability report • The Company's website • Interim Financial Statements released to Colombo Stock Exchange (CSE) • Corporate website • Announcements by the CSE • Access through the Company Secretary to obtain clarification/express concerns about any aspect of the Company 	<ul style="list-style-type: none"> • Establishing relevant and quantifiable goals • Preparing and communicating policies • Communicating responsibilities • Communicating risks and opportunities

Stakeholder	Their expectations of the Company	Arena for dialogue	The Company's measure
Employees	<ul style="list-style-type: none"> • Safe workplace • Good reputation • Good working environment • Health and safety • Management and employee participation • Compliance with employee rights • Good working terms and conditions • Qualified and competent workforce 	<ul style="list-style-type: none"> • Employee interviews • Staff meetings/departmental meetings • Good interaction with trade unions • Whistle blowing policy • Employee surveys • Performance appraisals • On-the-job training • Interactive activities and programmes 	<ul style="list-style-type: none"> • Reputation building • Succession planning • Internal and external communication measures • Competency mapping and evaluation
Government authorities and regulators	<ul style="list-style-type: none"> • Compliance with laws and regulations • Sustainability measures • Comprehensive risk management Preparedness • Taxes and duties 	<ul style="list-style-type: none"> • Dialogues meetings • Audits and controls • Participation in industry NGO's and special interest organisations • Environment friendly initiatives • Submission of periodic returns/statements • Communications via the media 	<ul style="list-style-type: none"> • Reporting on progress/sustainability reporting • Transparency and availability • Proactive dialogue • Compliance with the law
Suppliers: overseas and local	<ul style="list-style-type: none"> • Pre-defined quality requirements/security of supply/service level • Predictability/long-term perspective speed of payments, ability and punctuality • Referrals • Integrity 	<ul style="list-style-type: none"> • Supplier meetings • Negotiation dialogues • Day-to-day operations • Procurement procedures based on best practices • Corporate events and sponsorships • Annual report 	<ul style="list-style-type: none"> • Enquiries with a description of requirements and scope • Payment on time • Selection on the basis of long-term perspective and market predictability • Qualifying suppliers based on criteria regarding EHS, quality and code of conduct • Procurement strategy



NATURAL CAPITAL



As a manufacturing company that utilises several agriculture and agro-based raw materials in our processes, we place heavy reliance on natural capital. So, it is in our interests to preserve nature by managing it effectively, because it is our passport to business continuity. This means mitigating the adverse effects of our production processes on the environment. Also, using sustainable practices in every area of business, we realise that we are able to attract and retain high calibre employees as well as responsible shareholders. These many things give us added impetus to nurture our environment.

OUR APPROACH

We have introduced a culture of environment protection and pollution prevention throughout the Group and follow a green manufacturing programme in our factories. As a responsible corporate citizen, we are keenly aware of the important role played by natural capital and have taken a number of measures to ensure that the effluents from the manufacturing processes in our factories cause the least harm to the environment and that our factories comply with all regulations stipulated by local authorities.

We periodically monitor and review manufacturing processes to ensure that they have no adverse effects on the environment or on the people living in their vicinities. We realise that introducing green initiatives benefits the Company as a whole as well, because we improve the overall efficiency of the business. By reducing energy consumption, using raw materials more efficiently, we cut costs and improve efficiency while minimising waste and preventing pollution.

Consumption

The natural resources we consume are energy, agriculture and agro-based produce and water. We are committed to introducing sustainable production patterns in our factories, as far as possible.

Energy Efficiency

We have introduced a number of initiatives to optimise our processes to promote the efficient use of energy and practice smart management of energy throughout the production cycle. We also use energy sources that consume less energy in our processes.

Water Management

The Group emphasises the efficient use of water across all operations whilst providing clean water for all employees and believes that water conservation is vital if global water scarcity is to be averted.

Reducing the environment impact of our manufacturing processes. A number of environmentally friendly initiatives have been introduced over the years to reduce the impact of plant operations on the environment.

Kelani Valley Canneries Limited (KVC) processes fruits and vegetables. When processing, the Company uses electricity and furnace oil fuel and water pumped from tube wells situated on the premises. Several process controls and pollution mitigation technologies have been implemented at its factory, which has an environment protection license (EPL) from the Central Environment Authority (CEA) that is renewed annually.

These initiatives environment-supportive initiatives are:

- A waste water treatment plant that treats effluents and re-uses the grey water outflow
- Organic production of fruit and vegetables is carried out using the grey water outflow, which has also been utilised to grow a fruit orchard that includes a flourishing pineapple garden
- The solid waste generated from the processed fruit and vegetable products is contracted to plantations and removed from the premises for re-use as compost fertiliser
- Glass and polythene are removed by licensed suppliers for recycling purposes

Ceymac Rubber Company Limited responsibly recycles chemicals and other components that produce waste and effluents during the rubber manufacturing process at its factory in Narthupana, Horana. The factory holds the annual Environmental Protection License issued by the CEA, which has been renewed for the year.



The plant uses effluent treatment technology to ensure optimal resource utilisation by:

- Reducing and recycling solid waste
- Treating the industrial waste water from Technically Specified Rubber (TSR) production and then discharging the treated water into a fish pond. Fish were introduced to monitor water quality and regular testing is carried out to ensure that the quality is maintained in line with CEA regulations
- Installing a scrubber air pollution system to control the odour produced in the rubber manufacturing process
- Using firewood rather than diesel to fuel the gasifier
- Ensuring sealed warehouses for storing chemicals and other hazardous components, which can be accessed only by authorised personnel

Scan water bottling plant uses water for bottling purposes from tube wells installed in a carefully controlled environment within its premises. These tube wells follow the perimeter protection specified by statutory regulations, which assure a health and high-quality product.

The plant received the ISO 14001:2015-EMS certification from the Sri Lanka Standards Institution(SLS) in recognition of the plant's initiatives in successfully identifying, managing and mitigating its environmental impact and improving its environmental performance through utilising resources efficiently and reducing waste.

The plant:

- Utilises effluent-minimising technologies that comply with all local statutory and environmental standards and regulations and promote the 3 Rs namely: resource, recovery and re-use in water recycling
- Introduced a water re-use programme that facilitates the re-use of about 10% to 15% of the water from the filler to rinse the bottles prior to bottling, once this water has been subjected to basic treatments and processed for sanitation purposes
- Introduced environmentally friendly glass water bottles to replace plastic bottles in certain sizes
- Promotes a green concept in all operations

A new waste water treatment system was added to the plant this year, which ensures that the treated water is devoid of toxins when it is returned to the earth.

Sunquick Lanka (Private) Limited has also introduced several environmentally friendly initiatives that include a recycling drive in partnership with the Beira Group in Horana for recycling Pet bottles. These bottles are in turn, used by the Beira Group uses as a raw material for producing yarn for export.

The plant received a new waste water management system to ensure that the quality of the natural environment is maintained.

Delish Manufacturing and Processing Plant is fully automated and has been utilising state-of-the art technology that promotes environment sustainability since its inception five years ago. A new waste water management system was added to the plant this year for water purification purposes.

Scan Jumbo Peanut and Snack Manufacturing Plant is the newest plant added during this calendar year, when the Company decided to grow and process peanut production locally. The plant was set up utilising the latest technologies to improve efficiencies and promote environmental friendly processes. A waste water management system was also introduced during the year.

GREEN ENVIRONMENT INITIATIVE

An ecogreen landscaping system has also been introduced and foliage is being grown in its surroundings to further the aim of fostering a green environment. Saplings have been donated to nearby schools as well to promote environment awareness among school children and the surrounding communities.

Natural Capital contd.



WASTE MATERIAL ON THE OFFICE PREMISES

Waste material produced in the office is dealt with using a sustainable materials strategy that focuses on increasing the use of recycled and renewable materials and reducing or eliminating unsafe or excess materials through removal by licensed suppliers.

NATIONAL GREEN REPORTING SYSTEM

As a further measure to reduce its carbon and water foot print the Company has volunteered for Green Reporting and registered for the National Green Reporting System of the Ministry of Environment. The Company now communicates on a regular basis on its sustainable initiatives and performance in compliance with the Company's environmental policy. The system considers optimum resource utilisation, recycling waste internally and externally as a community, as well as energy conservation methods implemented for operational purposes.

COMLIANCE WITH ENVIRONMENTAL REGULATIONS

To date, no incidents have been reported of non-compliance with regulations related to the health and safety impacts of our operations or the disposal of waste.

NEW ENVIRONMENTALLY-FRIENDLY INITIATIVES INTRODUCED DURING THE YEAR

A new waste water management system was added to four plants this year, namely, the Scan Water bottling plant, Scan Jumbo Peanut and Snack Manufacturing Plant, the Sunquick Lanka Manufacturing facilities, as well as the Delish Food Ingredients and Confectionery Plant.

FUTURE PLANS FOR SUSTAINABILITY

The Group will continue with its environmental management initiatives by pursuing sustainable production and new technology that ensures compliance, improves efficiency and reduces wastage by following internationally accepted best practices. This will also strictly comply with the regulatory requirements of the local authorities and ensure a sustainable future for people and the planet.





HUMAN CAPITAL



The challenges of the contemporary talent market are motivating companies to change their human resources approach. Businesses are now equipping themselves with digital HR strategies that keeps people at the forefront and build solutions for automation, engagement and monitoring analytics that are changing how companies operate internally. Digital transformation is saving time, money and improving communication while driving productivity, and giving employees the ability to work from anywhere and facilitating information-based business decisions. The days of manual, paper-based HR processes are gone.

OUR APPROACH

We recognise the importance of keeping in step with the times to meet present day human resource requirements. Therefore, in 2020, the Company adopted a digital transformation strategy by moving its HR operations onto a cloud-based platform. This has equipped the human resources department to:

- Stay competitive in a competitive labour market
- Create engaging employee experiences that inspire loyalty
- Optimise time and processes
- Generate a solid return of investment on resources and cost savings

The results are visible in terms of simplified business processes and better data-driven decision making which have improved the employee experience and enhanced operational performance.

HUMAN RESOURCES DEVELOPMENT AND REMUNERATION MANAGEMENT

The Company achieved its goal of digital transformation in April 2021 and fully migrated to the hSenid HRIS system during the year. The digital human resources solution that the Company supports has various processes, among them is the payroll module which is now fully functional and will facilitate generous staff increments during the next financial year.

The benefits module which enables the expense reimbursements of all staff in real time was introduced during the year. This digitalised process which completely eliminates paper work, is a long-awaited staff requirement and is a welcome initiative for field staff especially who can now upload their expense statements from any mobile device and access them from wherever they are. Following an expedited approval process, the information on their reimbursements is automatically effected and they get the relevant alert. Earlier, these reimbursements were tedious and time-consuming and involved several layers of approval and considerable paperwork.

The performance module has now been set up with specially structured performance criteria and will be fully operational in the forthcoming year. Staff performance will be assessed based on KPI's introduced through the Human Resources Information System (HRIS).

The effectiveness of digital transformation throughout the Company was confirmed by the exceptional financial results achieved by staff in all locations of the Company during the year of review, despite the limitations of the pandemic. The contributions of dedicated and motivated staff is the primary reason for the Company's highly commendable financial performance and profitability during this financial year.

COVID-19 RESPONSE

It was another year of restricted employee movements due to the COVID-19 pandemic. Reinforcing its commitment to care for its people, the Company continued its health & safety initiatives this year too to minimise the spread of Covid among staff, through a series of containment measures introduced at all locations. These initiatives proved successful in containing the virulent Omicron variant of COVID-19 and ensured that all locations functioned with minimal interruptions to business continuity and in fact improved on the previous year's work momentum. Employees affected by COVID-19 were provided with the necessary leave and health facilities that enabled them to recover fast and return to work.

Human Capital contd.

Despite many constraints, our employees did not compromise on any area of health and safety especially because we operate in the food industry where hygiene and safety is paramount.

REWARDS AND RECOGNITION

Six staff who had served the Company for over 25 years received long service awards at a special ceremony held on New Year Day, 1 January 2022. Staff from all locations gathered at the head office to felicitate them for their loyalty and commitment to the Company over the years.



EMPLOYEE TRAINING AND DEVELOPMENT

Since the Group conducts a diversified business that requires a range of competencies, training for job-specific skills is carried out as and when required. The respective heads of division communicate the training needs of staff to the HR division which then identifies and executes the appropriate training.

This year too, COVID concerns limited training initiatives and training was conducted virtually. Front line managers and the HR team also received training on labour law which had been updated substantially over the past year. However, based on research confirming that motivational training carried out virtually had a low success rate since it lacks the human touch, minimal motivational training initiatives were conducted virtually during the year of review.

EXTENSION OF RETIREMENT AGE

As a responsible company that cares for the well-being of its staff, C. W. Mackie PLC responded speedily to the government's mandate of extending the retirement age of employees from the present 55 years to 60 years.

About half the Company's total staff cadre is in this category, so considerable restructuring and changes to internal policy were necessary to accommodate the continued employment of about 300 staff who would otherwise have been retiring over the next few years.

EQUAL OPPORTUNITY RECRUITMENT

The Group is committed to ensuring that no discrimination by way of gender, race, religion or caste is practiced at the stage of recruitment or at any other point during the employee's career with the Company. This is addressed in the HR manual and policies of the Group.

INDUSTRIAL HARMONY

The Company is proud of its continued unblemished record of industrial harmony. No industrial disputes, strikes nor absenteeism due to labour disputes, have occurred in any of the Group companies or subsidiaries over the past 8 years, as a result of a two-way collaborative process introduced from inception.

This year especially, the union at Ceytra (Private) Limited as well as staff at the non unionised staff in the other factories of the Company, worked throughout the COVID lockdown to facilitate the smooth operations of the Company.

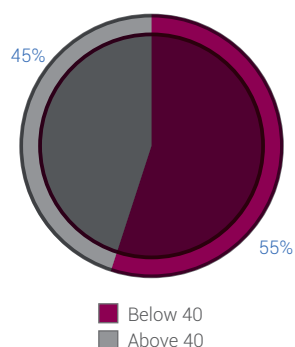
CHILD LABOUR

The Group does not employ males or females under 18 years of age in its offices or factories. This also includes employment in manual and semi-skilled work. The Company has maintained the minimum age of recruitment to 18 years from inception.

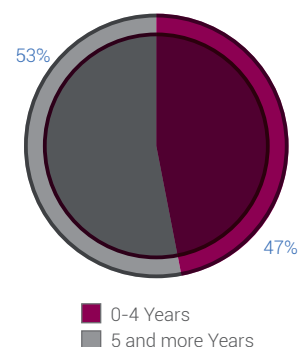
STAFF PROFILES AND RELATED HR ANALYTICS

This function relates to the processes and analysis of data on the culture, patterns and ways in which people are recognised at work. Over 94% of staff is in the permanent cadre and the balance 6% are contract employees. The Company is also proud of its record of high staff retention, as over 53% of employees have been with the Group for more than five years. This confirms that C. W. Mackie PLC is realising its aim of being the preferred place of work. Despite its reputation for tradition the Company also enjoys a healthy mix of staff above and below 40 years of age with a leaning towards a younger team. This ensures the temperance of energy and innovation with age and experience.

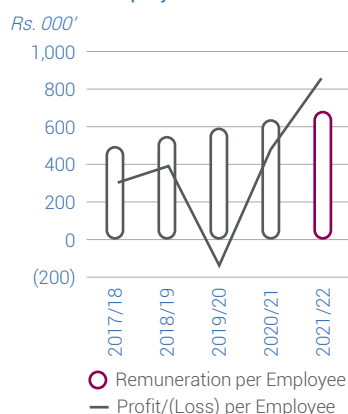
Employee Age Analysis



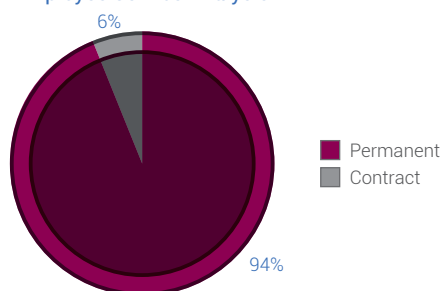
Employee Service Analysis



Employee Value Creation



Employee Service Analysis



Rs. **395.47** Mn
Remuneration

Rs. **23.22** Mn
Staff Medical and COVID-19
Related Special Precautionary
Arrangements

574
EMPLOYEES

Rs. **5.03** Mn
Training and Development

Rs. **13.36** Mn
Invested in CWM Staff
Non-Contributory Gratuity Fund

Human Capital contd.

FUTURE PLANS

The exigencies of COVID-19 added to the socio-economic pressures that have arisen as a result of the uncertainties of contemporary life, have caused tremendous disruptions to how people work and live. Rising stress levels are being manifested through deteriorating mental health, sliding on-the-job performance, absenteeism and reduced tolerance in the workplace. Organisations are therefore compelled to rethink, reimage and reconsider how they foster talent, deliver employee services and strengthen the workplace ethic in these new realities and HR has a critical role to play in supporting employees as well as companies by catalysing workplace change and fostering harmony. A forward thinking HR strategy that delivers the most compelling work experience in the current circumstances through creating a nurturing work environment is essential. HR must now go beyond providing employees with remuneration and benefits commensurate with their professional skills and performance and take steps to address the mental health needs of staff at all levels.

Given these circumstances, the Company's HR department is fully aware of the expanded role it is now required to play and is gearing itself to meet the mental health requirements of employees in the near future.



Valuing our stakeholders and their ideas for over a century



ANNUAL REPORT OF THE BOARD OF DIRECTORS

For the financial year ended 31 March 2022

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 2022 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 6.

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 12 to 16.

WAY FORWARD

The Group continued to implement the Business Process Re-engineering Project, introduced in June 2020. The project mainly focuses on cost management strategies and structural changes to improve efficiency and has introduced a plan that focuses on two specific areas involving improving productivity in the Company's manufacturing facilities as well as providing end-to-end digitalised solutions to identified operating processes.

Steps are also being taken to further expand and segregate the Industrial Products Cluster, which has been identified as being a business cluster with considerable potential for growth and profitability over the next years. This will enable the Group to develop and fine-tune its new product trading activities.

The forthcoming year will also see increased emphasis on spice exports and exports of non-traditional products to niche markets.

Further information on the outlook for the future of the Group 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 2022 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 2022 is Rs.228,221,421/87.

The float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.13 (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 171 to 172 and information relating to earnings, dividends and net assets per share is given in the Year in Review on page 8.

The twenty largest shareholders of the Company and details of public holding as at 31 March 2022 are indicated on page 172.

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 2022. 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	2022 Rs. 000's	2021 Rs. 000's
Revenue	13,163,499	10,927,486
Results from operating activities	808,468	542,859
Net financing income/(costs)	55,082	(115,173)
Share of Joint Venture's loss	(127,808)	(50,516)
Profit before taxation	735,742	377,170
Income tax expense	(240,335)	(121,499)
Profit for the year	495,407	255,671
Non-controlling interests	12,524	9,013
Profit attributable to equity holders	507,931	264,684

The Financial Statements of the Company and Group are set out on pages 105 to 167 of the Annual Report.

DIVIDEND

The Directors have authorised the distribution of a first and final dividend of Rs.10/- per share for the financial year ended 31 March 2022 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 2022 amounted to Rs.2,803.17 million (2021 - Rs.2,092.79 million). The movement of the reserves is given on page 107 under Statement of Changes in Equity and in the Notes 21 and 22 to the Financial Statements.

GROUP REVENUE

Group revenue was Rs.13,163.50 million during the year under review (2021 - Rs.10,927.49 million).

DONATIONS

The Directors have approved and made donations of Rs.243,000/- (2021 - Rs.51,400/-) 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.263.44 million (2021 - Rs.238.54 million).

BORROWINGS

Group total borrowing was Rs.2,644.59 million as at 31 March 2022 (2021 - Rs.1,730.32 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 17 to 19.

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.

Annual Report of the Board of Directors contd.

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 fifteen (15) 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 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 eleven (11) 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. He was appointed as Deputy Chairman of the Company with effect from 1 January 2022.

Mr. S. D. R. Arudpragasam retires by rotation in terms of Article 89 of the Articles of Association and being eligible, offers himself for re-appointment with the unanimous support of the Board of Directors.

Mr. W. T. Ellawala, Chairman and Chief Executive Officer of the Company, retires at the conclusion of the Annual General Meeting for the year. He was appointed a Director of the Company on 24 November 1993 and assumed the role of Chairman/Chief Executive Officer on 1 July 2002. The Board of Directors unanimously wish to place on record and without reservation recognize Mr. Ellawala's immense contribution to the C. W. Mackie PLC Group towards its stability and significant growth during his tenure of office.

As Deshabandu A. M. de S. Jayaratne, Mr. H. D. S. Amarasuriya, Dr. T. Senthilveri, Mr. S. D. R. Arudpragasam and Mr. A. Hettiarachchy are over 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 June 2022 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 173. The appointment of Deshabandu A. M. de S. Jayaratne, Mr. H. D. S. Amarasuriya, Dr. T. Senthilveri, Mr. S. D. R. Arudpragasam and Mr. A. Hettiarachchy has the unanimous support of the Board of Directors.

Mr. E. A. A. K. Edirisinghe who was appointed as a Director of the Company on 1 April 2022, 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.

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 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 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 2022	Shareholding as at 1 April 2021
W. T. Ellawala (Chairman/CEO)	500	500
Ms. C. R. Ranasinghe	100	100
A. M. de S. Jayaratne	Nil	Nil
Anushman Rajaratnam	Nil	Nil
S. D. R. Arudpragasam	Nil	Nil
Dr. T. Senthilverl	1,782,575	1,782,575
H. D. S. Amarasuriya (Deputy Chairman - from 1 January 2022)	Nil	Nil
K. T. A. Mangala Perera	Nil	Nil
Sanjeev Rajaratnam	Nil	Nil
A. Hettiarachchy (from 18 August 2021)	Nil	N/A
E. A. A. K. Edirisinghe (from 1 April 2022)	N/A	N/A

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors responsibility for financial reporting is given on page 85.

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 86 to 90.

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 128 to 133.

MARKET VALUE OF PROPERTIES

Freehold lands of the Group, which are carried at cost, were re-valued by a professionally qualified independent valuer as at 31 March 2022. The Directors are of the opinion that the carrying values of the freehold lands 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 91 to 94.

RATIOS AND MARKET PRICE INFORMATION

Details of ratios and relevant market price information are disclosed under Year in Review on page 8.

REMUNERATION COMMITTEE

The composition of the Remuneration Committee and their Report is given on page 96.

AUDIT COMMITTEE

The composition of the Audit Committee and their Report is given on page 98.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of the Company and are in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange.

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 2022.

The composition of the Related Party Transactions Review Committee and their Report is given on page 97.

Annual Report of the Board of Directors contd.

NOMINATION COMMITTEE

The composition and scope of the Nomination Committee and their Report is given on page 95.

AUDITORS

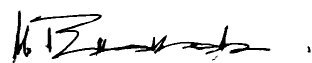
The Auditor's Report on the Financial Statements for the year under review is given on pages 100 to 104.

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.3.36 million (2021 - Rs.2.80 million) for the Company and Rs.5.27 million (2021 - Rs.4.62 million) for the Group, respectively and additionally for non-audit related work Rs.0.28 million (2021 - Rs.1.54 million) for the Company and Rs.0.44 million (2021 - Rs.1.77 million) 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.

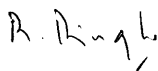
By Order of the Board



W. T. Ellawala
Chairman/CEO



K. T. A. Mangala Perera
Executive Director



Ms. C. R. Ranasinghe
Company Secretary

Colombo
22 June 2022

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.

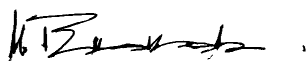
The Directors have provided the Auditors, KPMG, Chartered Accountants, with every opportunity to carry out reviews, tests and inspections that they consider appropriate and necessary to give their audit opinion. The opinion expressed by the Auditors appear on pages 100 to 104 of this Annual Report.

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.

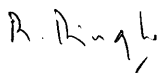
By Order of the Board



W. T. Ellawala
Chairman/CEO



K. T. A. Mangala Perera
Executive Director



Ms. C. R. Ranasinghe
Company Secretary

Colombo
22 June 2022

CORPORATE GOVERNANCE

The Directors are committed to maintain the highest standards of corporate governance practiced in the interest of stakeholders (not with standing that during the year under review the principal shareholders held 88.47% 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, three Executive Directors and seven other Directors.

The Directors have a wide range of expertise as well as significant experience and knowledge in the areas of management, commercial, financial, legal and marketing enabling them to discharge their governance duties in an efficient and effective manner. The present Directors and their profiles are given on pages 17 to 19 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, moving to digital platforms when necessary.

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.

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 155.

BOARD SUB-COMMITTEES

The Board Sub-Committees have been set up with specific responsibilities to assist the Board in discharging its duties. The composition and scope of these Sub-Committees are given below:

Name	Composition	Scope
Audit Committee <i>(The Report is given on page 98)</i>	<p>Consists of the two (2) Independent/Non-Executive Directors and a Non-Executive Director. The Committee is chaired by an Independent/Non-Executive Director. The Company Secretary functions as Secretary to the Audit Committee.</p> <p><i>Vide Rule 7.10.6(a) of the Listing Rules of the Colombo Stock Exchange, the Committee shall comprise a minimum of two independent/non-executive directors where the Company has only two directors on Board or of non-executive directors a majority of whom shall be independent, whichever is higher.</i></p> <p><i>Chairman of the Committee shall be a non-executive director appointed by the Board and a member of a recognised professional accounting body.</i></p>	<p>Empowered, <i>inter alia</i>, 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.</p>
Related Party Transactions Review Committee <i>(The Report is given on page 97)</i>	<p>Consists of the two (2) Independent/Non-Executive Directors and two (2) Executive Directors. The Committee is chaired by an Independent/Non-Executive Director. The Company Secretary functions as Secretary to the Related Party Transactions Review Committee.</p> <p><i>Vide Rule 9.2.2 of the Listing Rules of the Colombo Stock Exchange, the Committee shall comprise a combination of non-executive directors and independent/non-executive directors and may also include executive directors at the option of the Company.</i></p> <p><i>Chairman of the Committee shall be an independent non-executive director.</i></p>	<p>Ensure, <i>inter alia</i>, 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 provide independent review and oversight of all proposed Related Party Transactions under Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE Rules), other than those exempt, as may be defined from time to time under the CSE Rules.</p>

Corporate Governance contd.

Name	Composition	Scope
Remuneration Committee <i>(The Report is given on page 96)</i>	<p>Consists of the two (2) Independent/Non-Executive Directors and a Non-Executive Director. One Independent/Non-Executive Director functions as the Chairman of the Committee. The Company Secretary functions as Secretary to the Remuneration Committee.</p> <p><i>Vide Rule 7.10.5(a) of the Listing Rules of the Colombo Stock Exchange, the Committee shall comprise a minimum of two independent/non-executive directors where the Company has only two directors on Board or of non-executive directors a majority of whom shall be independent, whichever is higher.</i></p> <p><i>Chairman of the Committee shall be a non-executive director appointed by the Board.</i></p>	<p>Provide recommendations to the Board of the remuneration levels of Executive Director/s, Group Management/Senior Executives based on a structured methodology in evaluating their performance annually.</p>
Nomination Committee <i>(The Report is given on page 95)</i>	<p>Consists of the two (2) Independent/Non-Executive Directors and a Non-Executive Director. The Committee is chaired by an Independent/Non-Executive Director. The Company Secretary functions as Secretary to the Nomination Committee.</p> <p><i>Vide Terms of Reference for Nomination Committees as mentioned in the Code of Best Practice on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka, majority of the members of the Committee shall be non-executive directors and shall include at least one or one-third, whichever is higher, of independent/non-executive directors.</i></p> <p><i>Chairman of the Committee shall be an independent/non-executive director appointed by the Board.</i></p>	<p>Provide, <i>inter alia</i>, advice and recommendations on the appointment and the re-appointment of members to the Board of Directors and key management personnel of C. W. Mackie PLC, ensure that the Board has a diverse appropriate balance of skills and experience and consider the succession plan for the Chief Executive Officer and other key management personnel.</p>

MEETINGS AND ATTENDANCE

Attendance at Board Meetings and Board Sub-Committee Meetings are given below:

Name	Directorship	Attendance				
		Board Meetings	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee	Nomination Committee
Mr. W. T. Ellawala	Chairman/CEO	3/3		4/4		
Ms. C. R. Ranasinghe	Executive Director/Company Secretary	3/3				
Deshabandu A. M. de S. Jayaratne	Non-Executive/Independent Director	3/3	4/4*	4/4	1/1*	2/2*
Mr. S. D. R. Arudpragasam	Non-Executive/Independent Director	3/3			1/1	2/2
Mr. Anushman Rajaratnam	Non-Executive Director	3/3	3/4			
Dr. T. Senthilverl	Non-Executive Director	3/3				
Mr. H. D. S. Amarasuriya	Non-Executive/Independent Director (<i>Deputy Chairman - from 1 January 2022</i>)	3/3	4/4	4/4*	1/1	2/2
Mr. K. T. A. Mangala Perera	Executive Director	3/3		3/4		
Mr. Sanjeev Rajaratnam	Non-Executive Director	2/3				
Mr. A. Hettiarachchy (<i>from 18 August 2021</i>)	Non-Executive Director	2/3				
Mr. E. A. A. K. Edirisinghe (<i>from 1 April 2022</i>)	Executive Director	N/A				

* Chairman of the Committee

Corporate Governance contd.

RELATIONSHIP WITH SHAREHOLDERS

The Company has opened up several channels to ensure sound communication with the shareholders. The Chairman/CEO, the Executive Directors 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 100 to 104.

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 85.

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 84 of this Annual Report.

RISK MANAGEMENT

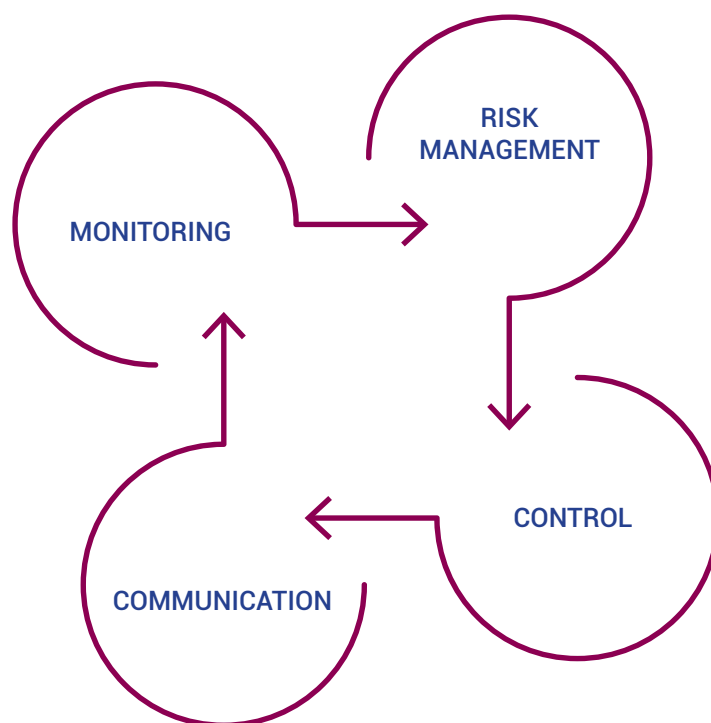
Successful businesses have to both do the right things and do things right to stay ahead. Many companies lose out on opportunities because they ignore key areas of risk. Prudent Risk management empowers us with the necessary tools to adequately identify and deal with potential risks and provides us with a basis to undertake sound decision making. By evaluating a plan for handling potential threats and then developing structures to address them, we substantially improve our odds of continuous business success.

OUR APPROACH

Risk management is considered one of the important functions of C. W. Mackie PLC and is an integral part of our management and control system, ensuring the timely identification, analysis, measurement, management and reporting of risks. Our risk management framework is designed to achieve maximum integration of risk management into our day-to-day business activities and processes. The management of the Company is responsible for risk management but the Board of Directors has overall responsibility and the internal and external auditors also play critical roles. The Company reviews its strategies, processes, procedures and guidelines continuously to effectively identify, assess and respond to risks.

These measures ensure that the Company continues to provide sustainable returns to shareholders as well as meet its obligations to other stakeholders.

In a Group such as ours with a diversified portfolio of export, import and import-based manufacturing businesses, the risks are higher and bring with them a whole gamut of risk, which are at times high because it is more difficult to resolve issues due to currency depreciation, distance, different systems of justice, language barriers and other areas of diversity. Imports too are accompanied by varied risks of foreign exchange, credit etc. We realise that If these potential risks are not identified and assessed before they occur and managed and controlled if and when they do, we could incur heavy losses to our capital/ earnings or to our reputation, or to both. This will affect our ongoing operations as well as continuity into the future.



Risk Focus

The main focus of the Company's risk management process is adequate risk steering as opposed to mere risk avoidance or minimisation. This system provides the basis for successful value based management including the efficient allocation of capital and the optimisation of key performance measures through the consistent consideration of risk return implications.

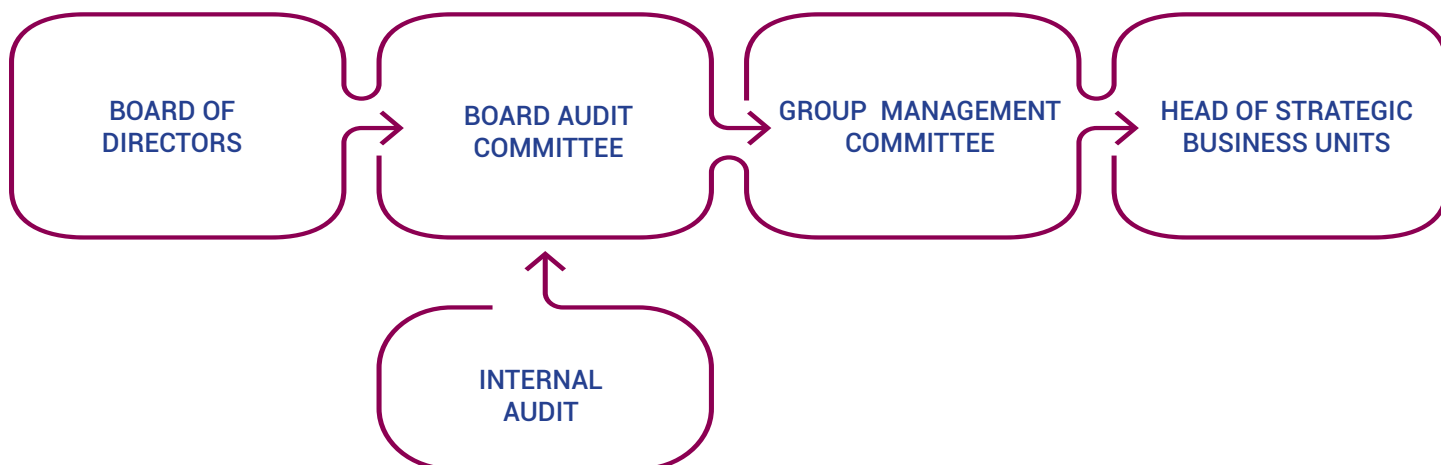
The Company adopts the four main strategies to manage risk depending on the type of risk:

1. Avoidance
2. Acceptance
3. Reduction or control
4. Transference

GOVERNANCE OF RISK MANAGEMENT

The Group Management Committee, Board of Directors and Board Audit Committee work closely to ensure that risk management complies with the relevant standards. 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.

Risk Management contd.



RISK FACTORS

a. Strategic Risk

Strategic Risk covers the risk that the Group's future business plans and strategies will not be realised and also includes risks associated with the markets and industries in which we operate, in which the demand for our products and services will reduce substantially or competitor threats increase and if no new technologies or product innovations are introduced or the present technologies become obsolete. Simply strategic risk is the risk associated with failed business decisions.

Sources of strategic risk can arise out of the following:

- Mergers, acquisitions and other competition
- Market or industry changes
- Changes in the customer base or in customer demand
- Change management
- Human resource issues, such as staffing
- Financial issues with cash flow, capital or cost pressures
- IT disasters and equipment failure
- Relationship issues
- Reputational damage

Risk mitigation

The Group adopts suitable business planning and forecasting initiatives and carries regular market intelligence reviews and surveys to ensure business strategic risks are identified, measured and addressed proactively.

b. Operational Risk

Operational risk is the risk of losses caused by flawed or failed systems, processes, policies or events that disrupt business operations. Employee errors, criminal activity such as fraud are also among the factors that can trigger operational risk. The Group faces a number of operational risks on an ongoing basis including stock management supply chain management, key supplier failure and IT security.

There are five categories of operational risk, namely: people risk, process risk, systems risk, external events risk, legal and compliance risk.

Risk mitigation

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.

c. Financial Risk

Financial risk relates to the Group's ability to meet financial obligations, inter alia, credit risk, liquidity risk volatility in foreign currency exchange rates and interest rates. It also covers market risk stemming from business operations which includes commodity price fluctuations. Financial risk is a type of danger that could result in the loss of capital to interested parties.

Risk mitigation

The Group has established strong measures to manage the impacts arising from liquidity and solvency constraints by matching the liabilities from relevant cash inflows.

d. Credit Risk

Credit risks arise due to non-payment of a company's goods and services 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.

Risk mitigation

The Group 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 only reliable distributors/customers are selected and maintained.

e. Market Risk

Market risk refers to the risk arising from volatilities in market forces which is especially relevant for a Company that has an import-export business. The Company faces market risk in international spheres in terms of fluctuating rates of interest, inflation and exchange.

Risk mitigation

The Group continuously monitors and evaluates market forces and implements adequate controls.

f. Foreign Exchange Risk

Foreign exchange risk refers to the losses that an international financial transaction may incur due to currency fluctuations and is especially relevant for a company that transacts business in various markets that use various and volatile currencies influenced by the eco-political situations in their countries.

Risk mitigation

The Group mostly uses its export proceeds to settle import bills, which effectively provides for foreign exchange exposure by minimising any adverse impact.

g. Interest Rate Risk

Interest rate risk is the potential that a change in overall interest rates will reduce the value of a fixed rate investment.

Risk mitigation

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.



We realise that If these potential risks are not identified and assessed before they occur and managed and controlled if and when they do, we could incur heavy losses to our capital/ earnings or to our reputation, or to both. This will affect our ongoing operations as well as continuity into the future.

Risk Management contd.

h. Inflation Rate Risk

Inflation rate risk is the risk of reduction of purchasing power if the value of the Company's investments does not keep up with inflation. The Company serves both individuals and institutional clients and upward revisions in inflation rates reduces the purchasing power of customers and consequently, the potential demand for products as well as increases the Company's cost base.

Risk mitigation

The Group closely monitors fluctuations in price levels and focuses on efficiently managing its cost base to ensure minimal price increases to customers.

i. Liquidity Risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. Due to the nature of the business, the Company must ensure that working capital cycles are properly maintained to ensure that operations are not compromised due to the lack of adequate working capital.

Risk mitigation

The Group implements effective credit control policies to ensure timely collection from debtors, maintains proper inventory levels and ensures obligations to its creditors are met on time.

j. Legal and Compliance Risk

Legal and compliance risk relates to changes in the state and regulatory environment and the compliance requirements with policies and procedures. This compliance includes those related to financial reporting, environmental health and safety, intellectual property and government regulations. Non-compliance in any of these areas could result in the Company losing its license to operate, or at least, will pose additional costs or cause us to change our business models or practices.

Risk mitigation

The Group implements periodic reviews to ensure accountability with strict adherence to all necessary regulations in relation to statutes, regulatory guidelines and environmental rules.

l. Human Resource Risk

This risk arises as a result of failure to attract, develop and retain a skilled workforce.

Risk mitigation

The Group has well-structured processes in place to identify top performing, dedicated and loyal employees and to retain them in the long-term.

j. Principal Risk

Principal Risk can be defined as the loss of principals or business partners due to intense competition and global mergers and acquisitions.

Risk mitigation

The Group maintains mutually beneficial relationships with its principals/business partners and regularly assesses service levels to ensure that their expectations are met.

REPORT OF THE NOMINATION COMMITTEE

The Nomination 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. 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 Nomination Committee.

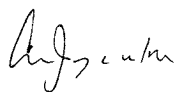
Written Terms of Reference approved by the Board of Directors deal clearly with the authority and duties of the Nomination Committee.

The scope of the Committee includes the following:

- Provide advice and recommendations on the appointment and the re-appointment of members to the Board of Directors.
- Consider the selection and appointment of a Chairman in case a vacancy arises.
- Periodic review of the structure, size, composition and competencies required of a Board member and make recommendations to the Board with regard to any changes.
- Provide advice and recommendations if so directed by the Board on the appointment of any key management personnel of C. W. Mackie PLC.
- Consider the succession plan for the Chief Executive Officer and other key management personnel.

The Nomination Committee meets as and when there is a necessity. During the financial year under review, the Committee met on two occasions.

Proceedings of the Nomination Committee Meetings are circulated to the full Board of the Company.



A. M. de S. Jayaratne
Chairman
Board of Directors' Nomination Committee

22 June 2022

REPORT OF THE REMUNERATION COMMITTEE

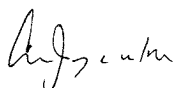
The Remuneration Committee of the Board of Directors of C. W. Mackie PLC consists of the two (2) Independent/Non-Executive Directors, viz. Deshabandu A. M. de S. Jayaratne (Chairman of the Committee) and Mr. H. D. S. Amarasuriya and Non-Executive Director, Mr. S. D. R. Arudpragasam. Mr. W. T. Ellawala (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 June 2022

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 2022, the Related Party Transactions Review Committee had four (4) meetings and Related Party Transactions for each quarter 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 2022.



H. D. S. Amarasuriya
Chairman
Board of Directors' Related Party Transactions Review Committee

22 June 2022

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 2022 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 organizational controls and the Risk Management Framework in place provide a reasonable assurance as to the reliability of the Company's financial reporting, safeguarding of its assets and compliance with statutory requirements, as well as compliance with the Listing Rules of the Colombo Stock Exchange.

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

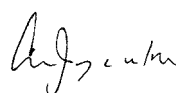
The Audit Committee has discussed with the External Auditors the scope and conduct of the annual audit.

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.

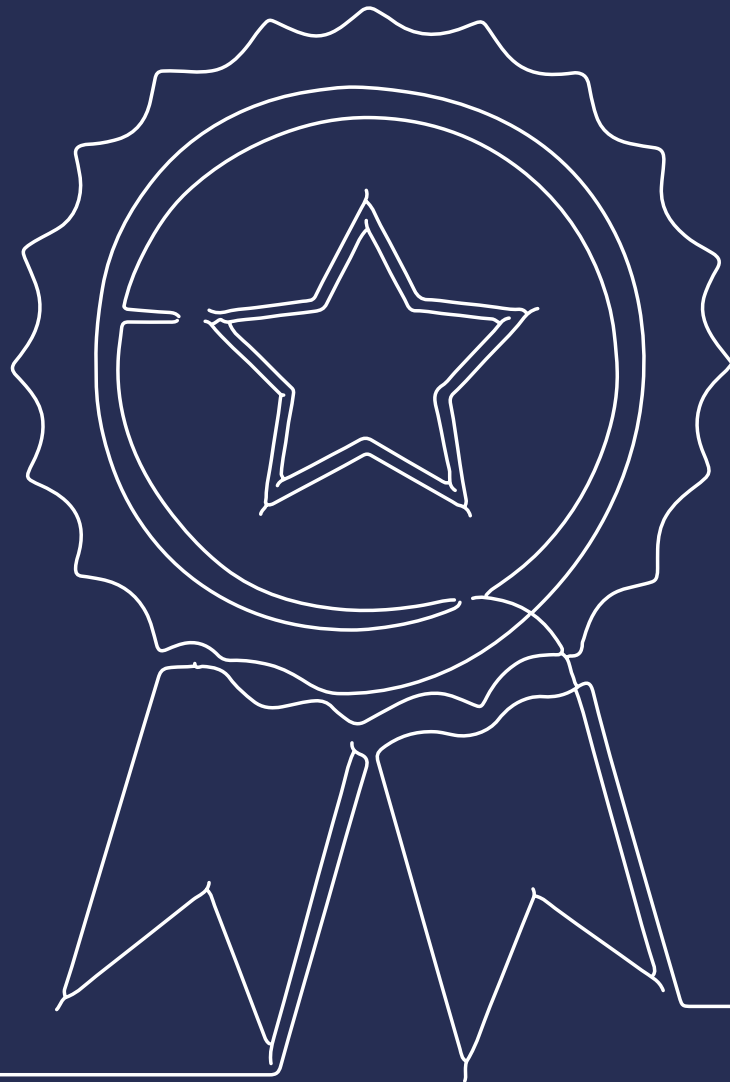
The Audit Committee after evaluating the effectiveness of the independent performance of the External Auditors, has recommended to the Board of Directors that KPMG, Chartered Accountants, be re-appointed Auditors for the financial year ending 31 March 2023 at a remuneration to be determined by the Board, subject to the approval of the Shareholders at the Annual General Meeting.



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

22 June 2022

**Championing transparency
and accuracy in establishing
our reporting standards**



INDEPENDENT AUDITOR'S REPORT



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(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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Colombo 00300, Sri Lanka.

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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 2022, 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 105 to 167.

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 2022, 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.

P.Y.S. Perera FCA
W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA

T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratna FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W. A. A. Weerasekara CFA, ACMA, MRICS



Revenue Recognition

Refer to the accounting policies in "Note 3.15 to the Financial Statements: Revenue", "Note 05 to the Financial Statements: Revenue"

Risk Description	Our responses
<p>The Group revenue from sale of goods amounting to Rs.13,163,499,000/- 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.</p> <p>In addition, the Group 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.</p> <p>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.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> • 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.

Revaluation of the Land

Refer to the accounting policies in "Note 3.5 to the Financial Statements: Property, plant and equipment", "Note 12 to the Financial Statements: Property, plant and equipment"

Risk Description	Our responses
<p>As at the reporting date 31 March 2022, freehold land carried at fair value, classified as Property, Plant and Equipment amounted to Rs.1,278,768,000/-.</p> <p>Management's assessment of fair value of these lands were determined on valuations performed by a qualified independent property valuer in accordance with recognised industry standards.</p> <p>Estimating the fair value is a complex process which involves a significant degree of judgement and estimates in respect of per perch price of the land, capitalization rates, value per square feet, diversity of locations and nature of the properties.</p> <p>We identified assessing the valuation of land owned by the Group as a key audit matter because of the complexity of the valuation, significant judgement and estimation.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> • Assessing appropriateness of the key assumptions used against externally published market comparable or industry data where available. • Assessing the objectivity, independence, competence and qualifications of the external valuer. • Assessing the adequacy of the disclosures in the financial statements.



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	Our responses
<p>As at the reporting date, the Group holds inventory of Rs.2,080,664,000/-. 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.</p> <p>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, the prevailing uncertain and volatile macro-economic environment due to implication of 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.</p> <p>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 .</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> • 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. <p>On a sample basis, we have performed the following:</p> <ul style="list-style-type: none"> • 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.



Allowance for Impairment losses 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	Our responses
<p>The Group has recognised trade receivable from related parties and trade receivables balances of Rs.15,120,000/- and Rs.2,405,893,000/- as at 31 March 2022, after provision for impairment of Rs.81,939,000/- and Rs.120,374,000/- respectively.</p> <p>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.</p> <p>Allowance for impairment losses of trade receivables remains one of the most significant judgment made by the management particularly in light of the prevailing uncertain macro-economic outlook in Sri Lanka as at the reporting date due to the implication of Covid-19 outbreak.</p> <p>We identified Allowance for impairment losses 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 Allowance for impairment losses of trade receivables.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> 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 current market and economic development. Challenging how management had assessed the impact of the prevailing uncertain macro-economic outlook and 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 allowance for impairment losses 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.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
22 June 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Group		Company	
		2022 Rs. 000's	2021 Rs. 000's	2022 Rs. 000's	2021 Rs. 000's
Revenue	5	13,163,499	10,927,486	12,086,938	9,989,462
Cost of sales		(11,204,985)	(9,446,724)	(10,263,536)	(8,640,954)
Gross profit		1,958,514	1,480,762	1,823,402	1,348,508
Other operating income	6	185,123	164,157	173,978	186,714
Distribution expenses		(607,152)	(465,900)	(579,670)	(433,784)
Administrative expenses		(728,017)	(636,160)	(642,344)	(565,015)
Results from operating activities	7	808,468	542,859	775,366	536,423
Finance income		232,495	22,741	252,643	36,275
Finance costs		(177,413)	(137,914)	(144,976)	(116,853)
Net financing income/(costs)	8	55,082	(115,173)	107,667	(80,578)
Share of joint venture's loss	14.2.1	(127,808)	(50,516)	(127,808)	(50,516)
Profit before taxation		735,742	377,170	755,225	405,329
Income tax expense	9	(240,335)	(121,499)	(232,063)	(120,830)
Profit for the year		495,407	255,671	523,162	284,499
Other comprehensive income/(expense) net of income tax					
Items that will not be reclassified to profit or loss					
Revaluation of land		534,711	-	191,851	-
Actuarial gain/(loss) on defined benefit plans		76,784	(31,349)	50,251	(22,058)
Share of other comprehensive income/(expense) of equity accounted investee	14.2.2	209	(103)	209	(103)
Related taxes on other comprehensive income	28	(150,078)	(5,943)	(46,044)	3,922
Other comprehensive income/(expense) for the year, net of tax		461,626	(37,395)	196,267	(18,239)
Total comprehensive income for the year		957,033	218,276	719,429	266,260
Profit/(loss) attributable to:					
Equity holders of the parent		507,931	264,684	523,162	284,499
Non-controlling interests		(12,524)	(9,013)	-	-
Profit for the year		495,407	255,671	523,162	284,499
Total comprehensive income/(expense) attributable to:					
Equity holders of the parent		962,301	227,937	719,429	266,260
Non-controlling interests		(5,268)	(9,661)	-	-
Total comprehensive income for the year		957,033	218,276	719,429	266,260
Basic earnings per share (Rs.)	10	14.11	7.35	14.54	7.91
Dividend per share (Rs.)	11	7.00	-	7.00	-

Figures in brackets indicate deductions.

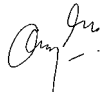
The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements set out on pages 110 to 167.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Assets					
Non-current assets					
Property, plant and equipment	12.1 / 12.2	1,757,724	1,659,019	666,353	367,026
Investment property	12.4	766,995	188,258	9,582	14,382
Intangible assets	12.5	10,735	1,469	10,634	1,419
Right-of-use asset	12.6	74,979	107,261	74,692	106,545
Investments in subsidiaries	13	-	-	931,518	931,518
Investment in joint venture	14	163,547	291,146	163,547	291,146
Deferred tax assets	28.1	9,395	9,395	-	-
Total non-current assets		2,783,375	2,256,548	1,856,326	1,712,036
Current assets					
Inventories	15	2,080,664	1,924,202	1,851,311	1,772,889
Trade and other receivables	16	3,246,496	2,806,387	3,079,417	2,576,955
Interest bearing short-term loans to related parties	17	111,302	200,000	111,302	200,000
Cash and cash equivalents	19	181,752	64,296	132,940	54,751
Total current assets		5,620,214	4,994,885	5,174,970	4,604,595
Total assets		8,403,589	7,251,433	7,031,296	6,316,631
Equity and liabilities					
Equity					
Stated capital	20	507,047	507,047	507,047	507,047
Capital reserves	21	746,852	362,219	224,214	78,407
Revenue reserves	22	2,056,321	1,730,573	2,391,974	2,070,272
Equity attributable to equity holders of the Parent Company		3,310,220	2,599,839	3,123,235	2,655,726
Non-controlling interests	23	328,522	333,790	-	-
Total equity		3,638,742	2,933,629	3,123,235	2,655,726
Liabilities					
Non-current liabilities					
Long term borrowings	24.2	239,995	31,478	78,454	-
Lease payable after one year	25.1	52,154	76,386	52,154	76,180
Retirement benefit obligation	26	50,233	116,560	22,100	67,004
Deferred income/revenue	27.1	706	1,680	-	-
Deferred tax liability	28.1	336,731	131,788	131,272	38,635
Total non-current liabilities		679,819	357,892	283,980	181,819
Current liabilities					
Deferred income/revenue	27.1	338	75	-	-
Current portion of long term borrowings	24.2	65,769	106,657	21,546	91,750
Lease payable within one year	25.2	24,232	27,420	24,026	27,104
Interest bearing short-term borrowings	29	2,066,793	1,295,064	1,920,793	1,161,064
Income tax payable	30	107,672	73,551	108,000	73,879
Trade and other payables	31	1,624,578	2,263,829	1,388,156	1,956,993
Bank overdrafts	19	195,646	193,316	161,560	168,296
Total current liabilities		4,085,028	3,959,912	3,624,081	3,479,086
Total Liabilities		4,764,847	4,317,804	3,908,061	3,660,905
Total equity and liabilities		8,403,589	7,251,433	7,031,296	6,316,631
Net assets value per share (Rs.)		91.98	72.24	86.78	73.79

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 110 to 167.

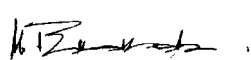
I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



C. Welengoda
General Manager - Group Finance

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

The Financial Statements on pages 105 to 167 were approved by the Board of Directors and were signed in Colombo on 22 June 2022 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 2022

Group	Attributable to equity holders of the Parent Company						Non-controlling interests	Total
	Stated capital	Capital reserve	Revaluation reserve	General reserve	Retained earnings	Total		
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Balance as at 1 April 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
Balance as at 1 April 2021	507,047	8,734	353,485	7,000	1,723,573	2,599,839	333,790	2,933,629
Total comprehensive income/(expense) for the year								
Profit/(loss) for the year	-	-	-	-	507,931	507,931	(12,524)	495,407
Other comprehensive income, net of tax	-	-	384,633	-	69,737	454,370	7,256	461,626
Total comprehensive income/(expense) for the year	-	-	384,633	-	577,668	962,301	(5,268)	957,033
Contributions by and distributions to equity holders								
Dividends (Note 11)	-	-	-	-	(251,920)	(251,920)	-	(251,920)
Total distributions to equity holders	-	-	-	-	(251,920)	(251,920)	-	(251,920)
Balance as at 31 March 2022	507,047	8,734	738,118	7,000	2,049,321	3,310,220	328,522	3,638,742

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 110 to 167.

Statement of Changes in Equity contd.

For the year ended 31 March 2022

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 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 income/(expense), net of tax	-	-	3,922	-	(22,161)	(18,239)
Total comprehensive income for the year	-	-	3,922	-	262,338	266,260
Balance as at 31 March 2021	507,047	14,909	63,498	7,000	2,063,272	2,655,726
Balance as at 1 April 2021	507,047	14,909	63,498	7,000	2,063,272	2,655,726
Total comprehensive income for the year						
Profit for the year	-	-	-	-	523,162	523,162
Other comprehensive income, net of tax	-	-	145,807	-	50,460	196,267
Total comprehensive income for the year	-	-	145,807	-	573,622	719,429
Contributions by and distributions to equity holders						
Dividends (Note 11)	-	-	-	-	(251,920)	(251,920)
Total distributions to equity holders	-	-	-	-	(251,920)	(251,920)
Balance as at 31 March 2022	507,047	14,909	209,305	7,000	2,384,974	3,123,235

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 110 to 167.

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	Group		Company	
		2022 Rs. 000's	2021 Rs. 000's	2022 Rs. 000's	2021 Rs. 000's
Cash flows from operating activities					
Profit before taxation		735,742	377,170	755,225	405,329
Adjustments for:					
Depreciation and amortisation of investment property, intangible assets, right-of-use asset and property, plant and equipment		143,714	134,526	109,502	113,661
Profit on disposal of property, plant and equipment	6	(210)	(11,904)	(127)	(11,835)
Write-off of property, plant and equipments		35	-	35	-
Share of joint venture's loss	14.2.1	127,808	50,516	127,808	50,516
Provision for retirement benefit obligation	26.6	23,814	19,091	15,680	12,177
Finance income	8.2	(14,558)	(11,437)	(22,544)	(24,458)
Finance costs	8.2	177,413	137,914	144,976	116,853
Unrealised profit/(loss) on inventory		12	(1,264)	-	-
Provision for slow moving inventories	15.1	74,758	96,714	73,395	95,136
Provision for market returns		-	16,000	-	16,000
Provision for impairment of trade receivables	16.4	55,583	29,528	54,179	28,653
Provision for other receivables	16.6.1	8,199	-	8,199	-
Operating profit before working capital changes		1,332,310	836,854	1,266,328	802,032
Changes in working capital					
Change in inventories		(231,232)	(889,343)	(151,817)	(849,616)
Change in trade and other receivables		(503,890)	(429,923)	(564,839)	(411,308)
Change in interest bearing short-term loans to related parties		88,698	15,586	88,698	15,586
Change in trade and other payables		(639,251)	1,097,694	(568,837)	892,521
Change in deferred income/revenue		(711)	803	-	-
Cash generated from operating activities		45,924	631,671	69,533	449,215
Interest paid		(166,667)	(123,706)	(134,285)	(102,742)
Payments to gratuity fund	26.5	(13,357)	(13,025)	(10,333)	(10,102)
Gratuity paid	26.2/26.3	-	(692)	-	-
Income tax paid	30	(151,349)	(124,165)	(151,349)	(121,718)
Net cash flows from/(used in) operating activities		(285,449)	370,083	(226,434)	214,653
Cash flows from investing activities					
Purchase of property, plant and equipment, investment properties, intangible assets		(263,508)	(238,535)	(189,619)	(23,601)
Proceeds from disposal of property, plant and equipment		254	12,749	171	12,577
Net cash flows used in investing activities		(263,254)	(225,786)	(189,448)	(11,024)
Cash flows from financing activities					
Long term borrowings obtained/(repayments)		167,749	(56,313)	8,370	(99,960)
Short-term borrowings obtained/(repayments)		771,729	(108,527)	759,729	(97,527)
Lease rental paid	25.4	(38,287)	(39,925)	(37,916)	(39,554)
Interest received	8.2	14,558	11,437	22,544	24,458
Dividend paid	11	(251,920)	-	(251,920)	-
Net cash flows (used in)/from financing activities		663,829	(193,328)	500,807	(212,583)
Net changes in cash and cash equivalents		115,126	(49,031)	84,925	(8,954)
Cash and cash equivalents at the beginning of the year		(129,020)	(79,989)	(113,545)	(104,591)
Cash and cash equivalents at the end of the year	19	(13,894)	(129,020)	(28,620)	(113,545)

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 110 to 167.

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 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on "Presentation of Financial Statements" (LKAS 1).

2.5 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.

2.6 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.

In determining the basis of preparing the Financial Statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing uncertain and volatile macro-economic environment and implications of COVID-19 pandemic condition and its impact on the Group companies and the appropriateness of the use of the going concern basis.

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. Detailed disclosure is provided under Note 34 to the Financial Statements.

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 2021/22, 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.

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 13 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.

Notes to the Financial Statements contd.

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 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.
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.
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.
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 or 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.

Notes to the Financial Statements contd.

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 2022, 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 of 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	3-5 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.

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.
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3.6.3 De-recognition

An investment property shall be de-recognised 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
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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.

Notes to the Financial Statements contd.

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.

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	<p>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.</p> <p>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 de-recognised 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.</p>
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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.

Notes to the Financial Statements contd.

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".

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or gain or loss on curtailment is recognised immediately in profit or loss. The Group recognise gain and losses on the settlement of the defined benefit plan when the settlement occurs.

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 35 and 36 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.

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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and therefore accounted for these under LKAS 37-"Provisions, Contingent Liabilities and Contingent Assets".

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.

Notes to the Financial Statements contd.

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.

Standards Issued but not yet Effective

- (a) SLFRS 17-Insurance Contracts
- (b) Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts Costs of Fulfilling a Contract
- (c) Amendments to LKAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- (d) Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework
- (e) Amendment to SLFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021
- (f) Amendments to LKAS 1: Classification of Liabilities as Current or Non-Current
- (g) Amendment to LKAS 1: Disclosure of Accounting Policies
- (h) Amendment to LKAS 1: Definition of Accounting Estimates
- (i) Amendment to LKAS 12: Deferred tax related to Assets and Liabilities arising from a single transaction

The amendments are effective for reporting periods beginning on or after 1 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.

5. REVENUE

For the year ended 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Gross revenue	13,838,279	11,398,971	12,738,305	10,440,929
Less:				
Trade and free issues	(169,956)	(137,089)	(169,956)	(137,089)
Turnover related taxes	(504,824)	(334,396)	(481,411)	(314,378)
Net revenue	13,163,499	10,927,486	12,086,938	9,989,462

Turnover related taxes includes Value Added Tax (VAT).

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:

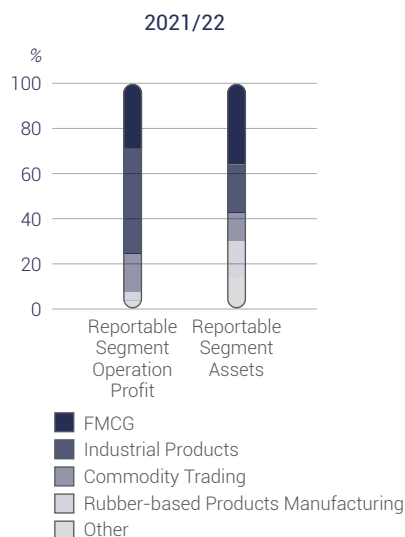
- **Commodity trading**
Export and local sale of all grades of natural rubber, thick pale crepe rubber (TPC), ribbed smoked sheet rubber (RSS), desiccated coconut, non traditional spices and sugar trading.
- **Rubber-based products manufacturing**
Manufacture of technically specified rubber (TSR), plantation 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.

Notes to the Financial Statements contd.

5.1 Operating Segments contd.

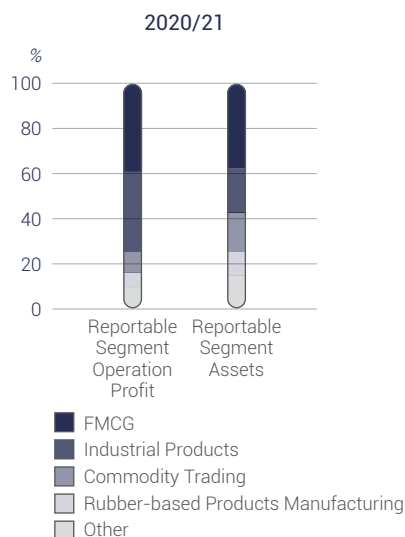
For the year ended 31 March 2022

Group Business segments	Commodity Trading Rs.000's	Rubber-based Products Manufacturing Rs.000's	Industrial Products Rs.000's	FMCG Rs.000's	Other Rs.000's	Consolidated Rs.000's
Total revenue	5,534,956	1,007,180	2,097,987	4,756,002	-	13,396,125
Inter-segment revenue	(16,731)	(20,978)	(1,106)	(193,811)	-	(232,626)
Revenue from external customers	5,518,225	986,202	2,096,881	4,562,191	-	13,163,499
Segment gross profit	383,060	74,409	649,479	851,566	-	1,958,514
Operating overheads	(233,263)	(29,569)	(209,450)	(547,605)	(92,171)	(1,112,058)
Depreciation and amortisation	(10,784)	(11,538)	(25,104)	(57,287)	(39,001)	(143,714)
Contribution to defined benefit plan for gratuity	(3,135)	(6,267)	(3,136)	(6,571)	(4,705)	(23,814)
Provision for impairment of trade debtors	(1,201)	(504)	(36,242)	(13,400)	(4,236)	(55,583)
Other operating income	269	6,982	2,630	5,229	170,013	185,123
Results from operating activities	134,946	33,513	378,177	231,932	29,900	808,468
Finance income (including foreign exchange gain/loss)	224,942	19,146	-	(1,757)	(9,836)	232,495
Finance costs	(11,553)	(11,459)	(47,662)	(44,904)	(61,835)	(177,413)
Share of joint venture's loss	-	-	-	-	(127,808)	(127,808)
Profit/(loss) before taxation	348,335	41,200	330,515	185,271	(169,579)	735,742
Income tax expense	(52,463)	(2,516)	(78,848)	(54,164)	(52,344)	(240,335)
Profit/(loss) for the year	295,872	38,684	251,667	131,107	(221,923)	495,407
Total assets	1,066,634	1,328,059	1,758,377	3,036,782	1,213,737	8,403,589
Total liabilities	984,163	510,760	865,538	1,874,288	530,098	4,764,847
Capital expenditure	884	41,086	9,289	175,742	36,434	263,435
Total depreciation	10,784	11,538	25,104	57,287	39,001	143,714



For the year ended 31 March 2021

Group Business segments	Commodity Trading Rs.000's	Rubber-based Products Manufacturing Rs.000's	Industrial Products Rs.000's	FMCG Rs.000's	Other Rs.000's	Consolidated 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 profit	-	-	-	-	(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



Notes to the Financial Statements contd.

6. OTHER OPERATING INCOME

For the year ended 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Sundry income	5,560	10,562	4,481	9,264
Commission income	2,070	1,569	2,070	1,569
Profit on disposal of property, plant and equipment	210	11,904	127	11,835
Government grants	887	75	-	-
Service fee	600	1,036	19,884	21,002
Export handling fee	-	288	21,973	17,020
Rent income	175,796	138,723	125,443	126,024
	185,123	164,157	173,978	186,714

7. RESULTS FROM OPERATING ACTIVITIES

For the year ended 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
7.1 Results from Operations is Stated after Charging:				
Depreciation/amortisation on				
-Property, plant and equipment	86,368	88,339	71,636	71,959
-Investment property	23,829	8,842	4,800	4,799
-Intangible assets	1,235	5,063	1,213	5,050
-Right-of-use asset	32,282	32,282	31,853	31,853
Directors' emoluments (Note 32.2)	37,750	28,665	34,732	28,665
Personnel expenses (Note 7.3)	395,475	341,968	292,250	244,195
Auditors' remuneration - Audit fees	5,270	4,616	3,360	2,800
-Non-audit services	439	1,766	275	1,535
-Audit-related fees and expenses	379	210	230	190
Other auditors' remuneration-Internal audit fees	1,843	1,513	1,602	1,185
Write-off of economic service charges during the year (Note 9.5)	2,989	4,735	-	-
Provision for market returns	-	16,000	-	16,000
Provision for obsolete inventories (Note 15.1)	74,758	96,714	73,395	95,136
Provision for impairment of trade receivables (Note 16.4)	55,583	29,528	54,179	28,653
Write-off of property, plant and equipments	35	-	35	-

7.2 Results from Operations Comprise those of the:

Company	775,366	536,423	775,366	536,423
Subsidiary Companies	33,102	6,436	-	-
	808,468	542,859	775,366	536,423

7.3 Personnel Expenses:

Salaries and wages	318,284	275,787	235,934	197,090
Contribution to defined contribution plans (EPF/MSPS/ ETF)	53,377	47,090	40,636	34,928
Contribution to defined benefit plan for gratuity (Note 26.6)	23,814	19,091	15,680	12,177
	395,475	341,968	292,250	244,195

8. NET FINANCING COSTS

For the year ended 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
8.1 Interest Cost				
Interest on other borrowings	166,547	123,706	133,865	102,430
Lease interest	10,866	14,208	10,811	14,111
Interest on inter company balances	-	-	300	312
	177,413	137,914	144,976	116,853
8.2 Interest Income				
Interest on fixed deposits/savings accounts	(3,256)	(11,437)	(1,906)	(11,013)
Interest from inter company balances	-	-	(9,336)	(5,784)
Interest on related party loan granted	(11,302)	(7,661)	(11,302)	(7,661)
Net foreign exchange gain	(217,937)	(3,643)	(230,099)	(11,817)
	(232,495)	(22,741)	(252,643)	(36,275)
	(55,082)	115,173	(107,667)	80,578

9. INCOME TAX EXPENSE

For the year ended 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
9.1 Current Tax Expense				
Income tax on current year's profit (Note 9.3)	185,475	128,945	185,475	128,945
Under/(over) provision for previous year	(5)	466	(5)	(176)
	185,470	129,411	185,470	128,769
Deferred tax expense				
Deferred taxation (Note 28)	54,865	(7,912)	46,593	(7,939)
	54,865	(7,912)	46,593	(7,939)
	240,335	121,499	232,063	120,830

9.2 The Company and subsidiaries are liable for income tax at the rate of 24%, 18% and 14% (2021-24%, 18% & 14%) on taxable profits in accordance with the provisions of Inland Revenue Act No. 24 of 2017.

Notes to the Financial Statements contd.

For the year ended 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
9.3 Reconciliation of Accounting Profit to Income Tax:				
Profit before income tax	735,742	377,170	755,225	405,329
Less: Other sources of income	101,411	35,234	105,265	38,659
Aggregate disallowable expenses	552,475	392,164	488,145	343,798
Aggregate allowable expenses	(574,200)	(246,898)	(494,243)	(215,328)
Other sources of income	26,397	27,883	22,543	24,458
Assessable income	841,825	585,553	876,935	596,916
Assessable income set-off against tax losses	(12,604)	(10,986)	-	-
Taxable income	829,221	574,567	876,935	596,916
Applicable tax rates:				
Income tax @ 24%	148,953	112,130	148,953	112,130
Income tax @ 18%	2,881	1,877	2,881	1,877
Income tax @ 14%	33,641	14,938	33,641	14,938
Total income tax on taxable profit	185,475	128,945	185,475	128,945
9.4 Accumulated Tax Losses				
Tax losses at the beginning of the year	478,261	468,132	-	-
Adjustment to the tax loss brought forward	2	(2,498)	-	-
Loss for the year	47,702	23,613	-	-
Tax loss set off during the year	(12,604)	(10,986)	-	-
Tax losses at the end of the year	513,361	478,261	-	-
9.5 Economic Service Charge				
Balance at the beginning of the year	2,989	37,987	-	30,263
Set off against income tax	-	(30,263)	-	(30,263)
Write-off during the year	(2,989)	(4,735)	-	-
Balance at the end of the year	-	2,989	-	-

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	
	2022	2021	2022	2021
Net profit attributable to ordinary shareholders (Rs. 000's)	507,931	264,684	523,162	284,499
Weighted average number of ordinary shares	35,988,556	35,988,556	35,988,556	35,988,556
Earnings per share (Rs.)	14.11	7.35	14.54	7.91

11. DIVIDEND PER SHARE

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
Gross dividend paid during the year (Rs.)	251,919,892	-	251,919,892	-
Weighted average number of ordinary shares	35,988,556	35,988,556	35,988,556	35,988,556
Dividend per share (Rs.)	7.00	-	7.00	-

Notes to the Financial Statements contd.

12. PROPERTY, PLANT AND EQUIPMENT
12.1 Property, Plant and Equipment - Group

As at 31 March	Buildings on Leasehold Land	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
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	744,057	234,075	309,904	71,372	72,831	299,715	62,995	572,670	2,406,038
Adjustment for write off	-	-	-	-	-	-	-	(42)	-	(42)
Additions during the year	2,810	-	45,724	70,176	5,597	35,974	17,655	35,864	32,658	246,458
Disposals during the year	-	-	-	-	(865)	(97)	(804)	-	-	(1,766)
Transfers to investment property	-	-	-	-	-	-	-	-	(596,017)	(596,017)
Revaluation during the year	-	534,711	-	-	-	-	-	-	-	534,711
Balance at the end of the year	41,229	1,278,768	279,799	380,080	76,104	108,708	316,566	98,817	9,311	2,589,382
Accumulated depreciation										
Balance at the beginning of the year	29,537	-	72,603	258,433	63,446	57,924	222,653	42,423	-	747,019
Adjustment for write off	-	-	-	-	-	-	-	(7)	-	(7)
Depreciation charge for the year	2,972	-	3,551	20,541	5,092	7,777	39,097	7,338	-	86,368
Disposals during the year	-	-	-	-	(865)	(97)	(760)	-	-	(1,722)
Balance at the end of the year	32,509	-	76,154	278,974	67,673	65,604	260,990	49,754	-	831,658
Written down value:										
As at 31 March 2022	8,720	1,278,768	203,645	101,106	8,431	43,104	55,576	49,063	9,311	1,757,724
As at 31 March 2021	8,882	744,057	161,472	51,471	7,926	14,907	77,062	20,572	572,670	1,659,019

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 Equipment	Freehold Motor Vehicles	Furniture and Fittings	Capital Work-in-Progress	Total 2022	Total 2021
	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	172,057	51,670	134,249	65,229	42,617	275,206	56,343	-	835,790	831,130
Adjustment for write off	-	-	-	-	-	-	-	(42)	-	(42)	-
Additions during the year	2,810	-	7,318	65,915	5,290	35,514	17,240	35,793	9,311	179,191	23,053
Disposals during the year	-	-	-	-	(776)	(97)	(332)	-	-	(1,205)	(18,393)
Revaluation during the year	-	191,851	-	-	-	-	-	-	-	191,851	-
Balance at the end of the year	41,229	363,908	58,988	200,164	69,743	78,034	292,114	92,094	9,311	1,205,585	835,790
Accumulated depreciation											
Balance at the beginning of the year	29,537	-	15,458	98,320	57,670	29,605	201,423	36,751	-	468,764	414,456
Adjustment for write off	-	-	-	-	-	-	-	(7)	-	(7)	-
Depreciation charge/reversal for the year	2,972	-	(3,575)	16,203	4,784	6,873	37,433	6,946	-	71,636	71,959
Disposals during the year	-	-	-	-	(776)	(97)	(288)	-	-	(1,161)	(17,651)
Balance at the end of the year	32,509	-	11,883	114,523	61,678	36,381	238,568	43,690	-	539,232	468,764
Written down value:											
As at 31 March 2022	8,720	363,908	47,105	85,641	8,065	41,653	53,546	48,404	9,311	666,353	-
As at 31 March 2021	8,882	172,057	36,212	35,929	7,559	13,012	73,783	19,592	-	-	367,026

Notes to the Financial Statements contd.

12.3 Land and Building Carried at Revalued Amount

Company/location	Last revaluation date	Extent	Estimated price per perch Rs.	Cost of acquisition Rs.000's	Revaluation surplus Rs.000's	Carrying amount as at 31.03.2022 Rs.000's
Freehold land						
C. W. Mackie PLC						
Scan Water Bottling Plant - Munagama, Horana	31.03.2022	3A,0R,5.21P	750,000/-	71,944	191,850	363,908
Ceymac Rubber Company Limited						
Aramangolla, Horana	31.03.2022	5A,0R,0.45P	800,000/-	3,350	600,360	640,360
Thebuwana, Narthupana	31.03.2022	5A,1R,10.00P	150,000/-	469	129,250	137,250
		0A,2R,11.00P	125,000/-			
Kelani Valley Canneries Limited						
Kaluaggala, Hanwella	31.03.2022	2A,0R, 35.00P	450,000/-	39,000	98,250	137,250

12.4 Investment Property

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Cost				
Balance at the beginning of the year	249,658	249,658	62,346	62,346
Additions	6,549	-	-	-
Transfers from capital working progress	596,017	-	-	-
Balance at the end of the year	852,224	249,658	62,346	62,346
Accumulated depreciation				
Balance at the beginning of the year	61,400	52,558	47,964	43,165
Depreciation charge for the year	23,829	8,842	4,800	4,799
Balance at the end of the year	85,229	61,400	52,764	47,964
Written down value at the end of the year	766,995	188,258	9,582	14,382

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 latest 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 No: 36, D.R.Wijewardena Mawatha, Colombo 10	270.8
Sunquick Lanka Properties (Private) Limited Munagama, Horana	275.0
Total	545.8

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

For the year ended 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Rent income	175,796	138,723	125,443	126,024
Direct operating expenses arising from investment property that generated rental income during the year	20,420	21,004	13,591	14,175

12.5 Intangible Assets

Software purchased

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Cost				
Balance at the beginning of the year	69,344	68,796	69,277	68,729
Additions	10,501	548	10,428	548
Balance at the end of the year	79,845	69,344	79,705	69,277
Accumulated amortisation				
Balance at the beginning of the year	67,875	62,812	67,858	62,808
Amortisation for the year	1,235	5,063	1,213	5,050
Balance at the end of the year	69,110	67,875	69,071	67,858
Written down value at the end of the year	10,735	1,469	10,634	1,419

Notes to the Financial Statements contd.

12.5.1 Intangible assets are included in the Statement of Financial Position as follows:

Intangible asset	Useful life	Amortization method	Type	Impairment testing
License	5 Years	Straight-line	Acquired	When the indicators of the impairment exist. The amortisation method is reviewed at each financial year end.
Sales Force Automation System	5 Years	Straight-line	Acquired	
Human Resources Information Systems	5 Years	Straight-line	Acquired	
E Mail Solution	5 Years	Straight-line	Acquired	
Enterprise Resource Planning System (ERP)	5 Years	Straight-line	Acquired	

12.6 Right-of-use Asset

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Cost				
Balance at the beginning of the year	164,689	164,689	162,544	162,544
Balance at the end of the year	164,689	164,689	162,544	162,544
Accumulated depreciation				
Balance at the beginning of the year	57,428	25,146	55,999	24,146
Depreciation charge of the right-of-use assets for the year	32,282	32,282	31,853	31,853
Balance at the end of the year	89,710	57,428	87,852	55,999
Written down value as at 31 March	74,979	107,261	74,692	106,545

12.7 (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 2022 is Rs.626 million (2021-Rs.497.3 Mn)

Company

The gross carrying amount of fully depreciated property, plant and equipment still in use as at 31 March 2022 is Rs.417 million (2021-Rs.307.8 Mn)

(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

12.8 Property, Plant and Equipment Extent

Company/location	Extent	No of Buildings
Leasehold Land and Buildings		
<i>C. W. Mackie PLC</i>		
No: 36, D.R.Wijewardena Mawatha, Colombo 10	1A, 2R, 13.86P	4
Investment Property		
<i>C. W. Mackie PLC</i>		
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		
<i>C. W. Mackie PLC</i>		
Scan Water Bottling Plant - Munagama, Horana	3A,0R,5.21P	4
<i>Ceymac Rubber Company Limited</i>		
Aramangolla, Horana	5A,0R,0.45P	11
Thebuwana, Narthupana	5A,1R,10.00P	8
<i>Kelani Valley Canneries Limited</i>		
Kaluaggala, Hanwella	2A,0R, 35.00P	7

12.9 Capitalisation of Borrowing Costs

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

12.10 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 2022. Group applies the revaluation model for the entire class of freehold land and carried at revalued amount as at 31 March 2022.

12.11 Capital Work-in Progress

The capital work-in progress balance as at 31 March 2022 represent the cost incurred by C. W. Mackie PLC on the glass water bottling plant to improve the production capacity of the factory. Accordingly, the Company has capitalised the improvements made to machinery, land and buildings in the design stage of the project as at the financial year end.

The capital work-in progress balance as at 31 March 2021, 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 the 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.

Notes to the Financial Statements contd.

13. INVESTMENTS IN SUBSIDIARIES

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
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 2022 and present value of expected cash flows exceeds its carrying value and thus, no impairment was recognised.

Subsidiaries-Unquoted	Principal activity	Holding %	Deemed cost	
			31.03.2022 Rs.000's	31.03.2021 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
Kelani Valley Canneries Limited	Manufacture, for sale and distribution locally as well as exporting 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

14. INVESTMENTS IN JOINT VENTURE

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Sunquick Lanka (Private) Limited	163,547	291,146	163,547	291,146
	163,547	291,146	163,547	291,146

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:

For the year ended 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Summarised Statement of Profit or Loss and Other Comprehensive Income				
Revenue	1,384,221	1,038,131	1,384,221	1,038,131
Operating expenses	(1,333,248)	(1,076,276)	(1,333,248)	(1,076,276)
Other operating income	6,086	15,426	6,086	15,426
Finance income	-	9,899	-	9,899
Finance cost	(294,796)	(95,213)	(294,796)	(95,213)
Loss before tax	(237,737)	(108,033)	(237,737)	(108,033)
Income tax expense	(23,096)	4,940	(23,096)	4,940
Loss for the year	(260,833)	(103,093)	(260,833)	(103,093)
Other comprehensive expense				
Actuarial gain/(loss) on defined benefit plans	427	(211)	427	(211)
Total other comprehensive expense	427	(211)	427	(211)
Total comprehensive expense for the year	(260,406)	(103,304)	(260,406)	(103,304)
14.2.1 Share of loss recognised for the year	(127,808)	(50,516)	(127,808)	(50,516)
14.2.2 Share of loss recognised in other comprehensive income/(expense)	209	(103)	209	(103)
As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Summarised Statement of Financial Position				
Non current assets	976,534	978,664	976,534	978,664
Current assets	1,145,130	1,148,860	1,145,130	1,148,860
Non current liabilities	584,551	469,461	584,551	469,461
Current liabilities	1,203,344	1,063,888	1,203,344	1,063,888
Equity	333,769	594,175	333,769	594,175
Carrying amount of the investments	163,547	291,146	163,547	291,146
Equity reconciliation				
Carrying value as at 1 April	291,146	341,765	291,146	341,765
Share of loss	(127,599)	(50,619)	(127,599)	(50,619)
Carrying value as at 31 March	163,547	291,146	163,547	291,146

Notes to the Financial Statements contd.

15. INVENTORIES

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Raw materials	278,036	97,753	122,288	8,319
Work-in-progress	16,408	12,948	-	-
Finished goods	1,622,839	1,695,142	1,590,062	1,664,677
Goods-in-transit	539	586	539	586
Other consumables	121,143	66,822	88,516	39,784
Right to recover returned goods	139,428	139,428	139,428	139,428
	2,178,393	2,012,679	1,940,833	1,852,794
Less: Provision for slow moving inventories (Note 15.1)	(97,729)	(88,477)	(89,522)	(79,905)
	2,080,664	1,924,202	1,851,311	1,772,889

15.1 Provision for Slow Moving Inventories

Balance at the beginning of the year	88,477	69,067	79,905	57,993
Provision made during the year	74,758	96,714	73,395	95,136
Write-off during the year	(65,506)	(77,304)	(63,778)	(73,224)
Balance at the end of the year	97,729	88,477	89,522	79,905

Inventories mentioned above are stated at the lower of cost and net realisable value. Inventories amounting to Rs.1,966.4 million (2021 - Rs.1,821.8 million) have been pledged as security for short-term loans and overdraft facilities obtained from banks (Note 29.2)

16. TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Trade receivables from related parties (Note 16.1)	15,120	14,119	133,150	152,512
Trade receivables (Note 16.3)	2,405,893	2,348,364	2,266,398	2,112,946
Deposits	11,106	10,754	8,196	7,844
Loans to employees (Note 16.5)	23,178	23,193	6,466	6,259
Other receivables (Note 16.6)	791,199	409,957	665,207	297,394
	3,246,496	2,806,387	3,079,417	2,576,955

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
16.1 Trade Receivable from Related Parties				
Ceymac Rubber Company Limited	-	-	93,784	118,913
Ceytra (Private) Limited	-	-	11,596	6,447
Kelani Valley Canneries Limited	-	-	12,803	13,159
CWM Hotels Holdings Limited	81,939	81,939	81,939	81,939
Colombo Fort Group Services (Private) Limited	346	-	346	-
Ceylon Trading Company Limited	241	157	241	157
Ceylon Tapes (Private) Limited	421	-	421	-
E.B.Creasy & Company PLC	-	5	-	5
York Hotel Management Services Limited	174	174	174	174
Marawila Resorts PLC	284	-	284	-
Sigiriya Village Hotels PLC	303	303	303	303
Lanka Special Steel Limited	4	-	-	-
Union Commodities (Private) Limited	13,328	13,353	13,179	13,227
Lankem Ceylon PLC	19	127	19	127
	97,059	96,058	215,089	234,451
Less : Provision for impairment loss (Note 16.2)	(81,939)	(81,939)	(81,939)	(81,939)
	15,120	14,119	133,150	152,512

The Company recognises interest on the amount due from subsidiary companies based on the monthly average outstanding at market rates.

16.2 Provision for Impairment Loss

Balance at the beginning of the year	(81,939)	(81,939)	(81,939)	(81,939)
Provision made during the year	-	-	-	-
Balance at the end of the year	(81,939)	(81,939)	(81,939)	(81,939)

16.3 Trade Receivables

Trade receivables - Local sales	2,212,889	2,209,102	2,097,613	1,994,324
- Export sales	313,378	213,251	282,501	187,357
	2,526,267	2,422,353	2,380,114	2,181,681
Less : Provision for impairment loss (Note 16.4)	(120,374)	(73,989)	(113,716)	(68,735)
	2,405,893	2,348,364	2,266,398	2,112,946

Trade debtors amounting to Rs.2,489.5 million (2021 - Rs.2,388.1 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.

16.4 Provision for Impairment Loss

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Balance at the beginning of the year	73,989	63,772	68,735	59,393
Provision made during the year	55,583	29,528	54,179	28,653
Write-off during the year	(9,198)	(19,311)	(9,198)	(19,311)
Balance at the end of the year	120,374	73,989	113,716	68,735

Outstanding balances for which enforcement activities are processing, not considered for write-off.

16.5 Loans to Employees

Balance at the beginning of the year	23,193	21,583	6,259	4,193
Loans granted during the year	18,406	16,783	7,746	8,457
	41,599	38,366	14,005	12,650
Recovered during the year	(18,378)	(15,066)	(7,496)	(6,284)
Write-off during the year	(43)	(107)	(43)	(107)
Balance at the end of the year	23,178	23,193	6,466	6,259

Loans to employees represent short-term staff loans and staff advances, where repayment terms are less than 12 months. Outstanding balances for which enforcement activities are processing, not considered for write-off.

16.6 Other Receivables

Payments in advance	719,751	322,218	607,929	231,767
Economic service charge (Note 9.5)	-	2,989	-	-
VAT receivable	40,539	54,769	15,071	26,390
NBT receivable	922	922	922	922
WHT receivable	733	733	-	-
Prepayments	3,236	3,211	2,627	2,405
Income tax refund	333	333	100	100
Other receivables	57,305	48,203	54,335	43,388
	822,819	433,378	680,984	304,972
Less : Provision for other receivables (Note 16.6.1)	(31,620)	(23,421)	(15,777)	(7,578)
	791,199	409,957	665,207	297,394

16.6.1 Provision for other receivables

Balance at the beginning of the year	23,421	23,421	7,578	7,578
Provision made during the year	8,199	-	8,199	-
Balance at the end of the year	31,620	23,421	15,777	7,578

17. INTEREST BEARING SHORT-TERM LOAN TO RELATED PARTIES

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Balance at the beginning of the year	200,000	215,586	200,000	215,586
Interest accrued during the year	11,302	18,026	11,302	18,026
Repayments during the year	(100,000)	(33,612)	(100,000)	(33,612)
Balance at the end of the year	111,302	200,000	111,302	200,000

17.1 Related Party Companies

Lankem Ceylon PLC	111,302	200,000	111,302	200,000
	111,302	200,000	111,302	200,000

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

18. OTHER INVESTMENTS

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
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	-	-
Balance at the end of the year	360	360	-	-

19. CASH AND CASH EQUIVALENTS

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Bank balances	179,099	62,449	130,612	53,179
Cash in hand	2,653	1,847	2,328	1,572
	181,752	64,296	132,940	54,751
Bank overdrafts	195,646	193,316	161,560	168,296
Cash and cash equivalents for cash flow purpose	(13,894)	(129,020)	(28,620)	(113,545)

Notes to the Financial Statements contd.

20. STATED CAPITAL

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
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 Diru 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

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Revaluation reserve	738,118	353,485	209,305	63,498
Adjustment due to merger of subsidiary	-	-	14,909	14,909
Export development grant reserve	8,734	8,734	-	-
	746,852	362,219	224,214	78,407

22. REVENUE RESERVES

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
General reserves *	7,000	7,000	7,000	7,000
Retained earnings	2,049,321	1,723,573	2,384,974	2,063,272
	2,056,321	1,730,573	2,391,974	2,070,272

* 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	
	2022 Rs. 000'	2021 Rs. 000'	2022 Rs. 000'	2021 Rs. 000'	2022 Rs. 000'	2021 Rs. 000'	2022 Rs. 000'	2021 Rs. 000'
NCI percentage (%)	37.18%	37.18%	49%	49%	8.44%	8.44%		
Total assets	80,676	64,752	1,118,929	1,007,877	1,539,908	1,037,896	2,739,513	2,110,525
Total liabilities	21,390	11,384	260,310	191,384	697,749	454,236	719,139	657,004
Net assets	59,286	53,368	858,619	816,493	842,159	583,660	2,020,374	1,453,521
Carrying amount of NCI	22,043	19,842	420,723	400,082	(114,244)	(86,134)	328,522	333,790
Revenue	69,202	64,984	-	-	1,239,417	1,056,762	1,308,619	1,121,746
Profit/(loss) after tax	651	(2,528)	(26,800)	(15,283)	(1,594)	(12,281)	(27,743)	(30,092)
Total comprehensive income	5,918	(3,960)	(26,800)	(15,283)	258,498	(30,005)	237,616	(49,248)
Profit/(loss) allocated to NCI	2,200	(1,472)	(13,132)	(7,489)	5,664	(700)	(5,268)	(9,661)
Cash flows from/(used in) operating activities	(3,783)	(8,422)	(422,040)	190,110	45,015	(37,837)	(380,808)	143,851
Cash flows from/(used in) investing activities	-	73	184,360	(277,315)	(34,499)	(2,363)	149,861	(279,605)
Cash flows from financing activities	2,935	3,227	185,714	-	(14,706)	32,276	173,943	35,503
Net change in cash and cash equivalents	(848)	(5,122)	(51,966)	(87,205)	(4,190)	(7,924)	(57,004)	(100,251)

24. LOANS AND BORROWINGS

	Group		Company	
As at 31 March	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Balance at the beginning of the year	138,135	194,448	91,750	191,710
Obtained during the year	300,000	44,900	100,000	-
Write-off during the year	(120)	-	(120)	-
Repayments during the year	(132,251)	(101,213)	(91,630)	(99,960)
Balance at the end of the year	305,764	138,135	100,000	91,750

24.1 Sources of Finance

Hatton National Bank PLC	113,232	18,200	100,000	-
Commercial Bank of Ceylon PLC	192,532	119,935	-	91,750
	305,764	138,135	100,000	91,750

24.2 Maturity Analysis

Payable after one year but less than five years	239,995	31,478	78,454	-
Payable within one year	65,769	106,657	21,546	91,750

Notes to the Financial Statements contd.

24.3 Assets Pledged as Securities Against Long-term Borrowings

Lending institution	Facility obtained	Assets pledged	Interest rate
Kelanivalley Canneries Limited			
Commercial Bank of Ceylon PLC	For financing of long term capital requirements.	Mortgage bond over the machinery valued Rs.1.893 million and Rs.1.7 million and motor vehicle valued Rs.1.329 million at Kaluaggala, Hanwella	AWPLR + 1.75% & 6.75 p.a
Sunquick Lanka Properties (Private) Limited			
Commercial Bank of Ceylon PLC	To meet contractor payments relating to the construction of new factory building	Floating primary mortgage bond over property situated at Mungama, Horana.	9.25% p.a

25. FINANCE LEASE LIABILITY

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Balance at the beginning of the year	103,872	129,686	103,285	128,728
Interest expense for the year	10,811	14,111	10,811	14,111
Repayments during the year	(38,287)	(39,925)	(37,916)	(39,554)
Balance at the end of the year	76,396	103,872	76,180	103,285
Interest in suspense	(10)	(65)	-	-
Capital outstanding at the end of the year	76,386	103,807	76,180	103,285

25.1 Payable after one Year

Lease rental payable	58,547	76,396	58,547	76,180
Interest in suspense	(6,393)	(10)	(6,393)	-
	52,154	76,386	52,154	76,180

25.2 Payable within one Year

Lease rental payable	32,031	27,475	31,815	27,104
Interest in suspense	(7,799)	(55)	(7,789)	-
	24,232	27,420	24,026	27,104

25.3 Amount Recognised in Profit or Loss

Leases under SLFRS 16				
Depreciation of right-of-use assets	32,282	32,282	31,853	31,853
Interest on lease liability	10,866	14,208	10,811	14,111
	43,148	46,490	42,664	45,964

25.4 Amount Recognised in Statement of Cash Flows

Total cash outflow for leases	(38,287)	(39,925)	(37,916)	(39,554)
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26. RETIREMENT BENEFIT OBLIGATION

As at 31 March		Group		Company	
		2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Present value of defined benefit obligation	(Note 26.2)	107,178	167,031	79,251	117,282
Fair value of plan assets	(Note 26.3)	(69,826)	(63,823)	(67,045)	(60,611)
		37,352	103,208	12,206	56,671
Arrears payable to the CWM Staff Non-Contributory Gratuity Fund	(Note 26.5)	12,881	13,352	9,894	10,333
		50,233	116,560	22,100	67,004

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 2022 and the appropriate adjustments have been effected in the Financial Statements.

26.1 Plan Assets Consist of the following:

Treasury bills	40,819	40,590	39,186	38,561
Balance with Group Companies	12,886	13,358	12,371	12,690
Cash	14,960	9,158	14,362	8,700
Others	1,161	717	1,126	660
	69,826	63,823	67,045	60,611

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	167,031	121,827	117,282	85,902
Current service cost	14,916	11,476	10,895	8,211
Interest cost	13,362	12,840	9,382	9,010
Amendments	405	-	28	-
Benefits paid by the plan	(8,665)	(7,457)	(5,171)	(4,964)
Actuarial (gain)/loss	(79,871)	28,345	(53,165)	19,123
Balance at the end of the year	107,178	167,031	79,251	117,282

Amendments include the change in present value of defined benefit obligation due to increase in retirement age of other staff category from 55 years to 60 years.

26.3 Movement in Fair Value of Plan Assets

Balance at the beginning of the year	63,823	55,009	60,611	53,133
Contribution paid into gratuity fund	12,886	13,358	9,894	10,333
Benefits paid by the gratuity fund	(8,665)	(6,765)	(5,171)	(4,964)
Expected return on plan assets	4,869	5,225	4,625	5,044
Actuarial gain	(3,087)	(3,004)	(2,914)	(2,935)
Balance at the end of the year	69,826	63,823	67,045	60,611

Notes to the Financial Statements contd.

26.4 Unrecognised Actuarial (Gain)/Loss

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Actuarial loss for year-obligation	(79,871)	28,345	(53,165)	19,123
Actuarial loss for year-plan assets	3,087	3,004	2,914	2,935
Actuarial loss recognised during the year	76,784	(31,349)	50,251	(22,058)

26.5 Arrears Payable to the CWM Staff Non-Contributory Gratuity Fund

Balance at the beginning of the year	13,352	13,019	10,333	10,102
Contribution for the year	12,886	13,358	9,894	10,333
Paid to the fund	(13,357)	(13,025)	(10,333)	(10,102)
Balance at the end of the year	12,881	13,352	9,894	10,333

26.6 Amount Recognised in the Statement of Comprehensive Income

For the year ended 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Recognised in profit or loss				
Current service cost	14,916	11,476	10,895	8,211
Interest cost	13,362	12,840	9,382	9,010
Expected return on plan assets	(4,869)	(5,225)	(4,625)	(5,044)
Amendments	405	-	28	-
	23,814	19,091	15,680	12,177
Recognised in the other comprehensive income				
Recognition of actuarial loss/(gain)	(76,784)	31,349	(50,251)	22,058
Total amount recognised in the Statement of Profit or Loss and Other Comprehensive Income	(52,970)	50,440	(34,571)	34,235

26.7 Actuarial Assumptions

As at 31 March	Group		Company	
	2022	2021	2022	2021
Discount rate	15.00%	8.00%	15.00%	8.00%
Expected return on plan assets	2.70%	3.96%	2.70%	3.96%
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	60 years	55 years	60 years	55 years

The Discount rate was revised to 15.0% (8.0% last year) to reflect the yield rates of the treasury bond. The term of the treasury bond is 7.2 years, which is the estimated maturity of all benefits the participants of the plan. The effect of this change resulted in an actuarial gain as the liability was lower due to higher rate of 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.

	Sensitivity effect on			
	Total Comprehensive Income increase/(reduction)		Employment benefit increase/(reduction) in the liability	
	Group Rs.000's	Company Rs.000's	Group Rs.000's	Company Rs.000's
31 March 2022				
Decrease in discount rate (1%)	(7,169)	(4,820)	7,169	4,820
Increase in discount rate (1%)	7,988	5,360	(7,988)	(5,360)
Decrease in salary escalation (1%)	7,124	4,751	(7,124)	(4,751)
Increase in salary escalation (1%)	(6,313)	(4,212)	6,313	4,212
31 March 2021				
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

26.9 The Expected Benefits Payout in the Next 10 Years

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Years from the current period				
1st following year	14,351	9,058	12,962	4,668
2nd following year	11,903	14,987	8,057	8,577
3rd following year	5,088	12,018	3,404	9,917
4th following year	12,021	17,931	8,521	10,771
5th following year	15,576	20,924	8,232	14,184
Sum of years 6 to 10	159,949	107,000	113,568	84,645
Sum of years 11 and above	1,374,554	646,192	984,704	520,304
Weighted average duration of the defined benefit obligation (years)	9.15	10.34	7.20	9.94

Notes to the Financial Statements contd.

27. DEFERRED INCOME/REVENUE

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Government grant				
Balance at the beginning of the year	1,755	952	-	-
Received during the year	176	878	-	-
Amortised during the year	(887)	(75)	-	-
Balance at the end of the year	1,044	1,755	-	-

27.1 Maturity Analysis

Non-current	706	1,680	-	-
Current	338	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.878,000/- during the previous year 2020/21 and Rs.176,000/- during the current year. 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 has started 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.

28. DEFERRED TAXATION

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Balance at the beginning of the year	122,393	124,362	38,635	50,496
Reversal of temporary differences recognised in profit for the year	54,865	(7,912)	46,593	(7,939)
Origination of temporary differences recognised in the Statement of Other Comprehensive Income	150,078	5,943	46,044	(3,922)
Balance at the end of the year	327,336	122,393	131,272	38,635
28.1 Deferred tax asset	(9,395)	(9,395)	-	-
Deferred tax liability	336,731	131,788	131,272	38,635
	327,336	122,393	131,272	38,635

28.2 The Group has applied an effective tax rate of 24% (2021 - 24%) 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	2022		2021	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Group				
On property, plant and equipment	1,392,479	326,958	708,508	174,490
On retirement gratuity	(35,116)	(8,166)	(81,109)	(19,309)
On tax losses carried forward	(149,734)	(31,608)	(161,150)	(38,102)
On other provisions	18,408	4,418	22,142	5,314
On unrealised foreign exchange gain	148,893	35,734	-	-
	1,374,930	327,336	488,391	122,393
Company				
On property, plant and equipment	395,714	94,972	195,509	46,922
On retirement gratuity	(12,206)	(2,929)	(56,671)	(13,601)
On other provisions	17,059	4,094	22,142	5,314
On unrealised foreign exchange gain	146,397	35,135	-	-
	546,964	131,272	160,980	38,635

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 up to 2020/2021 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:

As at 31 March	2021	
	Temporary differences	Tax effect
	Rs.000's	Rs.000's
On property, plant and equipment	99,480	17,906
On retirement gratuity	(36,081)	(6,495)
On other provisions	(91)	(16)
On tax losses carried forward	(99,381)	(17,889)
	(36,073)	(6,494)

The Company has not recognised the deferred tax asset amounting to Rs.6.5 million with an effective rate of 18% during the year ended 31 March 2021. Company has recognised a deferred tax liability with an effective rate of 24% as at 31 March 2022.

Notes to the Financial Statements contd.

28.4 Unrecognised Deferred Tax Assets contd.

Deferred tax asset - Ceytra 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.

The deferred tax asset on temporary differences are as follows:

As at 31 March	2022		2021	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
On property, plant and equipment	74	18	60	14
On Retirement gratuity	(2,141)	(514)	(7,483)	(1,796)
On other provisions	15	4	(2)	-
On tax losses carried forward	(51,600)	(12,384)	(44,239)	(10,617)
On unrealised foreign exchange gain	9,708	2,330	-	-
	(43,944)	(10,546)	(51,664)	(12,399)

The Company has not recognised the change in the deferred tax asset amounting to Rs.1.1 million (2021:Rs.3.0 million) during the year ended 31 March 2022, 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.68.8 million (2021-Rs.53.6 million) for the year ended 31 March 2022, 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:

As at 31 March	2022		2021	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
On property, plant and equipment	30,887	7,413	30,559	5,501
On retirement gratuity	(3,437)	(825)	(5,992)	(1,079)
On tax losses carried forward	(315,108)	(75,626)	(322,627)	(58,073)
On other provisions	(186)	(45)	-	-
On unrealised foreign exchange gain	841	202	-	-
	(287,003)	(68,881)	(298,060)	(53,651)

29. INTEREST BEARING SHORT-TERM BORROWINGS

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Short-term money market loans/import loans	2,066,793	1,295,064	1,920,793	1,161,064
	2,066,793	1,295,064	1,920,793	1,161,064

29.1 Sources of Finance

Hatton National Bank PLC	551,000	442,923	475,000	357,923
Commercial Bank of Ceylon PLC	1,095,793	422,141	1,025,793	373,141
National Development Bank PLC	275,000	265,000	275,000	265,000
Standard Chartered Bank	145,000	165,000	145,000	165,000
	2,066,793	1,295,064	1,920,793	1,161,064

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
National Development 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 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, Hanwell	Available money market rates

Notes to the Financial Statements contd.

30. INCOME TAX PAYABLE

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Balance at the beginning of the year	73,551	68,305	73,879	66,828
Add:				
Income tax provision for the year	185,475	128,945	185,475	128,945
Under provision in respect of previous year	(5)	466	(5)	(176)
Less:				
Income tax payments during the year	(151,349)	(124,165)	(151,349)	(121,718)
Balance at the end of the period	107,672	73,551	108,000	73,879

31. TRADE AND OTHER PAYABLES

As at 31 March	Group		Company	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Trade payables to related parties (Note 31.1)	388,613	468,983	331,888	312,687
Other trade payables	694,951	1,337,917	536,168	1,207,002
Dividend payable	6,881	5,286	6,881	5,043
Accruals	74,862	50,586	63,292	39,143
Pre-paid advances	72,353	58,062	72,290	57,860
Sundry creditors	10,443	17,976	10,443	17,976
Other provisions	196,377	139,901	187,126	132,186
Refund liabilities	176,912	176,912	176,912	176,912
Other payables	3,186	8,206	3,156	8,184
	1,624,578	2,263,829	1,388,156	1,956,993

31.1 Trade Payables to Related Parties

Sunquick Lanka Properties (Private) Limited	-	-	-	151
Sunquick Lanka (Private) Limited	382,633	461,115	326,182	304,715
Colonial Motors (Ceylon) Limited	-	33	-	33
ACME Packaging Solutions (Private) Limited	2,579	-	2,579	-
J.F Packaging (Private) Limited	274	-	-	-
Kiffs (Private) Limited	3,127	7,788	3,127	7,788
Ceylon Tapes (Private) Limited	-	47	-	-
	388,613	468,983	331,888	312,687

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

Name of the related party For the year ended 31 March	Relationship	Nature of the transaction	Amounts (paid)/received	
			2022 Rs.000's	2021 Rs.000's
Ceymac Rubber Company Limited	Subsidiary	Interest on current account balance	5,917	3,104
<i>Director:</i>		Service fees	7,776	8,035
Mr. W. T. Ellawala		Inter company sales/(purchases)	201	(7,657)
		Export handling fee	21,973	16,723
		Expense reimbursements	44,424	13,197
		Rental paid	(6,592)	(1,551)
		Short-term loan granted	110,700	188,000
		Short-term loan settlements	(182,700)	(104,000)
		Inter-company settlements	(26,828)	(9,273)

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

Ceytra (Private) Limited	Subsidiary	Interest on current account balance	(45)	(1,188)
<i>Director:</i>		Service fees	2,592	3,110
Mr. W. T. Ellawala,		Inter-company sales/(purchases)	24	(54)
		Short-term loan granted	5,400	-
		Short-term loan settlements	(6,800)	-
		Net settlements	(14,445)	(24,670)
		Expense reimbursements	18,423	16,210

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	3,164	1,643
<i>Directors:</i>		Inter company purchases	(208,934)	(149,088)
Mr. W. T. Ellawala		Inter company sales	17,659	20,630
Dr. T. Senthilvel		Expense reimbursements	25,703	11,661
Mr. K. T. A. Mangala Perera		Net settlements	159,460	76,067
Ms. C. R. Ranasinghe		Service fee	2,592	1,814
Mr. Anushman Rajaratnam		Short-term loan granted	146,000	63,000
		Short-term loan settlements	(146,000)	(33,000)

Corporate guarantee of C.W.Mackie PLC for short-term loans of Rs.90 million to Commercial Bank of Ceylon PLC.

Notes to the Financial Statements contd.

32.1.1 Transactions with subsidiary companies contd.

Name of the related party For the year ended 31 March	Relationship	Nature of the transaction	Amounts (paid)/received	
			2022 Rs.000's	2021 Rs.000's
Sunquick Lanka Properties (Private) Limited	Subsidiary	Service rendered	-	3
Directors:		Expense reimbursements	(1,319)	(343)
Mr. W. T. Ellawala,		Net settlements	1,168	186
Mr. K. T. A. Mangala Perera				
Corporate guarantee of C.W.Mackie PLC for temporary bridged 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 For the year ended 31 March	Relationship	Nature of the transaction	Amounts (paid)/received	
			2022 Rs.000's	2021 Rs.000's
Sunquick Lanka (Private) Limited	Jointly controlled entity	Inter-company purchases	(1,437,026)	(1,007,868)
Directors:		Inter-company sales	2,044	49,960
Mr. W. T. Ellawala,		Net settlements	1,307,020	898,838
Mr. Anushman Rajaratnam		Advance payments	-	(4,000)
Mr. K. T. A. Mangala Perera		Expense reimbursements	105,971	109,409
		Service rendered	524	1,311
Ceylon Trading Company Limited	Affiliate	Rent income	2,592	2,592
Directors:		Secretarial and legal fees	(18,025)	(18,161)
Mr. W. T. Ellawala		Inter-company sales	4	7
Ms. C. R. Ranasinghe		Management fees/overheads	(21,904)	(20,107)
		Net settlements	35,391	33,531
		Expense reimbursements	2,026	1,740
Colombo Fort Group Services (Private) Limited	Common directors	Services received	(11,495)	(12,661)
Directors:		Net settlements	11,841	12,661
Mr. S. D. R. Arudpragasam				
Mr. Anushman Rajaratnam				
Union Commodities (Private) Limited	Common directors	Inter-company purchases	(151,910)	(176,238)
Directors:		Inter-company sales	2,341	2,991
Mr. S. D. R. Arudpragasam		Net settlements	79,384	160,919
Mr. Anushman Rajaratnam		Advance payments for purchases	70,177	(10,933)
		Expense reimbursements	(40)	-
		Services received	-	(21)

Name of the related party For the year ended 31 March	Relationship	Nature of the transaction	Amounts (paid)/received	
			2022 Rs.000's	2021 Rs.000's
Lankem Ceylon PLC	Common directors	Inter-company purchases	(300)	(149)
<i>Directors:</i>		Net settlements	47	(33,463)
Mr. S. D. R. Arudpragasam		Expense reimbursements	-	127
Mr. Anushman Rajaratnam		Advance payments	145	-
Mr. Ananda Hettiarachchi		Short-term loan settlements	(100,000)	-
		Interest on loan granted	11,302	18,026
E. B. Creasy & Company PLC	Common directors	Services received	(174)	(697)
<i>Director:</i>		Inter-company sales	11	8
Mr. S. D. R. Arudpragasam		Net settlements	158	690
Sigiriya Village Hotels PLC	Common directors	Inter-company sales	-	233
<i>Director:</i>		Net settlements	-	(466)
Mr. S. D. R. Arudpragasam				
C. W. Mackie Group Staff Non-Contributory Gratuity Fund	Defined benefit plan	Amount paid to gratuity fund	(10,333)	(10,102)
		Amount paid by gratuity fund to employees	5,171	4,964
Ceylon Tapes (Private) Limited	Common directors	Inter-company sales	421	48
<i>Directors:</i>		Net settlements	-	(103)
Mr. Anushman Rajaratnam				
Mr. S. D. R. Arudpragasam				
Marawila Resorts PLC	Common directors	Inter-company sales	284	-
<i>Director:</i>				
Mr. S. D. R. Arudpragasam				
J F Packaging (Private) Limited	Common directors	Inter-company sales	(437)	-
<i>Director:</i>		Inter-company purchases	(97)	-
Mr. S. D. R. Arudpragasam		Net settlements	534	-
Candy Delights Limited	Common directors	Net settlements	-	(4,455)
<i>Director:</i>				
Mr. S. D. R. Arudpragasam				

Notes to the Financial Statements contd.

32.1.2 Transactions with other related companies contd.

Name of the related party For the year ended 31 March	Relationship	Nature of the transaction	Amounts (paid)/received	
			2022 Rs.000's	2021 Rs.000's
Colonial Motors (Ceylon) Limited	Common directors	Services rendered	(1,293)	(798)
<i>Directors:</i>		Net settlements	1,326	769
Mr. Anushman Rajaratnam				
Mr. S. D. R. Arudpragasam				
ACME Packaging Solutions (Private) Limited	Common directors	Inter-company purchases	(20,166)	-
<i>Directors:</i>		Net settlements	17,587	-
Mr. Anushman Rajaratnam				
Mr. S. D. R. Arudpragasam				
Mr. Ananda Hettiarachchi				
Kiffs (Private) Limited	Common directors	Inter-company purchases	(84,467)	(57,086)
<i>Directors:</i>		Net settlements	89,128	59,260
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	2022		2021	
				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	1,437,026	11.89%	1,007,868	10.09%
		Sale of Sugar to manufacture "Sunquick" branded products	On arms length terms in ordinary course of business	2,044	0.02%	49,914	0.50%
				1,439,070	11.91%	1,057,782	10.59%

Aggregate value of the recurrent related party transactions with Sunquick Lanka (Private) Limited during the financial year 2021/22 exceeds 10% of the gross revenue of 2021/22 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 2022.

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	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Short-term employee benefits	37,750	28,665	34,732	28,665
Total compensation paid to key management personnel	37,750	28,665	34,732	28,665

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 disclosed in Note 33.1.

33.1 Dividend

The Directors of C. W. Mackie PLC have recommended the payment of a first and final dividend of Rs.10.00 per ordinary share amounting to Rs.359,885,560/- for the year ended 31 March 2022 for approval by the shareholders at the Annual General Meeting to be held on 28 July 2022. 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 2022.

34. OTHER MATTERS: IMPACT OF PREVAILING UNCERTAIN AND VOLATILE MACRO-ECONOMIC ENVIRONMENT AND IMPLICATIONS OF COVID-19 PANDEMIC CONDITION

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. The Group's businesses recorded a strong growth in profitability compared to previous year owing the effectiveness of business strategies adopted by the management.

In determining the basis of preparing the Financial Statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing uncertain and volatile macro-economic environment and implications of COVID-19 pandemic condition and its impact on the Group companies and the appropriateness of the use of the going concern basis.

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 incomes levels of consumers. Further as a nation we are facing challenges such as depleting of foreign currency reserves, shortage of essential supplies and increase in policy rates. These all factors will have an adverse impact on the overall business activities and operations of the C. W. Mackie PLC Group in the foreseeable short to medium term.

Towards, mitigating this risk, the Group procured adequate inventory to see through to next few months, adopted strict cost conservation methods, focus on cash sales and limiting credit sales only to a very limited number of customers, fast track local sourcing and secured funding lines to manage possible liquidity issues. Further, the Group is highly focusing to secure export income from commodity trading business while enhancing the export customer base mainly to overcome dollar liquidity challenges and while take timely price revisions to mitigate the exposure of future rupee evaluation. Towards mitigating this risk, Group Treasury is deeply analysing the foreign exchange market and working closely with relevant financial institutions and other stakeholders.

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.

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:

As at 31 March	2022 Rs. Mn	2021 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	197	287
Short term loan facilities:		
Ceymac Rubber Company Limited	76	85
Kelani Valley Canneries Limited	70	57
Total	146	142

These corporate guarantees 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 producers, the result of which are reported to the Company's Directors.

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

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

- Credit risk (Note 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	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Trade receivables from related parties	15,120	14,119	133,150	152,512
Interest bearing short-term loan to related parties	111,302	200,000	111,302	200,000
Trade receivables	2,405,893	2,348,364	2,266,398	2,112,946
Deposits	11,106	10,754	8,196	7,844
Loans to employees	23,178	23,193	6,466	6,259
Other receivables	791,199	409,957	665,207	297,394
Balances with banks	179,099	62,449	130,612	53,179
Total	3,536,897	3,068,836	3,321,331	2,830,134

Notes to the Financial Statements contd.

38.1 Credit Risk contd.

Trade and other receivables

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

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

Impairment losses

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

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

As at 31 March	2022		2021	
	Gross balance Rs.000's	Impairment Rs.000's	Gross balance Rs.000's	Impairment Rs.000's
Group				
Past due 0-30 days	1,538,785	-	1,406,231	-
Past due 31-90 days	768,391	-	723,686	-
Past due 91-180 days	88,998	-	96,463	-
Past due 181-270 days	24,935	13,055	58,346	-
Past due 271-365 days	18,707	18,707	6,527	-
More than one year	88,612	88,612	131,100	73,989
Total	2,528,428	120,374	2,422,353	73,989

As at 31 March	2022		2021	
	Gross balance Rs.000's	Impairment Rs.000's	Gross balance Rs.000's	Impairment Rs.000's
Company				
Past due 0-30 days	1,436,522	-	1,277,924	-
Past due 31-90 days	735,439	-	619,297	-
Past due 91-180 days	83,002	-	93,560	-
Past due 181-270 days	23,476	12,041	55,696	-
Past due 271-365 days	18,135	18,135	6,319	-
More than one year	83,540	83,540	128,885	68,735
Total	2,380,114	113,716	2,181,681	68,735

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	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Domestic	2,212,889	2,212,867	2,097,613	1,997,310
Asian region	126,597	69,991	117,829	55,866
European region	149,947	82,621	130,641	71,631
African region	12,519	15,586	9,716	15,586
Southern American region	22,175	31,249	22,175	31,249
Northern American region	-	158	-	158
Middle East region	2,140	9,881	2,140	9,881
Total	2,526,267	2,422,353	2,380,114	2,181,681

Cash and cash equivalents

The Group and Company held cash and cash equivalents of Rs.181.8 million (2021 - Rs.64.3 million) and Rs.132.9 million (2021 - Rs.54.8 million) retrospectively at 31 March 2022 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.

As at 31 March	2022 Rs.Mn	2021 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	197	287

Short term loan facilities

Ceymac Rubber Company Limited	76	85
Kelani Valley Canneries Limited	70	57
Total	146	142

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

Notes to the Financial Statements contd.

38.1 Credit Risk contd.

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
As at 31 March 2022						
Group						
Cash and cash equivalents	(Note 19)	181,752	-	-	-	181,752
Trade and other receivables	(Note 16)	3,246,496	-	-	-	3,246,496
Interest bearing short-term loan to related parties	(Note 17)	111,302	-	-	-	111,302
Other non-financial assets		-	-	-	4,864,039	4,864,039
Total assets		3,539,550	-	-	4,864,039	8,403,589
Company						
Cash and cash equivalents	(Note 19)	132,940	-	-	-	132,940
Trade and other receivables	(Note 16)	3,079,417	-	-	-	3,079,417
Interest bearing short-term loan to related parties	(Note 17)	111,302	-	-	-	111,302
Other non-financial assets		-	-	-	3,707,637	3,707,637
Total assets		3,323,659	-	-	3,707,637	7,031,296
As at 31 March 2021						
Group						
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
Company						
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

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 2022, Group has unutilised borrowing facilities amounting to Rs.254.7 Million (2021 - Rs.188.5 million) representing 12.9% (2021 - 12.4%) 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.

The following are the contractual maturities of financial liabilities:

As at 31 March	2022			2021		
	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	305,764	65,769	239,995	138,135	106,657	31,478
Lease liability	76,386	24,232	52,154	103,806	27,420	76,386
Interest bearing short term borrowings	2,066,793	2,066,793	-	1,295,064	1,295,064	-
Trade and other payable	1,235,965	1,235,965	-	1,794,846	1,794,846	-
Trade payables to related parties	388,613	388,613	-	468,983	468,983	-
Bank overdrafts	195,646	195,646	-	193,316	193,316	-
Total	4,269,167	3,977,018	292,149	3,994,150	3,886,286	107,864

As at 31 March	2022			2021		
	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
Company						
Financial liabilities (non derivatives)						
Long term borrowings	100,000	21,546	78,454	91,750	91,750	-
Lease liability	76,180	24,026	52,154	103,284	27,104	76,180
Interest bearing short-term borrowings	1,920,793	1,920,793	-	1,161,064	1,161,064	-
Trade and other payable	1,056,268	1,056,268	-	1,644,306	1,644,306	-
Trade payables to related parties	331,888	331,888	-	312,687	312,687	-
Bank overdrafts	161,560	161,560	-	168,296	168,296	-
Total	3,646,689	3,516,081	130,608	3,481,387	3,405,207	76,180

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

Notes to the Financial Statements contd.

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.

Exposure to currency risk

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

As at 31 March	2022		2021	
	USD	Euro	USD	Euro
Group				
Trade and other payables	(387,365)	(24,943)	(1,985,318)	(40,695)
Trade and other receivables	2,080,042	247,643	786,627	220,359
Cash and cash equivalents	229,308	155,865	287,260	4,767
Gross statement of financial position exposure	1,921,985	378,565	(911,431)	184,431
Company				
Trade and other payables	(387,365)	(24,943)	(1,985,318)	(40,695)
Trade and other receivables	2,038,912	208,127	705,803	196,130
Cash and cash equivalents	205,295	155,647	266,769	4,484
Gross statement of financial position exposure	1,856,842	338,831	(1,012,746)	159,919

The following significant exchange rates were applicable during the year:

	Average rate		Reporting date spot rate	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
USD	205.48	188.85	292.00	199.00
Euro	238.43	221.53	326.41	233.12

Sensitivity Analysis

A strengthening or weakening of the LKR, as indicated below, against the USD and Euro as at 31 March 2022 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 2022		
USD (10% movement)	(56,122)	56,122
Euro (10% movement)	(12,357)	12,357
As at 31 March 2021		
USD (10% movement)	18,137	(18,137)
Euro (10% movement)	(4,299)	4,299
Company		
As at 31 March 2022		
USD (10% movement)	(54,220)	54,220
Euro (10% movement)	(11,060)	11,060
As at 31 March 2021		
USD (10% movement)	20,154	(20,154)
Euro (10% movement)	(3,728)	3,728

Notes to the Financial Statements contd.

38.3.2 Interest rate risk

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

As at 31 March	Carrying amount			
	Group		Company	
	2022	2021	2022	2021
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Fixed rate instruments				
Financial assets				
Related party receivables - subsidiaries	-	-	118,183	138,519
Financial liabilities				
Related party payables - subsidiaries	-	-	-	151
Lease liability	(76,386)	(103,806)	(76,180)	(103,284)
	(76,386)	(103,806)	42,003	35,386
Variable rate instruments				
Financial assets				
RFC deposits	117,834	58,276	110,751	54,132
Interest bearing short-term loan to related parties	111,302	200,000	111,302	200,000
Financial liabilities				
Long term borrowings	(305,764)	(138,135)	(100,000)	(91,750)
Bank overdrafts	(195,646)	(193,316)	(161,560)	(168,296)
Short-term money market borrowings	(2,066,793)	(1,295,064)	(1,920,793)	(1,161,064)
	(2,339,067)	(1,368,239)	(1,960,300)	(1,166,978)

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	2022	2021
	Profit or loss	Profit or loss
	Rs.000's	Rs.000's
Group		
Variable rate instruments (5% decrease)	116,953	88,771
Variable rate instruments (5% increase)	(116,953)	(88,771)
Company		
Variable rate instruments (5% decrease)	98,015	58,349
Variable rate instruments (5% increase)	(98,015)	(58,349)

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	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Total liabilities	4,764,847	4,317,804	3,908,061	3,660,905
Less:				
Cash and cash equivalents	(181,752)	(64,296)	(132,940)	(54,751)
Net debts	4,583,095	4,253,508	3,775,121	3,606,154
Total equity	3,310,220	2,599,839	3,123,235	2,655,726
Net debt to equity ratio	1.38	1.64	1.21	1.36

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.

Notes to the Financial Statements contd.

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 nonfinancial 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	
	2022 Rs. 000's	2021 Rs. 000's	2022 Rs. 000's	2021 Rs. 000's	2022 Rs. 000's	2021 Rs. 000's	2022 Rs. 000's	2021 Rs. 000's
Group								
Non financial assets								
Freehold land	-	-	-	-	1,278,768	744,057	1,278,768	744,057
	-	-	-	-	1,278,768	744,057	1,278,768	744,057
Company								
Non financial assets								
Freehold land	-	-	-	-	363,908	172,057	363,908	172,057
	-	-	-	-	363,908	172,057	363,908	172,057

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	
	2022 Rs.000's	2021 Rs.000's	2022 Rs.000's	2021 Rs.000's
Balance at the beginning of the year	744,057	742,000	172,057	170,000
Addition/ revaluation during the year	534,711	2,057	191,851	2,057
Balance at the end of the year	1,278,768	744,057	363,908	172,057

As per the valuation carried out on 31 March 2022, 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 is disclosed under Note 12.3	Estimated fair value would increase/ (decrease) if, Price per perch increases/ (decreases) Price per square foot increases/ (decreases)

TEN YEAR HISTORICAL SUMMARY

Year	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)	2022 (Rs.'000)
OPERATING RESULTS										
Revenue	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	13,163,499
Results from operating activities	306,936	374,629	326,484	409,788	416,439	373,957	394,777	137,986	542,859	808,468
Net financing costs	(58,836)	(62,146)	(52,711)	(7,865)	(67,371)	(96,728)	(110,952)	(124,793)	(115,173)	55,082
Share of joint venture's profit/(loss)	-	-	-	-	-	(20,697)	46,659	7,963	(50,516)	(127,808)
Profit before taxation	248,100	312,483	273,773	401,923	349,068	256,532	330,484	21,156	377,170	735,742
Income tax expense	(84,587)	(103,154)	(94,318)	(123,401)	(111,937)	(86,685)	(114,014)	(99,125)	(121,499)	(240,335)
Profit after tax	163,513	209,329	179,455	278,522	237,131	169,847	216,470	(77,969)	255,671	495,407
Other comprehensive income	595	2,355	(8,649)	6,606	10,056	(20,141)	392,163	(23,858)	(37,395)	461,626
Total comprehensive income	164,108	211,684	170,806	285,128	247,187	149,706	608,633	(101,827)	218,276	957,033
Non-controlling interests	1,562	1,171	(9,863)	(6,466)	978	668	21,511	(3,111)	(9,661)	(5,268)
Total comprehensive income- equity holders	162,546	210,513	180,669	291,594	246,209	149,038	587,122	(98,716)	227,937	962,301
FINANCIAL POSITION										
Assets										
Non-current assets	852,228	886,279	880,463	864,854	812,094	1,308,390	1,920,305	2,204,003	2,256,548	2,783,375
Current assets	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	5,620,214
Total assets	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	8,403,589
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	368,162	368,162	362,219	746,852
Revenue reserves	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	2,056,321
Available-for-sale reserve	1,115	1,094	1,236	-	-	-	-	-	-	-
Equity attributable to equity holders of the Company	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	3,310,220
Non-controlling interests	29,817	46,190	34,615	28,031	29,009	323,866	345,377	343,451	333,790	328,522
Total equity	1,691,696	1,810,616	1,871,744	2,046,498	2,167,725	2,460,467	2,943,140	2,715,353	2,933,629	3,638,742
Non-current liabilities	159,093	150,545	122,473	92,038	78,684	124,287	373,245	411,682	357,892	679,819
Current liabilities	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	4,085,028
Total equity and liabilities	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	8,403,589
RATIOS										
Basic earnings per share (Rupees)	4.54	5.82	4.99	7.74	6.57	4.68	5.65	(2.10)	7.35	14.11
Revenue growth rate (%)	-21.2%	-4.0%	3.7%	3.2%	12.4%	12.2%	-2.3%	-13.4%	10.2%	35.8%
Net profit ratio (%)	2.1%	2.9%	2.4%	3.5%	2.7%	1.7%	2.2%	-0.9%	2.3%	3.8%
Current ratio (1:)	1.90	1.75	1.94	1.83	1.76	1.53	1.58	1.32	1.26	1.38
Net asset per share (Rupees)	46.18	49.03	51.05	56.09	59.43	59.37	72.18	65.91	72.24	91.98
Net return on assets (%)	5.5%	6.2%	5.6%	7.6%	5.7%	3.4%	3.8%	-1.3%	3.5%	5.9%
Net return on capital employed (%)	16.6%	19.1%	16.4%	19.2%	18.5%	13.7%	13.3%	4.7%	15.0%	15.8%
Assets turnover ratio (1:)	2.45	2.31	2.31	2.29	2.26	2.18	1.81	1.56	1.79	1.86
Dividends per share (Rupees)	1.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	-	7.00
Dividend payout ratio (%)	22%	52%	60%	39%	53%	75%	62%	-167%	0%	50%

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	2022 Rs. million	2021 Rs. million
Value added		
Sales made to external customers	13,163.5	10,927.5
Less: material and services bought in from outside	(10,038.5)	(9,192.0)
	3,125.0	1,735.5
Add: other income	185.1	164.2
Total value added available for distribution	3,310.1	1,899.7

Consolidated Statement of Value Added contd.

	2022	%	2021	%
	Rs. million		Rs. million	
Distribution of value added				
To employees				
-Wages, salaries and benefits	395.5	12.0	342.0	17.9
Taxation to Government				
-Import duties and VAT	1,196.8		935.2	
-Export duties	11.5		11.9	
-Income tax	185.5		129.4	
-Economic Service Charge	-	1,393.8	42.1	-
			1,076.5	56.4
To lenders				
-Interest	162.9	4.9	118.8	6.2
Providers of equity capital				
-Dividends	251.9	7.6	-	-
Retained in business				
-Depreciation on fixed assets	143.7		134.5	
-Retained earnings	962.3	1,106.0	33.4	227.9
			362.4	19.5
Total value added distributed	3,310.1	100	1,899.7	100.0
No. of employees in Group	574		528	
Value added per employee (Rs' 000)	5,767		3,598	



INVESTOR INFORMATION

FINANCIAL CALENDAR

Ninety Ninth Annual General Meeting - 18 August 2021

Interim Reports

First Quarterly Report

3 months to 30 June 2021 - 12 August 2021

Second Quarterly Report

6 months to 30 September 2021 - 12 November 2021

Third Quarterly Report

9 months to 31 December 2021 - 7 February 2022

Fourth Quarterly Report

12 months to 31 March 2022 - 20 May 2022

Annual Report - Financial Year 2021/22 - 22 June 2022

One Hundredth Annual General Meeting - 28 July 2022

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

As at 31 March	2022			2021		
Holdings (Shares)	No. of Holders	Total Shares	Holders %	No. of Holders	Total Shares	Holders %
1 - 1,000	2157	433,229	1.20	1786	371,942	1.03
1,001 - 10,000	303	971,778	2.70	280	924,489	2.58
10,001 - 100,000	52	1,757,949	4.89	56	1,656,668	4.60
100,001 - 1,000,000	8	2,418,309	6.72	9	2,346,630	6.52
Over - 1,000,000	5	30,407,291	84.49	5	30,688,827	85.27
	2,525	35,988,556	100.00	2,136	35,988,556	100.00

Investor Information contd.

TWENTY LARGEST SHAREHOLDERS

As at 31 March Name of Shareholder	2022		2021	
	No. of Shares (Voting)	%	No. of Shares (Voting)	%
1 Lankem Ceylon PLC	16,006,441	44.48	16,006,441	44.48
2 Seylan Bank PLC/Senthilverl Holdings (Pvt) Limited	8,701,464	24.18	8,983,000	24.96
3 Union Bank of Colombo PLC/Lankem Ceylon PLC	2,137,526	5.94	2,137,526	5.94
4 Sampath Bank PLC/Dr. T. Senthilverl	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 Mr. D. N. P. Rathnayake	285,037	0.79	N/A	N/A
8 Corporate Holdings (Pvt) Limited Account No. 1	249,982	0.69	238,341	0.66
9 Bansei Securities Capital (Pvt) Limited/K. A. R. Chandra	220,498	0.61	N/A	N/A
10 Sezeka Limited	202,692	0.56	N/A	N/A
11 Harnam Holdings SDN BHD	200,000	0.55	175,872	0.49
12 Mr. P. P. Anandaraja	155,100	0.43	155,100	0.43
13 Mr. M. A. Lukmanjee	155,000	0.43	155,000	0.43
14 Ms. N. Harnam and Mrs. J. K. P. Singh	100,000	0.28	100,000	0.28
15 Mr. E. P. I. Fernando	95,634	0.26	N/A	N/A
16 DFCC Bank PLC/Ravi Exports (Pvt) Limited	93,500	0.26	N/A	N/A
17 Sir F. I. Rahimtoola	90,000	0.25	90,000	0.25
18 Mr. H. A. R. Pieris	80,000	0.22	N/A	N/A
19 Mr. G. P. D. M. Pathiraja	62,347	0.17	N/A	N/A
20 Mr. Z. G. Carimjee	60,200	0.17	60,200	0.17

CATEGORIES OF SHAREHOLDERS

As at 31 March Categories	2022			2021		
	No. of Holders	Share Holding	Total %	No. of Holders	Share Holding	Total %
Individuals	2,432	3,077,796	8.55	2,038	2,527,747	7.02
Institutions	93	32,910,760	91.45	98	33,460,809	92.98
	2,525	35,988,556	100.00	2,136	35,988,556	100.00
Public	2,509	4,148,974	11.53	2,122	3,957,549	11.00

The float adjusted market capitalisation of the Company as at 31 March 2022 is Rs.228,221,421/87.

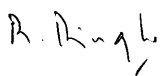
The float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock Exchange and the company has complied with the minimum public holding requirement applicable under the said option.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the **One Hundredth (100th) Annual General Meeting** of **C. W. Mackie PLC** will be held at the Auditorium, Sri Lanka Foundation, No.100, Independence Square, Colombo 7 on Thursday, 28 July 2022 at 2.30 p.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and Financial Statements for the year ended 31 March 2022 with the Report of the Auditors thereon.
2. To declare a Dividend as recommended by the Directors.
3. To approve the re-election of Mr. E. A. A. K. Edirisinghe, who retires in terms of Article 95 of the Articles of Association as a Director of the Company.
4. To approve the re-appointment of Mr. S. D. R. Arudpragasam, who retires by rotation in terms of Article 89 of the Articles of Association and who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company. *
5. To approve the re-appointment of Deshabandu A. M. de S. Jayaratne, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company. **
6. To approve the re-appointment of Mr. 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. ***
7. 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. ****
8. To approve the re-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. *****
9. To authorise the Directors to determine and make donations.
10. To re-appoint KPMG, Chartered Accountants, as Auditors to the Company and authorise the Directors to determine their remuneration.

By Order of the Board



Ms. C. R. Ranasinghe
Executive Director/Company Secretary

Colombo
22 June 2022

Notice of Meeting contd.

Note:

- * A Notice dated 15 June 2022 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 retires by rotation in terms of Article 89 of the Articles of Association and who is seventy 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. Sri Dhaman Rajendram Arudpragasam."
- ** A Notice dated 15 June 2022 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 two 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 June 2022 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 eight years of age be and is hereby re-appointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Mr. Hemaka Devapriya Senarath Amarasuriya."
- **** A Notice dated 15 June 2022 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. Senthilverl as a Director of the Company under and in terms of Section 211 of the Companies Act No.7 of 2007:

"That Dr. Thirugnanasambandar Senthilverl who is seventy six 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 Senthilverl."
- ***** A Notice dated 15 June 2022 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. 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 three years of age be and is hereby re-appointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Mr. 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 176.
- (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 not later than 2.30 p.m. on 26 July 2022 being 48 hours before the time appointed for the holding of the Meeting.
- (vi) 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 COVID-19 pandemic and/or the prevailing situation in the country, 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.

FORM OF PROXY

I/We of
..... being a member/members of

C. W. Mackie PLC hereby appoint of
..... or failing him/her

William Tissa Ellawala	or failing him
Camani Renuka Ranasinghe	or failing her
Ajit Mahendra de Silva Jayaratne	or failing him
Anushman Rajaratnam	or failing him
Sri Dhaman Rajendram Arudpragasam	or failing him
Thirugnanasambandar Senthilvel	or failing him
Hemaka Devapriya Senarath Amarasuriya	or failing him
Karawa Thantrige Aruna Mangala Perera	or failing him
Sanjeev Rajaratnam	or failing him
Ariyawansa Hettiarachchy	or failing him
Edirisinghe Arachchige Anura Kumara Edirisinghe	or failing him

as my/our Proxy to represent me/us and speak and vote on my/our behalf as indicated below at the One Hundredth Annual General Meeting of the Company to be held on Thursday, 28 July 2022 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 2022 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-election of Mr. E. A. A. K. Edirisinghe, who retires in terms of Article 95 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. S. D. R. Arudpragasam who retires by rotation in terms of Article 89 of the Articles of Association and 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"/>
5. To approve the re-appointment of Deshabandu A. M. de S. Jayaratne, who is over 70 years of age, under and in terms of Section 211 of the Companies Act No.7 of 2007 as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. 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"/>
7. 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.	<input type="checkbox"/>	<input type="checkbox"/>
8. To approve the re-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"/>
9. To authorise the Directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>
10. 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"/>

Signed this day of2022.

.....
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 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. 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.
3. 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.
4. If the member is a company or body corporate, the Form of Proxy should be executed under its common seal in accordance with its Articles of Association or Constitution.
5. Please indicate with an 'X' in the space provided how your Proxy is to vote on each resolution. If there is any doubt as to how the vote is to be exercised by the Proxyholder, by reason of the manner in which the Form of Proxy has been completed, the Proxyholder will vote as he thinks fit.
6. The 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@cwmackie.com not later than 2.30 p.m. on 26 July 2022 being 48 hours before the time appointed for the holding of the Meeting.

CORPORATE INFORMATION

Name of Company

C. W. Mackie PLC

Company Registration Number

PQ 47

Legal Form

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

Directors

W. T. Ellawala (*Chairman/Chief Executive Officer*)

H. D. S. Amarasuriya (*Deputy Chairman from 1 January 2022*)

Ms. C. R. Ranasinghe

A. M. de S. Jayaratne

Anushman Rajaratnam

S. D. R. Arudpragasam

Dr. T. Senthilvel

K. T. A. Mangala Perera

Sanjeev Rajaratnam

A. Hettiarachchy (*from 18 August 2021*)

E. A. A. K. Edirisinghe (*from 1 April 2022*)

Company Secretary

Ms. C. R. Ranasinghe

Registered Office and Corporate Head Office

No.36, D.R. Wijewardena Mawatha, Colombo 10

Telephone: +94 11 2423554 - 62

Fax : +94 11 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

Executive Director - Export Trading

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



www.cwmackie.com

C. W. Mackie PLC

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