E. B. Creasy & Company PLC

Annual Report 2018/19

CONTENTS

Financial Highlights

	2018/19 Rs. '000	2017/18 Rs. '000
Group Turnover	10,793,779	15,486,226
Group Profit /(Loss) Before Tax	(829,386)	88,372
Group Profit/(Loss) from continuing operation	(749,262)	(2,515)
Profit/(Loss) Attributable to Equity Holders of the Parent	(722,148)	(386,269)
Value Added	3,096,441	2,291,115
Shareholder's Fund	3,927,562	2,361,240
Earnings/(Loss) per Share (Rs.)	(284.87)	(152.37)
Net Assets per Share (Rs.)	1,549.33	931.46
Market Value per Share (Rs.)	1,490.00	1,200.00
Dividend per Share (Rs.)	36.00	-

Notice of Meeting

Notice is hereby given that the Eighty Sixth Annual General Meeting of E. B. Creasy & Company PLC will be held at the Grand Oriental Hotel, No. 02, York Street, Colombo 1, on 30th September 2019, at 3.00 p.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March, 2019 with the Report of the Auditors' thereon.
2. To declare a First and Final Dividend of Rs. 12/- per share for the year ended 31st March 2019 as recommended by the Directors.
3. To re-elect as a Director Dr. A.M. Mubarak who retires in accordance with Articles 84 and 85 of the Articles of Association.
4. To reappoint Mr. R.N. Bopearatchy who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 4)
5. To reappoint Mr. A. Rajaratnam who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 5)
6. To reappoint Mr. A.M. de S. Jayaratne who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 6)
7. To reappoint Mr. R. Seevaratnam who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 7)
8. To reappoint Mr. A.R. Rasiah who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (See Note No. 8)
9. To reappoint Mr. S.N.P. Palihena who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No. 9)
10. To authorize the Directors to determine contributions to charities.
11. To reappoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited
Secretaries
Colombo

28th August 2019

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty-eight hours before the time fixed for the meeting.
4. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. R.N. Bopearatchy who is seventy eight years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. R.N. Bopearatchy."
5. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. A. Rajaratnam who is seventy eight years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. A. Rajaratnam."
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. A.M. de S. Jayaratne who is seventy nine years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. A.M. de S. Jayaratne."
7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. R. Seevaratnam who as at the date of the Annual General Meeting of the Company, would have reached seventy six years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. R. Seevaratnam."
8. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. A.R. Rasiah who is seventy three years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A.R. Rasiah."
9. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. S.N.P. Palihena who is seventy two years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.N.P. Palihena."

Chairman's Review

On behalf of the Board of Directors it gives me great pleasure to welcome you to the Company's Eighty Sixth Annual General Meeting and present you the Annual Report and Audited Financial Statements of the Company and its subsidiaries for the year ended 31st March 2019.

Sri Lanka's economy faced many challenges during the period under review. Both the unprecedented currency devaluation and political instability slowed down the Country's GDP growth to 3.2% the lowest in 18 years. Weaker consumer demand continued to playout through the year, despite a modest revival over 2017. The Sri Lankan Rupee depreciated over 14% against the dollar during the period under review, adding to the difficult operating environment for domestic businesses. The culmination of these factors adversely affected the retail trade sectors in which the Company operates.

As a result of the above mentioned macro-economic challenges, the Company's turnover declined by a modest 2% to Rs. 4.1 Billion compared to the previous year. This is mainly attributable to the drop in sales volumes in the hardware and consumer marketing divisions.

During the year we adopted a stringent cost reduction model to streamline our operational expense base against the previous year. As a result the Company's selling and distribution and other expenses were substantially reduced. However, despite these initiatives being carried out to facilitate the Company's profitability growth, this was adversely affected by a weak turnover driven by negative externalities such as lower consumer spending patterns and the devaluation of the local currency.

The drop in other income by Rs. 92 Million which was on account of the absence of dividends from subsidiaries, the challenging macro-economic environment coupled with finance costs increasing by 23% over the past year worsened the Company's bottom-line. The Finance cost increase was mainly due to increased working capital funding due to slower cycles. As a result The Company's profit before tax stood at Rs. 139 Million during the current financial year compared to Rs. 292 Million reported during the previous year. At the Group level, the consolidated turnover was Rs. 10.8 Billion compared to Rs. 15.5 Billion recorded in the previous year. The net loss stood at Rs. 749 Million during the current financial year compared to the loss of Rs. 643 Million reported in the previous year.

Given the challenging macro environment witnessed during the past year we have continued, across the business, to focus on operational efficiencies. Going forward, we envisage to capitalize on numerous strategic initiatives we have undertaken such as to launch new brands in our Home Care division and to invest in extending our existing brands which we are confident, will yield the necessary results in the medium term and sustain our growth.

I wish to extend my sincere appreciation to our staff and senior management for their loyalty and the dedication with which they have carried out their responsibilities in this difficult year. My colleagues on the Board have always been a source of strength and I wish to thank them for their wise counsel and guidance in affairs of the Group.

I also wish thank all our other stakeholders for their continuing trust and confidence in the Group, as we forge ahead in our endeavors.

S. D. R. Arudpragasam
Chairman/Managing Director
28th August, 2019

Board of Directors

S. D. R. Arudpragasam – FCMA (UK)
Chairman/Managing Director

Mr. S.D.R. Arudpragasam was appointed to the Board in 1988 and as Managing Director in 1989. He was appointed Chairman on 1st October, 2017. He serves as Chairman of several subsidiaries of The Colombo Fort Land & Building PLC (CFLB) including Chairman Lankem Ceylon PLC. He holds the position of Deputy Chairman of The Colombo Fort Land & Building PLC (CFLB) in addition to serving on the Boards of other Companies within the CFLB Group.

Mr. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (U.K.).

R. Seevaratnam – B.Sc. (Lond.), FCA (Eng. and Wales), FCA (ICASL)
Deputy Chairman

Mr. R. Seevaratnam was appointed to the Board as an Independent Non-Executive Director in April 2014 and appointed Deputy Chairman on 1st October, 2017. He was a former senior partner of KPMG. Mr. Seevaratnam is a Director of several listed and unlisted companies.

He is a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka and holder of a General Science Degree from the University of London.

S. Rajaratnam – B.Sc. CA
Joint Managing Director

Mr. S. Rajaratnam was appointed to the Board as Deputy Managing Director in the year 2006. He was appointed Joint Managing Director on 1st April, 2018. He serves on the Boards of certain subsidiaries of the E.B. Creasy Group and holds several other Directorships including The Colombo Fort Land & Building PLC.

Mr. S. Rajaratnam holds a Bachelor of Science Degree in Business Administration from Boston College, U.S.A. and is a Member of the Institute of Chartered Accountants in Australia. He has been associated with overseas companies in the field of Finance.

A. Rajaratnam – FCA
Director

Mr. A. Rajaratnam joined the Board in 1988 and served as Chairman from the year 2003 to September, 2017. He currently serves as Chairman of The Colombo Fort Land & Building PLC (CFLB) and several listed and unlisted companies within the CFLB Group in addition to holding other Directorships within the Group.

Mr. Rajaratnam is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

Board of Directors *Contd.*

R.C.A. Welikala

Director

Mr. R.C.A. Welikala was appointed to the Board in the year 2000. He has extensive experience in marketing of fast moving consumer goods and has successfully developed key brands in the E. B. Creasy Group to market leadership positions. He also holds other Directorships within the E.B. Creasy Group.

R.N. Bopearatchy – **B.Sc. (Cey), Dip. BM, MBA (Univ. of Col.)**

Director

Mr. R.N. Bopearatchy was appointed to the Board in the year 2000. He has considerable expertise in product development, manufacturing and marketing of pesticides, pharmaceuticals and consumer products.

Soon after graduation he was employed in Research in the Plant Pathology Division of the Tea Research Institute and subsequently joined Chemical Industries Colombo Limited and was appointed to its Board. He also served on the Boards of Crop Management Services (Pvt) Limited the managing agents for Mathurata Plantations Limited, CIC Fertilizers Limited and Cisco Speciality Packaging (Pvt) Limited. He has held office as the Chairman of the Pesticide Association of Sri Lanka, the Toxicological Society of Sri Lanka and the International Mosquito Spiral Manufacturers Association (IMSMA).

Mr. R.N. Bopearatchy serves as a Director in several Companies in The Colombo Fort Land & Building Group.

He holds a Bachelor of Science degree from the University of Ceylon and a Masters in Business Administration from the University of Colombo and a Diploma in Business Management from NIBM.

P.M.A. Sirimane – **FCA, MBA**

Director

Mr. P.M.A. Sirimane joined the E.B. Creasy Group in October, 2009 and was appointed to the Board in November, 2009. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Ltd., Group Finance Director of United Tractor & Equipment Ltd., Chief Financial Officer, Sri Lanka Telecom Ltd. and Director, SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

Mr. Sirimane serves on the Boards of some of the subsidiaries of the E.B. Creasy Group and holds several other Directorships including The Colombo Fort Land & Building PLC (CFLB) on which Board he serves as Group Finance Director.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Masters in Business Administration from the University of Swinburne, Victoria, Australia.

A.R. Rasiah – **B.Sc. (Cey.), FCA**

Director

Mr. A.R. Rasiah was appointed to the Board as an Independent Non-Executive Director in June, 2010. He is a Science Graduate of the University of Ceylon and a Fellow of the Institute of Chartered Accountants of Sri Lanka and a finalist of The Institute of Management Accountants Examination (UK). He possesses well over 40 years of experience in Finance at a very senior level both internationally and locally.

He currently serves on certain Boards of the E.B. Creasy Group and on some of the Boards of the Hotels Sector in The Colombo Fort Land & Building Group, Sunshine Tea (Pvt) Ltd., Fintek Managed Solutions (Pvt) Ltd., Clindata Lanka (Pvt) Ltd., and as Chairman of Hela Group of Companies.

He is a former (retired) Finance Director of Nestle (Lanka) PLC. He has been a visiting lecturer on Finance and Accounts for Nestle SA for Africa-Asian and Oceanic Regions. Mr. Rasiah is a past lecturer for MBA students on Finance at the Postgraduate Institute of Management (PIM). He is a former President of the Benevolent Society of the Institute of Chartered Accountants of Sri Lanka and currently the Chairman of The Sri Lanka Institute of Directors.

S.N.P. Palihena – FCIB (U.K.), FIB (SL), Post Grad. Dip. Bus. & FA
Director

Mr. S.N.P. Palihena was appointed to the Board as an Independent Non-Executive Director in June, 2010. In addition to serving on the Board of E. B. Creasy & Company PLC and some of its subsidiaries he also serves on certain Boards of The Colombo Fort Land & Building Group.

He was a former Chief Executive Officer/General Manager of Bank of Ceylon and has had a distinguished banking career spanning almost forty years at the Bank of Ceylon. He has also worked at the National Development Bank of Sri Lanka for a period of over three years. Mr. Palihena is a former Director of the DFCC Bank and Soflogic Finance PLC.

He is a Fellow of the Chartered Institute of Bankers - London, and a Fellow of the Institute of Bankers – Sri Lanka. He also has a Postgraduate Diploma in Business and Financial Administration.

Dr. A.M. Mubarak - B.Sc. (SL), Ph.D. (Cantab), FICHEMC, FNASSL
Director

Dr. A.M. Mubarak was appointed to the Board as an Independent Non-Executive Director in September 2013. Dr. Mubarak a former Director and Chief Executive Officer of the Industrial Technology Institute has several years experience in managing industry oriented R&D. He has served as a visiting lecturer at several universities in Sri Lanka.

Dr. Mubarak a Commonwealth Scholar, has a B.Sc. degree from the University of Colombo and a Ph. D. from the University of Cambridge U.K. He has held the posts of President of the Institute of Chemistry, Ceylon, General President of the Sri Lanka Association for the Advancement of Science and President of the National Academy of Sciences of Sri Lanka.

He has served on the Boards/ Councils of the University of Colombo, Postgraduate Institute of Science, National Engineering Research & Development Centre and National Science and Technology Commission. Currently he is a Member of the University of Sri Jayewardenapura Council and the Sri Lanka Accreditation Board, the chairman of National Science Foundation and a Director of Sri Lanka Institute of Nanotechnology.

Dr. Mubarak serves on the Boards of some of the subsidiaries of E.B. Creasy & Company PLC and as Chairman of Union Chemicals Lanka PLC.

A.M. de S. Jayaratne – B.Sc. (Econ.), FCA (Eng. and Wales), FCA (ICASL)
Director

Mr. A.M. de S. Jayaratne was appointed to the Board as an Independent Non-Executive Director in April, 2014. He is a former Chairman of Forbes & Walker Limited, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. Mr. Jayaratne is a Director of several listed and unlisted companies. He holds a Bachelor of Science Degree in Economics and is a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka.

S.W. Gunawardena – B.Sc., MBA
Director

Mr. S.W. Gunawardena joined the Company in 2002 and was appointed to the Board in April, 2014. He also serves on the Boards of some of the subsidiaries of the E.B. Creasy Group.

He is currently the Head of the Home Care Division and has initiated many new businesses.

Prior to joining the Company he had served in leading mercantile establishments in Sri Lanka and overseas.

He serves on the Board of International Household Insecticides Manufacturers BHD and functions as the Treasurer from 2014.

He holds a Bachelor of Science degree from the University of Colombo and a Masters in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenapura.

Group Profile

The House of E. B. Creasy was founded in 1878 by Edward Bennet Creasy and incorporated as a limited liability company in 1929, becoming quoted on the local Stock Exchange in 1968. The Company is among the pioneers of The Ceylon Chamber of Commerce having joined in 1890, while Darley Butler – a wholly-owned subsidiary - enjoys the distinction of being one of the three oldest members since 1852.

Over the years E. B. Creasy has expanded by organic growth as well as by strategic acquisitions and now constitutes a diversified Group spanning a wide spectrum of activities ranging from import, export, distribution and freight forwarding.

E. B. CREASY & COMPANY PLC

The main activities are manufacture of consumer disposables, marketing of hardware and automotive accessories, solar powered lighting systems for rural electrification.

The Hardware and Automotive Accessories Marketing Division has an island-wide dealer network which distributes products imported from well-known foreign principals as well as locally manufactured items comprising automotive batteries, aerosol paints, abrasive papers and water pumps. The renewable Energy Division imports and installs solar home lightening and agro water pumping systems.

The Consumer Products Manufacturing Division produces a range of disposable razors, toothbrushes, mosquito coils and joss sticks which are market leaders.

DARLEY BUTLER & CO. LIMITED

Being the consumer marketing subsidiary of the Group it has one of the most extensive marketing and distribution systems in the country. It has one of the largest teams of professional sales representatives backed by a fleet of commercial vehicles and a long-established network of distributors.

The company markets a diverse range of fast moving consumer goods, which are some of the most prestigious household brand names in the country. The company has embarked on several new products under the Laxapana Brand as well as under their own proprietary brands which have been very successful. The company envisages entering several identified strategic markets in the future.

E. B. CREASY LOGISTICS LIMITED

The Company is engaged in the movement of commercial cargo as well as household effects on a door-to-door basis utilizing its long-established international agency network of customs house agents.

CANDY DELIGHTS LIMITED (FORMERLY KNOWN AS CREASY FOODS LIMITED)

The company is the manufacturer of a range of medicated confectionery under license from Cadbury Schweppes PLC of UK. The company has diversified its activities and now produces flavoured sweets as well under the brand name of Candyman.

LAXAPANA BATTERIES PLC

Elephant Lite Corporation Ltd was incorporated as a Public Limited liability Company in 1956. The Company was the pioneer manufacturer of D size dry cell batteries, namely Torch and Transistor batteries, in Sri Lanka and continued manufacturing the same until the closure of operation in 2012, due to the rapid drop in demand for D size batteries locally as well as globally. In 1982, it was quoted on the Colombo Stock Exchange. In August 2005, the name of the Company was changed to Laxapana Batteries Limited and subsequently re-registered as Laxapana Batteries PLC. The Company continues to market LAXAPANA brand Zinc Chloride AA, AAA and 9V batteries, Alkaline AA batteries, CFL and LED bulbs and Re-chargeable torches.

The Company continues to operate the fully equipped laboratory to ensure the quality of dry cell batteries marketed by the Company and also a laboratory testing facility to ensure quality of CFL and LED bulbs.

The Company's main office is located at 98, Sri Sangaraja Mawatha, Colombo 10 and its 3 ½ acre freehold land at Homagama is rented out to E. B. Creasy & Co. PLC.

MULLER & PHIPPS (CEYLON) PLC

The Company's fully owned Subsidiary, Pettah Pharmacy (Pvt) Limited is functioning as an agent representative in Sri Lanka for foreign Pharmaceutical companies and operates in importing, marketing and distribution of pharmaceuticals.

LANKA SPECIAL STEELS LIMITED

Lanka Special Steels Limited is in the business of manufacturing, exporting and also a dealer in galvanized wire, nail wire, galvanized barbed wire, and all other varieties of steel wire, wire rods, and related products.

CEYFLEX RUBBER LIMITED

Ceyflex Rubber Limited is a limited liability Company incorporated and domiciled in Sri Lanka under the Companies Act No. 07 of 2007. The principal activities of the Company are to manufacture value added Latex sport bands, clothing from natural rubber latex for local and export markets.

Enterprise Governance

CORPORATE GOVERNANCE

Corporate Governance create, enhance and sustain value to its stakeholders. The E.B. Creasy Group is committed to upholding the trust placed by the stakeholders. The Corporate Governance processes supports Business Governance enabling companies to focus on Strategic Direction, Implementation and Risk.

Given below is a demonstration as to how we adhere to good Corporate Governance practices recommended by the Institute of Chartered Accountants of Sri Lanka and the listing rules of the Colombo Stock Exchange.

1. THE BOARD OF DIRECTORS

BOARD, COMPOSITION AND MEETINGS

The Board comprises of the Chairman/Managing Director, Deputy Chairman, Joint Managing Director and nine other Directors who possess expertise in the fields of Finance, Management and Marketing.

Names of Directors

Mr. S.D.R. Arudpragasam (Chairman/Managing Director)	-	Executive
Mr. R. Seevaratnam (Deputy Chairman)	-	Independent Non- Executive
Mr. S. Rajaratnam (Joint Managing Director)	-	Executive
Mr. A. Rajaratnam	-	Executive
Mr. R.N. Bopearatchy	-	Executive
Mr. R.C.A. Welikala	-	Executive
Mr. P.M.A. Sirimane	-	Executive
Mr. A.R. Rasiah	-	Independent Non- Executive
Mr. S.N.P. Palihena	-	Independent Non- Executive
Dr. A.M. Mubarak	-	Independent Non- Executive
Mr. A.M. de S. Jayaratne	-	Independent Non- Executive
Mr. S.W. Gunawardena	-	Executive

DECISION MAKING OF THE BOARD

In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing.

RESPONSIBILITIES OF THE BOARD:

- Determining the strategic direction of the Company and also setting the corporate values.
- Implementation and review of business strategy.
- Ensuring of an effective internal control system and a proactive risk management system.
- Ensuring compliance with ethical, legal, health, environment and safety standards.
- Approval of Interim and Annual Financial Statements for publication
- Ensuring succession arrangements of the Board and top management.
- Approval of budgets, corporate plans, major capital investments, divestments and acquisitions.
- Ensure all stakeholder interests are considered in corporate decisions.
- Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and compliance with financial regulation.
- Approval of any issue of Equity and Debt Securities of the Company.

COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

The Company and all the Directors may seek advice from Corporate Managers & Secretaries (Private) Limited who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. Advice is also sought from independent external professionals whenever the Board deems it necessary.

INDEPENDENT JUDGEMENT

The Board is committed to exhibit high standards of integrity and independence of judgement. Each Director dedicates the time and effort necessary to carry out his responsibilities.

FINANCIAL ACUMEN

The Board includes seven Finance Professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to Finance.

BOARD BALANCE

The Board comprises of five Independent Non-Executive Directors and seven Executive Directors.

The Non-Executive Directors have submitted declarations of their independence or non-independence to the Board.

Mr. A.R. Rasiah and Mr. S.N.P. Palihena and Dr. A.M. Mubarak are Directors on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. Mr. Rasiah and Mr. Palihena also serve on the Boards of certain subsidiaries of the Company's Parent Company, The Colombo Fort Land and Building PLC and have served on the Board of the Listed Entity and on the Boards of some of its subsidiaries for over a period of nine years. However, the Board having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for defining Independence is of the opinion that Mr. A.R. Rasiah, Mr. S.N.P. Palihena and Dr. A.M. Mubarak are nevertheless Independent.

Mr. A.M. de S. Jayaratne is a Director of the Parent Company, The Colombo Fort Land and Building PLC and on the Boards of some of its subsidiaries. He is also a Director on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. He has served on the Board of the Parent Company and on the Boards of some of its subsidiaries, for a period exceeding nine years. However the Directors having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for defining Independence is of the opinion that Mr. A.M. de S. Jayaratne is nevertheless Independent.

Mr. R. Seevaratnam is a Director of the Parent Company, The Colombo Fort Land and Building PLC and of a Related Company. He has served on the Board of the Parent Company for over a period of nine years. He is also a Director on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. However the Directors having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for defining Independence is of the opinion that Mr. R. Seevaratnam is nevertheless Independent.

SUPPLY OF INFORMATION

Directors are furnished with monthly reports on Performance comprising of Financial Statements and such other Reports and documents as are necessary.

Apart from Board Meetings the Key Management Personnel meet regularly to monitor the performance of the varied business segments and to review the progress towards achieving the budgets. Prompt corrective action is taken after discussing the operational issues.

At Board Meetings the Directors are informed of important decisions taken at the aforementioned meetings in relation to routine operational matters for a final decision. Other matters of relevance to the Industries in which the Company operates are also conveyed to the Board.

NOMINATION COMMITTEE/APPOINTMENTS TO THE BOARD

New Directors are proposed for Appointment by the Nomination Committee in consultation with the Chairman of the Company and in keeping with the provisions of the Articles of Association of the Company in relation to same and in compliance with the Rules of Corporate Governance.

The details of new appointments to the Board are made available to the shareholders by making announcements to the Colombo Stock Exchange.

The Company's Nomination Committee comprises of Mr. A.R. Rasiah – Chairman, Mr. S.N.P. Palihena and Mr. A.M. de S. Jayaratne, Independent Non-Executive Directors.

RE-ELECTION OF DIRECTORS

In terms of the Articles of Association of the Company, a Director appointed to the Board (other than an appointment to an Executive Office) holds office until the next Annual General Meeting and seeks re-election by the shareholders at that meeting. The Articles require one-third of Directors in office (excluding the office of Chairman, Managing or Joint Managing Director and any other Executive Office) to retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

2. DIRECTORS REMUNERATION

REMUNERATION COMMITTEE

The Remuneration Committee Report is set out on page 13 The Remuneration Committee comprises of Mr. A.R. Rasiah - Chairman, Mr. S.N.P. Palihena and Mr. A.M. de S. Jayaratne – Independent Non-Executive Directors.

Enterprise Governance *Contd.*

DISCLOSURE OF REMUNERATION

Aggregate remuneration paid to Directors is disclosed in Note 34 to the Financial Statements on page 98.

3. RELATIONS WITH SHAREHOLDERS

CONSTRUCTIVE USE OF AGM/GENERAL MEETINGS

The Board considers the Annual General Meeting/ General Meetings an opportunity to communicate with shareholders and encourages their participation. The Board offers clarification and responds to concerns shareholders have over the contents of the Annual Report as well as other matters which are relevant to the Company.

OTHERS

The Company's principal communicator with all its stakeholders are its Annual Report and Quarterly Financial Statements. The Company also maintains a website (www. ebcreasy.com) which offers any individual or a body corporate, information on the Company and its activities.

MAJOR TRANSACTIONS

There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.

PRICE SENSITIVE INFORMATION

Due care is exercised with respect to share price sensitive information.

4. ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Board places emphasis on complete disclosure of financial and non- financial information within the bounds of commercial reality. This enables both existing and prospective shareholders to make fair assessment on the Company's performance and future prospects. The Financial Statements are prepared in accordance with Sri Lanka Accounting Standards.

DISCLOSURES

The Annual Report of the Board of Directors is given on pages 17 to 20 in this Report. The Auditor's Report on the Financial Statements is given on page 22 to 27 of this Annual Report. Financial Information of business segments are given on pages 99 to 100.

GOING CONCERN

The Directors are of the belief that the Company is capable of operating in the foreseeable future after adequate assessment of the Company's financial position and resources. Therefore, the Going Concern principle has been adopted in the preparation of Financial Statements.

INTERNAL CONTROL

The Board of Directors is responsible for the Company's system of internal controls and for reviewing its effectiveness. The system is designed to safeguard assets against unauthorized use or disposal and to ensure that proper records are maintained. It includes all controls including financial, operational and compliance controls and risk management.

However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable timeframe.

AUDIT COMMITTEE

The Audit Committee Report is set out on pages 14 to 15 of this Report.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions are disclosed in Note 34 (b) of the Financial Statements.

The Report of the Related Party Transactions Review Committee appear on page 16.

5. OTHERS

RIGHTS OF EMPLOYEES/OTHER STAKEHOLDERS

The Company identifies the rights of employees. Several employee performance enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of the employees.

The constant responsiveness to all stakeholders interests will ensure that the Governance process will continue to add value in the future.

Remuneration Committee Report

The Remuneration Committee consists of the following members:

Mr. A.R. Rasiah	-	Chairman Independent/ Non-Executive Director
Mr. S.N.P. Palihena	-	Member Independent/ Non-Executive Director
Mr. A.M. de S. Jayaratne	-	Member Independent/ Non-Executive Director

The Committee is responsible for recommending remuneration packages for the key management and senior management personnel. In addition they lay down guidelines and parameters for the compensation structure of the management staff.

The Managing Director assists the Committee by providing relevant information and participating in the deliberations of the Committee.

The key objective of the committee is to attract, motivate and retain qualified and experienced personnel and to ensure that the remuneration of executives at each level of management is competitive and are rewarded in a fair manner based on their performance.

A.R. Rasiah
Chairman
Remuneration Committee
28th August 2019

Audit Committee Report

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

COMPOSITION

The Company's Audit Committee consists of Independent Non-Executive Directors of E.B. Creasy & Company PLC.

The Committee members are as follows,

Mr. A.R. Rasiah	– Chairman (Independent Non-Executive Director – EBC PLC)
Mr. A.M. de S. Jayaratne	– Member (Independent Non-Executive Director – EBC PLC)
Mr. S.N.P. Palihena	– Member (Independent Non-Executive Director – EBC PLC)

The Chairman of the committee, Mr. A.R. Rasiah, is an Independent Non-Executive Director, and a finance professional with over 40 years of experience in Finance at a very senior level both internationally and locally. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka.

Brief profiles of each member are given on pages 5 to 7 of this Annual Report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgements on matters that come within the Committee's purview.

The Company's Secretaries, Corporate Managers and Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee reviews and advises the Company to ensure that the Financial Reporting system is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. It also reviews the adequacy of internal controls and the business risks.

The Committee also reviewed the financial reporting system adopted by the Group in the preparation of its Quarterly and Annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and compliance thereof with the Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka. The methodology included obtaining statement of compliance by the Head of Finance and Directors-in-Charge of operating units. The Committee recommends the Financial Statements to the Board of Directors for its deliberation and issuance. The Committee in its evaluation of the Financial Reporting System also recognized the adequacy of the content and the quality of routine management information and reports forwarded to its members.

The Committee discussed with the Management the implementation of several new Sri Lanka Accounting Standards such as SLFRS 9 – Financial Instruments and SLFRS 15 – Revenue from Contracts with Customers and have satisfied themselves that the necessary preparation work has been undertaken to enable the company and the Group to adopt them. The external auditors were also engaged in this process.

INTERNAL AUDIT RISK AND CONTROL

The Committee reviews the adequacy of internal audit coverage for the Company and the internal audit plans of the Group. The Company's internal audit function is headed by the Manager Internal Audit and the Manager Internal Audit regularly reports to the Committee on the adequacy and effectiveness of internal controls in the Company and compliance with rules and regulations and established policies of the Company.

EXTERNAL AUDIT

The Committee ensures the independence of the External Auditors and confirms the compliance with the requirements under the Companies Act No. 07 of 2007 in relation to appointment, reappointment and removal of the External Auditors. The Committee makes recommendations to the Board as appropriate. The External Auditors are duly appointed by the shareholders at the Annual General Meeting of each year. Further, the Audit Committee reviewed the management letter issued by the External Auditors and the management comments.

MEETINGS AND ATTENDANCE

The Audit Committee has met on four occasions during the financial year ended 31st March, 2019 and the attendance of the Committee was as follows:

Mr. A.R. Rasiah	–	(4/4)
Mr. A.M. de S. Jayaratne	–	(4/4)
Mr. S.N.P. Palihena	–	(4/4)

Other members of the Board and Senior Management Personnel of the Company are invited to the meetings regularly. The Proceedings of the Audit Committee are reported to the Board of Directors.

External Auditors were present when appropriate.

AUDIT COMMITTEES – LISTED SUBSIDIARY COMPANIES

All listed subsidiaries have appointed their own Audit Committees. These Audit Committees function independently of the Audit Committee of E.B. Creasy & Company PLC but have similar terms of reference.

EXTERNAL AUDIT

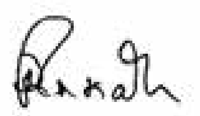
The Company has appointed KPMG as its external Auditor and the service provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy.

The Audit Committee has determined that KPMG Auditors are independent on the basis that they do not carry out any management-related functions of the Company. The Audit Committee also reviews the professional fees of the external Auditors.

The Audit Committee has concurred to recommend to the Board of Directors the reappointment of KPMG as Auditors for the financial year ending 31st March, 2020 subject to the approval of the shareholders at the Annual General Meeting.

CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.



A.R. Rasiah
Chairman
Audit Committee
28th August 2019

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring compliance with the rules and regulations governing Related Party Transactions for Listed Entities. It focuses on ensuring that the Stakeholders' interests are protected in all related party transactions.

COMPOSITION

The Company's Related Party Transactions Review Committee comprises of the following members:

Mr. R. Seevaratnam (Chairman)	–	Independent/Non-Executive Director, EBC PLC
Mr. A.M. de S. Jayaratne (Member)	–	Independent/Non-Executive Director, EBC PLC
Mr. A.R. Rasiah (Member)	–	Independent/Non-Executive Director, EBC PLC
Mr. P.M.A. Sirimane (Member)	–	Executive Director, EBC PLC

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd. function as the Secretaries to the Related Party Transactions Review Committee.

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee met on two occasions during the financial year ended 31st March, 2019 and the attendance of the Committee was as follows:

Mr. R. Seevaratnam	–	(2/2)
Mr. A.M. de S. Jayaratne	–	(1/2)
Mr. A.R. Rasiah	–	(2/2)
Mr. P.M.A. Sirimane	–	(2/2)

Further, during the year on five occasions the RPTRC has reviewed and recommended Related Party Transactions by Resolutions in writing which the Committee for purposes hereof construe as equivalent to meetings being held.

FUNCTIONS OF THE COMMITTEE:

- Review all proposed Related Party Transactions (Except for exempted transactions)
- Determining whether the relevant Related Party Transaction is fair to, and in the best interests of the Company and its stakeholders.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Direct the transactions for Board approval/ Shareholder approval as deemed appropriate.
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made in a timely and detailed manner.

CONCLUSION

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

Related Party Transactions have been reviewed and disclosed in a manner consistent with the Listing Rules. The Committee is free to seek external professional advice on matters within their purview when necessary.

The Board of Directors have also declared in the Annual Report that there was a non-recurrent related party transaction which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. The Board further declares that recurrent related party transactions although exempt which exceeded the respective disclosure threshold are disclosed in Note 34 (b) to the Financial Statements and that the Company has complied with the requirements of Section 9 of the Colombo Stock Exchange Listing Rules on Related Party Transactions.

R. Seevaratnam

R. Seevaratnam
Chairman
Related Party Transactions Review Committee
28th August 2019

Annual Report of the Board of Directors

The Board of Directors of E.B. Creasy & Company PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March, 2019.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW/FUTURE DEVELOPMENTS

The principal activities of the Company together with those of its subsidiary companies are described in the Group Profile. A review of the Company's business and its performance during the year with comments on financial results and future developments is contained in the Chairman's Review and Group Profile sections of this Annual Report. These reports together with the Financial Statements reflect the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws and regulations.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 28 to 103.

AUDITOR'S REPORT

The Auditors' Report on the Financial Statements is given on pages 22 to 27.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 33 to 57.

INTEREST REGISTER

DIRECTORS' INTEREST IN TRANSACTIONS

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 34 to the Financial Statements on pages 96 to 97.

DIRECTORS' INTEREST IN SHARES

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act No. 07 of 2007.

Details pertaining to Directors direct shareholdings are set out below:

Name of Director	No. of Shares as at 31.03.2019	No. of Shares as at 31.03.2018
Mr. S.D.R. Arudpragasam	2,000	2,000
Mr. S. Rajaratnam	30	30

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Group for the financial year 2018/19 is given in Note 34 (d) to the Financial Statements on page 98 Rs. 247.58 million (2017/18 - Rs. 308.06 million) and in respect of the Company for the financial year 2018/19 is Rs. 229.41 million (2017/18 - Rs. 286.79 million).

CORPORATE DONATIONS

Donations made by the Group amounted to Rs. 0.1 million (2017/18 – 0.5 million).

DIRECTORATE

The names of the Directors who held office during the financial year are listed below. Brief profiles of the Directors appear on pages 5 to 7.

Mr. S.D.R. Arudpragasam	– Chairman/ Managing Director
Mr. R. Seevaratnam	– Deputy Chairman
Mr. S. Rajaratnam	– Joint Managing Director
Mr. A. Rajaratnam	– Director
Mr. R.N. Bopearatchy	– Director
Mr. R.C.A. Welikala	– Director
Mr. P.M.A. Sirimane	– Director
Mr. A.R. Rasiah	– Director
Mr. S.N.P. Palihena	– Director
Dr. A.M. Mubarak	– Director
Mr. A.M. de S. Jayaratne	– Director
Mr. S.W. Gunawardena	– Director

Annual Report of the Board of Directors *Contd.*

In terms of Articles 84 and 85 of the Articles of Association Dr. A.M. Mubarak retires by rotation and being eligible offers himself for re-election.

Mr. R.N. Bopearatchy who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A. Rajaratnam who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A.M. de S. Jayaratne who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. R. Seevaratnam who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A.R. Rasiah who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.N.P. Palihena who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

AUDITORS

The Financial Statements of the Company for the year have been audited by KPMG, Chartered Accountants, the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, KPMG were paid Rs. 7 million during the year under review (2017/18 – Rs. 10.3 million) as audit fees and fees for audit-related services by the Group. In addition, they were paid Rs. 0.2 million (2017/18 - Rs. 0.6 million) by the Group for non-audit related work, which consisted mainly of tax related work.

In addition to the above, Group companies are engaged with other audit firms. Audit fees in respect of these firms amounted to Rs. 1.9 million during the year under review (2017/18 - 2.9 million).

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interest in the Company.

REVENUE

The revenue of the Group for the year was Rs. 10,793.78 million (2017/18 - 15,486.23 million).

RESULTS

The Group made a loss before tax of Rs. 829.39 million (2017/18 - profit before tax 88.37 million). The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 28.

DIVIDENDS

The Board of Directors have recommended the payment of a First and Final Dividend of Rs. 12/- per share on the Ordinary Shares of the Company for the year ended 31st March 2019 for approval by the Shareholders at the Annual General Meeting to be held on 30th September 2019.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the dividend proposed. A solvency certificate has been sought from the Auditors in respect of the aforementioned dividend.

INVESTMENTS

Investments made by the Group are given in Notes 19.3.2 on page 72.

PROPERTY, PLANT & EQUIPMENT

During 2018/19, the Group invested Rs. 219.22 million in Property, Plant & Equipment (2017/18 - Rs. 663.75 million). Further, your Directors are of the opinion that the net amounts at which land and other Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market value as at 31st March 2019.

STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2019 was Rs. 25.731 million and is represented by 2,535,458 issued and fully-paid ordinary shares. There was no change in the Stated Capital during the year.

RESERVES

The total Group reserves as at 31st March 2019 comprised of general reserve of Rs. 9.55 million and retained earnings of Rs. 1,269.53 million whereas the total Group reserve as at 31st March, 2018 was general reserves comprising of Rs. 9.55 million and retained earnings of Rs. 2,325.96 million.

The movements are shown in the Statement of Changes in Equity in the Financial Statements.

TAXATION

The Group's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

Income Tax and other taxes paid and liable by the Group are disclosed in Notes 12 and 28 on pages 60, 84 and 85.

RELATED PARTY TRANSACTIONS

In respect of the financial year ended 31.03.2019 there was a non-recurrent related party transaction which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. Recurrent related party transactions although exempt which exceeded the respective disclosure threshold are disclosed in Note 34.(b) i. to the Financial Statements. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 34.(b) on page 95.

SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 105 and 106.

EVENTS OCCURRING AFTER THE REPORTING DATE

Events occurring after the Reporting date that would require adjustments to or disclosures are disclosed in Note 38 on page 101.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments and contingent liabilities as at the Reporting date are disclosed in Notes 36 and 37 on page 101.

EMPLOYMENT POLICY

The Company's recruitment and Employment Policy is non-discriminatory. The occupational, health and safety standards receive substantial attention. Appraisal of individual employees are carried out in order to evaluate their performance and realize their potential. This process benefits the Company and the employees.

SHAREHOLDERS

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due in relation to employees and the Government have been made.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment.

It is the Company's policy to minimize any adverse effect its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. The Directors confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

Annual Report of the Board of Directors *Contd.*

INTERNAL CONTROL

The Board of Directors take overall responsibility for the Company's Internal Control System. A separate Internal Audit section has been set up to review the effectiveness of the Company's internal controls in order to ensure reasonable assurance that assets are safeguarded and all transactions are properly authorized and recorded. The Board reviews the recommendations of External Auditors and takes appropriate action to maintain an adequate internal control system.

GOING CONCERN

The Board of Directors after making necessary inquiries and reviews including reviews of the Company's budget for the subsequent year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue its operations in the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

For and on behalf of the Board,

S.D.R. Arudpragasam
Chairman/Managing Director

R.C.A. Welikala
Director

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited
Secretaries
28th August 2019

Financial Reports

Independent Auditor's Report

KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF E.B CREASY & COMPANY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of E.B. Creasy & Company 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 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out in pages 28 to 103 of the Annual Report.

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 2019, 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

Impairment assessment of the Group's goodwill and Company's investment in subsidiaries.	
Refer to Note 6.1 and Note 6.11 significant accounting policies and explanatory Note 18 and Note 19.1 to the financial statements	
Risk Description	**Our Response**
At 31st March 2019, the Group recorded Rs. 189 Mn as goodwill and the Company recorded Rs. 589 Mn as investments in subsidiaries. As required by relevant accounting standards, at 31 March 2019 the management performed an impairment assessment on goodwill by allocating it to the respective cash generating units and performed the impairment assessment for investments in subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations. We considered the audit of management's impairment assessment of goodwill and investments in subsidiaries to be a key audit matter due to the magnitude of the carrying amounts of goodwill and investment in subsidiaries in the in the financial statements as at 31 March 2019. In addition, these areas were significant to our audit because the impairment assessment process involved significant management judgment and required management to make various assumptions in the underlying cash flow forecasts.	Our audit procedures in this area included, among others: • assessing cash flow forecast prepared by the management against our own expectations based on our knowledge of the Company and experience of the industry in which it operates. • testing the mathematical accuracy of the underlying calculations in the discounted cash flow valuation models. • with the assistance of our own internal business valuation specialists, challenging the reasonableness of the key assumptions in the valuation models. • assessing the adequacy of disclosures in the financial statements.

Recognition of deferred tax assets	
Refer to Note 6.8 significant accounting policies and explanatory Note 29 to the financial statements	
Risk Description	**Our Response**
The Group recognized deferred tax asset of Rs. 337 Mn as at 31st March 2019 in respect of deductible temporary differences and unused tax losses which management considered would be utilized or recovered in the future through the generation of future taxable profits or offset against deferred tax liabilities. The recognition of deferred tax assets relies on the exercise of significant judgment by management in respect of assessing the sufficiency of future taxable profits and the probability of such future taxable profit being generated and reversals of existing taxable temporary differences. We identified the recognition of deferred tax assets as a key audit matter because of its significance to the financial statements and the significant management judgement and estimation required in forecasting of future taxable profit which could be subject to error or potential management bias.	Our audit procedures in this area included, among others: • using our own tax specialist to evaluate the tax strategies that the Group expects will enable the successful recovery of the recognised tax assets; • reconciling tax losses and expiry dates to tax statements; • assessing the accuracy of forecast future taxable profit by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans and forecasts used for impairment testing purposes; • evaluating the adequacy of the statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

KPMG

Valuation of Lands	
Refer to Note 6.10 significant accounting policies and explanatory Note 15 to the financial statements	
Risk Description	**Our Response**
The Group revalued its lands and recorded a revaluation gain of Rs. 3,421 Mn (Net of Tax) as at 31st March 2019. The valuation of the land requires the application of significant judgment and estimation in the selection of the appropriate valuation methodology to be used and in estimating the key assumptions applied. These key assumptions include market comparable, taking into consideration such as per perch price, location and size. A change in these key assumptions will have an impact on the fair value of the lands as at 31st March 2019.	Our audit procedures in this area included, among others: • assessing the objectivity, independence, competence and qualification of the property valuer engaged by the Group and challenging the methodology adopted and assumptions used. • with the assistance of our own internal property valuation specialists assessing the key assumptions applied and conclusions made in deriving the fair value of the lands and comparing the fair value of lands with evidence of current market values. In addition to that, we have assessed the valuation methodologies with reference to recognized industry standards. • testing a sample of data inputs underpinning the valuation such as the price per perch against our knowledge of the business and industry, to assess the accuracy, reliability and completeness thereof. • assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherently subjective and key assumptions used in the valuation.

Carrying value of Inventories	
Refer to Note 6.9 significant accounting policies and explanatory Note 21 to the financial statements	
Our Response	**Our Response**
The Group has recorded inventories amounting to Rs. 2,239 Mn at 31 March 2019. The Group has significant amount of inventory and judgment is exercised with regard to categorisation of stocks as obsolete and/or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive valuation based on lower of cost and net realizable value. Given the level of judgements and estimates involved this is considered to be a key audit matter.	Our audit procedures in this area included, among others: • testing key controls over inventory valuation and controls designed to identify slow moving and obsolete inventories; • comparison of inventory levels, by product group, to sales data to corroborate whether slow moving and obsolete inventories had been appropriately identified and challenge the categorisation as obsolete or slow moving; • on sample basis, physically verify the inventories as at reporting date; • assessing the realisations of inventories during the period and after the period end, in particular of clearance categories, and compare these to the expected recoveries for inventory categorized as obsolete and/or slow moving at the period end date; • assessing whether the accounting policies had been consistently applied and the adequacy of the disclosures in respect of the judgement and estimation made in respect of inventory provisioning; • assessing the realisations of inventories during the period and after the period end, in particular of clearance categories, and compare these to the expected recoveries for inventory categorized as obsolete and/or slow moving at the period end date;

KPMG

Initial application of SLFRS 9 – Financial instruments	
Refer to Note 6.14 significant accounting policies and explanatory Notes 19.2, 19.3.1, 22, 23 and 19.3.2 to the financial statements	
Risk Description	**Our Response**
The Group recorded Rs. 81 Mn in opening equity as opening equity adjustments due to the adoption of SLFRS 9 from 1 April 2019 using the modified retrospective approach. The new financial instruments standard has amended the previous classification and measurement framework of financial instruments, which determines the amount of financial assets classified as amortised cost subject to assessment of impairment allowances. ECL may be materially misstated if the classification and measurement framework of financial instruments is not properly adopted. The Group measures loss allowance of financial assets measured at amortised cost using the expected credit loss ("ECL") model, which requires an ongoing measurement of credit risk associated with a financial asset. It is subject to a number of key parameters and assumptions, including the estimates of probability of default, loss given default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.	Our audit procedures in this area included, among others: • obtaining journal entries relating to adjustments made on transition to the new financial instruments standard to assess if the journal entries have been properly recorded in the accounting systems; • involving KPMG specialist in assessing the reliability of the ECL model used by management in determining impairment allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments; • assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. • recalculating the amount of credit loss allowance for samples of financial asset measures at amortised cost to verify the calculation accuracy of the credit loss allowance. • evaluating whether adequate disclosures are made in the financial statements according to SLFRS 9.

Revenue recognition from contracts with customers with the adoption of SLFRS 15	
Refer to Note 6.4 significant accounting policies and explanatory Note 8 to the financial statements	
Risk Description	**Our Response**
The Group has adopted SLFRS 15 at 1 April 2018 using the modified retrospective application, with a cumulative effect of Rs. 82 Mn recognised in opening equity and Rs. 2.4 Mn recognised in NCI at 1 April 2018. The comparative information has not been restated and continues to be reported under LKAS 18. Under SLFRS 15, revenue is recognised when a performance obligation is satisfied by transferring control over a promised good or service. The Group makes sales to customers with a right to return, which is considered as a variable consideration under SLFRS 15. According to SLFRS 15, an entity shall estimate the transaction price at contract inception, including any variable consideration and update the estimates at each reporting period for any changes in circumstances. We have identified the revenue from contracts with customers of as a key audit matter in view of its significance of to the Group. The impact of adoption of is material to the financial statements.	Our audit procedures in this area included, among others: • obtaining journal entries relating to adjustments made on transition to the new revenue standard to assess whether the journal entries have been properly recorded; • involving internal specialist in assessing the reliability of the impact assessment report provided by the management; • verifying the agreements with customers to identify the contract terms have been properly addressed in the impact assessment report produced by the entity; • evaluating the key inputs used by the management in their estimation of the refund liability and the right to recover returned goods. • verifying the mathematical accuracy of the calculation of refund liability and right to recover returned goods. • evaluating whether adequate disclosures are made in the financial statements according to SLFRS 15.

Independent Auditor's Report

KPMG

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 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 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 Company and 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 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 1224.

KPMG

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
28 August 2019

Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31st March,	Note	GROUP 2019 Rs. '000	GROUP 2018 Rs. '000	COMPANY 2019 Rs. '000	COMPANY 2018 Rs. '000
Continuing Operations					
Revenue	8	10,793,779	15,486,226	4,060,109	4,161,228
Cost of Sales		(8,202,304)	(11,084,973)	(2,916,404)	(2,588,167)
Gross Profit		2,591,475	4,401,253	1,143,705	1,573,061
Other Income	9	27,044	182,248	37,143	129,452
Selling and Distribution Expenses		(1,237,925)	(2,173,696)	(243,779)	(636,876)
Administrative Expenses		(1,247,110)	(1,779,604)	(447,131)	(499,053)
Other Expenses		(19,723)	(18,618)	-	-
Impairment of Trade Receivables and Amounts due from Related Companies		(2,149)	-	(12,434)	-
Net Finance Expenses	10	(606,875)	(488,784)	(338,290)	(274,871)
Share of Results of Equity Accounted Investees	20.2	(334,123)	(34,427)	-	-
(Loss) / Profit before Tax	11	(829,386)	88,372	139,214	291,713
Income Tax (Expense)/Reversal	12	80,124	(90,887)	(38,073)	(75,226)
Profit/(Loss) from Continuing Operations		(749,262)	(2,515)	101,141	216,487
Discontinued Operations					
Profit/(Loss) from Discontinued Operations, Net of Tax	13	-	(640,406)	-	-
Profit/(Loss) for the Year		(749,262)	(642,921)	101,141	216,487
Other Comprehensive Income/(Expense)					
Items that will not be reclassified to profit or loss					
Remeasurement of Retirement Benefit Obligation		18,607	(52,326)	13,492	(10,473)
Equity Investment at FVOCI - Net Changes in Fair Value		34,506	-	(547)	-
Deferred Tax on Remeasurement of Retirement Benefit Obligation		(5,210)	10,801	(3,778)	2,932
Items that are or may be reclassified subsequently to profit or loss					
Share of Other Comprehensive Income of Equity Accounted Investees, Net of Tax	20.2	571,721	(11,997)	-	-
Revaluation Gain on Freehold Land		2,848,575	-	2,472,000	-
Tax Effect on Revaluation Gain		(797,601)	-	(692,160)	-
Net Change in Fair Value of Available-for-Sale – Financial Assets		-	(59,713)	-	41
Other Comprehensive Income/(Expense) for the Year Net of Tax		2,670,598	(113,235)	1,789,007	(7,500)
Total Comprehensive Income/(Expense) for the Year		1,921,336	(756,156)	1,890,148	208,987
Profit/(Loss) Attributable to:					
Equity Holders of the Parent		(722,148)	(386,269)	101,141	216,487
Non-controlling Interest		(27,114)	(256,652)	-	-
(Loss) / Profit for the Year		(749,262)	(642,921)	101,141	216,487
Total Comprehensive Income/ (Expense) Attributable to:					
Equity Holders of the Parent		1,822,627	(512,060)	1,890,148	208,987
Non-controlling Interest		98,709	(244,096)	-	-
Total Comprehensive Income/(Expense) for the Year		1,921,336	(756,156)	1,890,148	208,987
Basic (Losses) / Earnings Per Share (Rs.)	14.1	(284.87)	(152.37)	39.90	85.40
Dividend Per Share (Rs.)	14.2	36.00	-	36.00	-

The Accounting Policies and Notes on pages 33 to 103 form an integral part of the Financial Statements.
Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March,	Note	GROUP 2019 Rs. '000	GROUP 2018 Rs. '000	COMPANY 2019 Rs. '000	COMPANY 2018 Rs. '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	15	5,064,111	2,267,741	3,621,344	1,275,351
Investment Property	16	2,800	-	-	-
Leasehold Right to Land	17	6,287	6,420	-	-
Intangible Assets	18	229,351	247,918	35,843	49,934
Investments in Subsidiaries	19.1	-	-	588,866	588,866
Investments Classified as Fair Value through OCI (2017/18 - Available for Sale)	19.3	503,097	482,258	1,213	1,760
Investments in Debt Securities	19.4.1	93,840	158,500	-	-
Investments in Equity Accounted Investees	20	768,638	540,159	261,321	261,321
Deferred Tax Assets	29	299,515	188,734	-	-
		6,967,639	3,891,730	4,508,587	2,177,232
Current Assets					
Inventories	21	2,238,723	2,151,984	829,336	838,370
Amount Due from Related Companies	22	185,260	176,941	343,038	264,314
Trade and Other Receivables	23	2,375,052	2,293,429	2,434,028	1,898,483
Investment Classified as Held to Maturity		-	155	-	-
Other Financial Assets	19.4.2	148,804	-	93,605	-
Cash and Cash Equivalents	24	41,974	128,846	10,394	97,713
Total Current Assets		4,989,813	4,751,355	3,710,401	3,098,880
Total Assets		11,957,452	8,643,085	8,218,988	5,276,112
EQUITY AND LIABILITIES					
Equity					
Stated Capital	25	25,731	25,731	25,731	25,731
General Reserves	26.2	9,548	9,548	9,548	9,548
Revaluation Reserve	26.3	2,622,695	-	1,779,840	-
Retained Earnings		1,269,588	2,325,961	1,742,306	1,787,526
Equity Attributable to Equity Holders of the Company		3,927,562	2,361,240	3,557,425	1,822,805
Non-Controlling Interest		279,133	176,990	-	-
Total Equity		4,206,695	2,538,230	3,557,425	1,822,805
Non-Current Liabilities					
Interest-Bearing Loans and Borrowings	27.1	454,798	493,797	241,505	295,511
Deferred Income and Capital Grants	28	4,788	5,048	4,788	5,048
Deferred Tax Liabilities	29	935,681	174,667	781,160	109,931
Retirement Benefit Obligations	30	648,790	580,901	469,742	421,119
		2,044,057	1,254,413	1,497,195	831,609
Current Liabilities					
Interest-Bearing Loans and Borrowings	27.2	2,612,609	2,173,457	1,644,041	1,267,504
Current Taxation Payable		69,045	81,163	66,968	64,305
Trade and Other Payables	31	2,106,238	1,830,436	917,229	770,371
Amount Due to Related Companies	32	8,011	1,776	85,315	65,693
Deferred Income and Capital Grants	28	-	-	-	-
Bank Overdrafts	24	908,915	763,610	450,815	453,825
Derivative Financial Liabilities		1,932	-	-	-
Total Current Liabilities		5,706,750	4,850,442	3,164,368	2,621,698
Total Equity and Liabilities		11,957,452	8,643,085	8,218,988	5,276,112

The Accounting Policies and Notes on pages 33 to 103 form an integral part of these Financial Statements.
I certify that these Financial Statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

T.M. Dilum Nanayakkara
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
These Financial Statements were approved and signed for and on behalf of the Board of Directors of E. B. Creasy & Company PLC

S.D.R. Arudpragasam
Director

R.C.A. Welikala
Director

28th August 2019
Colombo

Statement of Changes in Equity

Group

	Attributable to Equity Holders or Parent							
	Stated Capital Rs. '000	Capital Reserves on Consolidation Rs. '000	General Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Rs. '000
Balance as at 1st April 2017	25,731	126,715	21,679	-	2,456,197	2,630,322	2,635,145	5,265,467
Adjustment Due to Change in Holding	-	-	-	-	12,033	12,033	(107,203)	(95,170)
Dividend paid to Non Controlling Interest	-	-	-	-	-	-	(116,051)	(116,051)
Loss on Discontinued Operation	-	(126,715)	(12,131)	-	455,356	316,510	(1,990,805)	(1,674,295)
Deferred Tax Effect on Revaluation of Freehold Land	-	-	-	-	(85,565)	(85,565)	-	(85,565)
Total Comprehensive Income for the Year								
Profit/(Loss) for the Year	-	-	-	-	(386,269)	(386,269)	(256,652)	(642,921)
Other Comprehensive Income/ (Expense) for the Year	-	-	-		(125,791)	(125,791)	12,556	(113,235)
Balance as at 31st March 2018	25,731	-	9,548	-	2,325,961	2,361,240	176,990	2,538,230
Adjustment of Initial application of SLFRS 15	-	-	-	-	(82,400)	(82,400)	(2,494)	(84,894)
Adjustment of Initial application of SLFRS 09	-	-	-	-	(71,741)	(71,741)	(19)	(71,760)
Adjustment to Associate's Share of Equity - SLFRS 9	-	-	-	-	(9,120)	(9,120)	-	(9,120)
Other Adjustments	-	-	-	-	(1,822)	(1,822)	6,326	4,504
Adjusted balances as at 1st April 2018	25,731	-	9,548	-	2,160,878	2,196,157	180,803	2,376,960
Adjustment Due to Change in Holding	-	-	-	-	-	-	(378)	(378)
Dividend for the period	-	-	-	-	(91,276)	(91,276)	-	(91,276)
Total Comprehensive Income for the Year								
Profit/(Loss) for the Year	-	-	-	-	(722,148)	(722,148)	(27,114)	(749,262)
Other Comprehensive Income/ (Expense) for the Year	-	-	-	2,622,695	(77,866)	2,544,829	125,822	2,670,651
Balance as at 31st March 2019	25,731	-	9,548	2,622,695	1,269,588	3,927,562	279,133	4,206,695

Company

	Stated Capital Rs. '000	General Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 2017	25,731	9,548	-	1,664,104	1,699,383
Total Comprehensive Income for the Year					
Profit for the Year	-	-	-	216,487	216,487
Other Comprehensive Income/(Expense) for the Year	-	-	-	(7,500)	(7,500)
Deferred Tax Effect on Revaluation of Freehold Land	-	-	-	(85,565)	(85,565)
Balance as at 31st March 2018	25,731	9,548	-	1,787,526	1,822,805
Adjustment of Initial application of SLFRS 15	-	-	-	(42,000)	(42,000)
Adjustment of Initial application of SLFRS 09	-	-	-	(31,469)	(31,469)
Other Adjustments	-	-	-	9,217	9,217
Adjusted balances as at 1st April 2018	25,731	9,548	-	1,723,274	1,758,553
Total Comprehensive Income for the Year					
Profit for the Year	-	-	-	101,141	101,141
Other Comprehensive Income/(Expense) for the Year	-	-	1,779,840	9,167	1,789,007
Dividend for the period	-	-	-	(91,276)	(91,276)
Balance as at 31st March 2019	25,731	9,548	1,779,840	1,742,306	3,557,425

The Accounting Policies and Notes on pages 33 to 103 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

For the Year ended 31st March,	GROUP 2019 Rs. '000	GROUP 2018 Rs. '000	COMPANY 2019 Rs. '000	COMPANY 2018 Rs. '000
A. Cash Generated from Operations				
Profit/(Loss) Before Tax	(829,386)	88,372	139,214	291,713
Adjustments for:				
Depreciation on Property, Plant and Equipment	223,030	185,714	127,790	129,129
Provision for Impairment on Property Plant and Equipment	3,325	2,332	-	-
Gain on Disposal of Property, Plant and Equipment	(1,384)	(55,203)	(16,069)	(2,197)
Provision on investment measured at amotised cost (Loan and Receivable)	8,196	-	-	-
Gain/(Loss) on Translation of Foreign Currency		14,934	-	-
Share of Results of Equity Accounted Investees	334,123	34,427	-	-
Impairment of Trade Receivables	(10,769)	8,678	12,434	-
Impairment Provision for Investment in Debt Security	4,660	-	-	-
Impairment of Amount Due from Related Companies	8,013	-	-	-
Impairment of Financial Assets Measured at Amortised Cost	-	-	3,395	-
Impairment/(Reversal) of Inventories	43,722	42,459	25,021	(7,463)
Provision for Retiring Benefit Obligation	115,412	112,723	77,445	70,805
Amortization of Deferred Income and Capital Grants	(260)	(152)	(260)	(152)
Interest Income	(40,124)	(49,744)	(18,214)	(11,565)
Dividend Income	(7,300)	(8,111)	(39)	(113,901)
Interest Expense	543,216	523,594	334,304	285,964
Fair Value through Profit or Loss Financial Assets		-	-	-
Amortization of Intangible Assets	19,070	22,011	14,489	14,519
Amortization of Leasehold Right to Land	133	133	-	-
	413,676	922,471	699,510	656,852
(Increase)/Decrease in Inventories	(130,460)	358,618	469	(73,846)
(Increase)/Decrease in Trade and other Receivables	(228,111)	(235,699)	(562,399)	46,957
(Increase)/Decrease in Amounts Due from Related Parties	(16,332)	(217,469)	(90,284)	(592,528)
Increase/(Decrease) in Related Party Payables	6,235	485,946	19,622	(2,192)
Increase/(Decrease) in Trade and other Payables	275,801	339,900	91,762	228,658
	320,809	1,653,767	158,679	263,901
Cash Flows from Operating Activities				
Cash generated from operations (Note A)	320,809	1,653,767	158,679	149,830
Retiring Gratuity Paid (Net)	(28,916)	(124,155)	(15,330)	(8,110)
Interest Paid	(543,216)	(523,594)	(334,304)	(285,964)
Income Taxes Paid	(84,484)	(128,101)	(59,751)	(46,116)
Net Cash Flows from Operating Activities	(335,807)	877,917	(250,706)	(76,289)

Statement of Cash Flows *Contd.*

For the Year ended 31st March,	GROUP 2019 Rs. '000	GROUP 2018 Rs. '000	COMPANY 2019 Rs. '000	COMPANY 2018 Rs. '000
Cash Flows from Investing Activities				
Purchase and construction of Property, Plant and Equipment	(219,224)	(663,753)	(42,481)	(78,970)
Proceeds on Disposal of Property, Plant & Equipment	43,658	257,581	56,767	2,197
Investment in Software	(503)	(83,158)	(398)	(571)
Acquisition of Subsidiary	-	(184,156)	-	-
Loans Granted to Related Companies	(175,000)	-	(175,000)	-
Loans Recoveries from Related Companies	78,000	-	78,000	-
Investment in Debt Securities	1,934	-	-	-
Disposal of Investment	14,335	-	-	-
Dividend Income Received	7,300	8,111	39	113,901
Interest Income Received	40,124	49,744	18,214	11,565
Net payments to Minority Shareholders	4,129	(464,290)	-	-
Net Cash flows from Investing Activities	(205,247)	(1,079,921)	(64,859)	48,122
Cash flows from financing activities				
Lease Rental Paid		-	-	-
Long-Term loans Obtained during the Year	383,245	1,441,368	291,456	176,893
Payments of Long Term Loan	(356,744)	(966,559)	(265,621)	(160,806)
Net movement in Short-Term Loans	373,653	327,204	296,697	62,401
Capital Grant Received during the year	-	5,200	-	5,200
Dividends paid	(91,276)	-	(91,276)	-
Net Cash flows from Financing Activities	308,877	807,213	231,256	83,688
Net Increase/(Decrease) in Cash & Cash Equivalents	(232,177)	605,209	(84,309)	55,521
Cash & Cash Equivalents at the Beginning of the Year	(634,764)	(1,239,973)	(356,112)	(411,633)
Cash & Cash Equivalents at the End of Period (note B)	(866,941)	(634,764)	(440,421)	(356,112)
B. Analysis of Cash & Cash Equivalents				
Bank Borrowings	(908,915)	(763,610)	(450,815)	(453,825)
Cash in Hand & at Banks	41,974	128,846	10,394	97,713
	(866,941)	(634,764)	(440,421)	(356,112)

The Accounting Policies and Notes on pages 33 to 103 form an integral part of the Financial Statements.
Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

E. B. Creasy & Company PLC ('the Company'), is a company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is at No. 98, Sri Sangaraja Mawatha, Colombo 10.

The consolidated financial statements of E. B. Creasy & Company PLC, as at and for the year ended 31st March, 2019 comprises the Company and its subsidiaries (together referred to as the 'Group'). The principal activities of the Company are manufacturing of consumer products, marketing hardware and automotive accessories and freight forwarding.

E. B. Creasy & Company PLC's parent entity is The Colombo Fort Land & Building PLC.

2. BASIS OF PREPARATION

2.1 BASIS OF ACCOUNTING

The financial statements of the Company and those consolidated with such comprise of the statements of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with the accounting policies and notes to the financial statements.

These statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), adopted by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirements of the Companies Act No. 07 of 2007.

The consolidated financial statements for the year ended 31st March 2019 were authorised for issue by the Directors on 28th August 2019.

This is the first set of the Group's annual financial statements in which SLFRS 15 Revenue from Contracts with Customers and SLFRS 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 5.

2.2 BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis and applied consistently with an adjustment being made for inflationary factors affecting the financial statements except for the following;

- Derivative financial instruments are measured at fair value
- Non-derivative financial instruments at fair value through other comprehensive income are measured at fair value.
- Financial assets measured at fair value through other comprehensive income (FVOCI) (2017/18 - Available for sale financial assets)
- Defined benefit asset is recognised as plan assets plus unrecognised past service cost less the present value of the defined benefit obligation.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Sri Lankan Rupees, which is the functional currency of the Group. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless stated otherwise.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

4.1 JUDGMENTS

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Equity accounted investees: Whether the Group has significant influence over an investee (Note ...);
- Leases: Whether arrangement contains a lease (Note ...);
- Consolidation: whether the Group has de facto control over an investee (Note ...); and
- Lease classification (Note ...)

4.2 ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Information about assumptions and estimation uncertainties at 31st March 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 6.4 – revenue recognition: estimation of expected returns
- Note 6.5 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 6.8 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 6.14 – measurement of ECL allowance for trade receivables: key assumptions in determining the weighted average loss rate.
- Note 6.14 – measurement of ECL allowance for related party receivables and other financial assets classified as amortised cost and debt securities classified at FVOCI.

4.3 MEASUREMENT OF FAIR VALUES

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has initially applied SLFRS 15 and SLFRS 9 from 1st April 2018. A number of other new standards are also effective from 1st April 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

The effect of initially applying these standards is mainly attributed to the following:

- earlier recognition of revenue with a right of return;
- an increase in impairment losses recognised on financial assets.

A. SLFRS 15: REVENUE FROM CONTRACTS WITH CUSTOMERS

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced LKAS 18 Revenue, LKAS 11 Construction contracts and related interpretations. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control-at a point in time or over time- requires judgement.

The Company has adopted SLFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1st April 2018). Accordingly, the information presented for 2017/2018 has not been restated – i.e. it is presented, as previously reported, under LKAS 18, and related interpretations, additionally, the disclosures requirements in SLFRS 15 have not generally been applied to comparative information.

The following table summarizes the impact, net of tax, of transition to SLFRS 15 on retained earnings as at 1st April 2018.

In Rs. 000	Impact of adopting SLFRS 15 on opening balances - Group	Impact of adopting SLFRS 15 on opening balances - Company
Retained earnings		
Refund liability	(189,185)	(26,457)
Right to recover returned assets	148,754	16,456
Sales with right of return	(40,431)	(10,002)
Free issues	(44,463)	(31,999)
Impact at 1st April 2018	(84,894)	(42,001)

The following table summarises the impact of adopting SLFRS 15 on the Company's statement of financial position as at 31st March 2019 and its statement of profit or loss and OCI for the year then ended for each of the line items affected. There was no material impact on the Company's statement of cash flows for the year ended 31st March 2019.

Notes to the Financial Statements *Contd.*

IMPACT ON THE STATEMENT OF FINANCIAL POSITION

31 March 2019 In Rs.'000 Group	Note	As reported	Adjustments	Amounts without adoption of SLFRS 15
Assets				
Inventories	a	2,238,723	(168,434)	2,070,289
Others		9,718,729	-	9,718,729
Total assets		11,957,452	(168,434)	11,789,018
Equity				
Retained earnings		1,269,588	63,944	1,333,532
Others		2,937,107	-	2,937,107
Total equity		4,206,695	63,944	4,270,639
Liabilities				
Trade and other payables		2,106,238	(232,378)	1,873,860
Others		5,644,569	-	5,644,569
Total Liabilities		7,750,807	(232,378)	7,518,429
Total equity and liabilities		11,957,452	(168,434)	11,789,018

31 March 2019 In Rs.'000 Company	Note	As reported	Adjustments	Amounts without adoption of SLFRS 15
Assets				
Inventories	a	829,336	(16,456)	812,880
Others		7,389,652	-	7,389,652
Total assets		8,218,988	(16,456)	8,202,534
Equity				
Retained earnings		1,742,306	22,352	1,764,658
Others		1,815,119	-	1,815,119
Total equity		3,557,425	22,352	3,579,777
Liabilities				
Trade and other payables		917,229	(38,808)	878,421
Others		3,744,333	-	3,744,333
Total Liabilities		4,661,562	(38,808)	4,622,754
Total equity and liabilities		8,218,988	(16,456)	8,202,532

IMPACT ON THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019 In Rs.'000 Group	Note	As reported	Adjustments	Amounts without adoption of IFRS 15
Revenue	a	10,793,779	(1,270)	10,792,509
Cost of sales	a	(8,184,905)	(19,680)	(8,165,225)
Others		(3,358,136)	-	(3,358,136)
Profit for the period		(749,262)	(20,949)	(730,852)

For the year ended 31 March 2019 In Rs.'000 Company	Note	As reported	Adjustments	Amounts without adoption of IFRS 15
Revenue	a	4,060,109	(19,648)	4,040,461
Cost of sales	a	(2,916,404)	(6,239)	(2,922,643)
Others		(1,042,564)	-	(1,042,564)
Profit for the period		101,141	(25,887)	75,254

a. Under LKAS 18, revenue was recognised when a reasonable estimate of the return could be made, provided that all other criteria for revenue recognition were met. If a reasonable estimate could not be made, then revenue recognition was deferred until the return period lapsed or a reasonable estimate of returns could be made. Under SLFRS 15, revenue is recognised to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

B. SLFRS 9 FINANCIAL INSTRUMENTS

SLFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of SLFRS 9, the Company has adopted consequential amendments to LKAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI.

Additionally, the Company has adopted consequential amendments to SLFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018/2019 but have not been generally applied to comparative information.

The following table summarises the impact, net of tax, of transition to SLFRS 09 on the opening retained earnings (for a description about the transition method, see Note iii).

In Rs. '000 Group	Note	Impact of adopting SLFRS 9 on opening balances
Retained earnings		
Recognition of expected credit losses under SLFRS 9	(ii)	(80,880)
Impact at 1 April 2018		(80,880)

In Rs. '000 Company	Note	Impact of adopting SLFRS 9 on opening balances
Retained earnings		
Recognition of expected credit losses under SLFRS 9	(ii)	(31,469)
Impact at 1 April 2018		(31,469)

i. Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under SLFRS9 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale.

SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities.

The adaptation of SLFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting SLFRS 09 on the carrying amounts of financial asset at 1 April 2018 relates solely to the new impairment requirements.

Financial assets

In Rs. 000 Group	Note	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Financial assets available for sale		Available for sale	Financial assets FVOCI	482,258	482,258
Trade receivables	a	Loans and receivables	Amortized cost	1,790,210	1,725,718
Amounts due from related companies	b.	Loans and receivables	Amortized cost	176,941	174,647
Investments in Debt Securities		Loans and receivables	Amortized cost	158,500	155,038
Cash and cash equivalents		Loans and receivables	Amortized cost	128,846	128,846
Total financial assets				2,736,755	2,666,507

Financial liabilities

In Rs. 000 Group	Original classification under LKAS 39	New classification under SLFRS 09	Original carrying amount under LKAS 39	New carrying amount under SLFRS 09
Financial liabilities				
Interest bearing loans and borrowings	Other financial liabilities	Other financial liabilities	2,667,254	2,667,254
Trade and other payables	Other financial liabilities	Other financial liabilities	1,830,436	1,830,436
Amounts due to related companies	Other financial liabilities	Other financial liabilities	1,776	1,776
Total financial liabilities			4,499,466	4,499,466

Financial assets

In Rs. 000 Company	Note	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Financial assets available for sale		Available for sale	Financial assets FVOCI	1,760	1,760
Trade receivables	a	Loans and receivables	Amortized cost	1,834,470	1,805,333
Amounts due from related companies	b.	Loans and receivables	Amortized cost	264,314	261,982
Cash and cash equivalents		Loans and receivables	Amortized cost	97,713	97,713
Total financial assets				2,198,257	2,166,788

Notes to the Financial Statements *Contd.*

Financial liabilities

In Rs. '000 Group	Original classification under LKAS 39	New classification under SLFRS 09	Original carrying amount under LKAS 39	New carrying amount under SLFRS 09
Financial liabilities				
Interest bearing loans and borrowings	Other financial liabilities	Other financial liabilities	1,563,015	1,563,015
Trade and other payables	Other financial liabilities	Other financial liabilities	770,371	770,371
Amounts due to related companies	Other financial liabilities	Other financial liabilities	65,693	65,693
Total financial liabilities			2,399,079	2,399,079

a. Trade receivables that were classified as loans and receivables under LKAS 39 are now classified at amortised cost. An increase of Rs.29 Million in the allowance for impairment over these trade receivables was recognised in opening retained earnings at 1st April 2018 on transition to SLFRS 9.

b. Amounts due from related parties that were classified as loans and receivables under LKAS 39 are now classified at amortised cost. An increase of Rs.2.3 Million in the allowance for impairment over these trade receivables was recognised in opening retained earnings at 1st April 2018 on transition to SLFRS 9.

The following table reconciles the carrying amounts of financial assets under LKAS 39 to the carrying amounts under SLFRS 9 on transition to SLFRS 9 on 1st April 2018.

In Rs. '000 Group	LKAS 39 carrying amount at 31 March 2018	Remeasurement	SLFRS 9 carrying amount at 1 April 2018
Financial assets			
Trade receivables:			
Brought forward: Trade receivables	1,790,210		
Remeasurement		(64,491)	
Carried forward : Amortized cost			1,725,718
Amounts due from related companies			
Brought forward: Amounts due from related parties	176,941		
Remeasurement		(2,294)	
Carried forward : Amortized cost			174,647
Brought forward: Loans & Receivables - Current	158,500		
Remeasurement		(3,462)	
Carried forward : Amortized cost			155,038
Total amortized cost	2,125,651	(70,247)	2,055,403

In Rs. '000 Company	LKAS 39 carrying amount at 31 March 2018	Remeasurement	SLFRS 9 carrying amount at 1 April 2018
Financial assets			
Trade receivables:			
Brought forward: Trade receivables	1,834,470		
Remeasurement		(29,137)	1,805,333
Carried forward : Amortized cost			-
Amounts due from related companies			
Brought forward: Amounts due from related parties	264,314		
Remeasurement		(2,332)	
Carried forward : Amortized cost			261,982
Total amortized cost	2,098,784	(31,469)	2,067,315

ii. Impairment of financial assets

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39.

For assets in the scope of the SLFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of SLFRS 9's impairment requirements at 1st April 2018 results in an additional allowance for impairment as follows.

In Rs. '000	Group	Company
Loss allowance at 31st March 2018 under LKAS 39	10,389	6,621
Additional impairment recognized at 1 April 2018 on:		
Trade and other receivables as at 31 March 2018	64,491	29,137
Amounts due from related parties as at 31 March 2018	2,294	2,331
Loans & Receivables - as at 31 March 2018	3,462	-
Loss allowance at 1 April 2018 under SLFRS 9	80,636	38,090

iii. Transition

Changes in accounting policies resulting from the adoption of SLFRS 9 have been applied retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SLFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2017/2018 does not generally reflect the requirements of SLFRS 9, but rather those of LKAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of SLFRS 9, then the Company has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

6. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all period presented in these financial statements, except if mentioned otherwise (see also Note 5).

Certain comparative amounts of the statement of profit or loss and OCI have been restated, reclassified or re-presented, as a result of either changes in accounting policy (see Note 5), a correction of a prior period error.

6.1 BASIS OF CONSOLIDATION

The consolidated financial statements (referred to as the 'Group') comprise the financial statements of the Company, its subsidiaries and the Group's interest in equity accounted investees (Associates).

The consolidated financial statements have been prepared using uniform accounting policies for like transactions/events in similar circumstances and where necessary, appropriate adjustments have been made in the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, the group derecognised assets and liabilities of the subsidiary, any non-controlling interest and the other components of entity related to the subsidiary.

Any surplus or deficit arising on the loss of controls is recognised in changes in equity. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control was lost. Subsequently it is accounted as an equity accounted investee or as AFS/FVOCI financial assets depending on the level of influence retained.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognises the resulting gain or loss, if any, in profit or loss.

6.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity, when it is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.

The interest of the outside shareholders of the Group is disclosed separately under the heading of 'non-controlling interest'.

A listing of the Group's subsidiaries is set out in Note 19.1 of the financial statements

6.1.2 Investments in associates

Associate are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not have any control or joint control over those policies.

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of the investment. The Group's share of profits or losses after tax is recognized in the consolidated profit or loss. Loss of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

6.1.3 Acquisitions of entities under common control

The purchase method of accounting is used to account for the acquisition of subsidiary by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss for the year.

6.1.4 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.

6.1.5 Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

6.1.6 Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss arising is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

6.2 FOREIGN CURRENCY

6.2.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- An investment in equity securities designated as FVOCI (2017 : available for sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss));

6.3 DISCONTINUED OPERATION

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which;

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation has been discontinued from the start of the comparative year.

6.4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The effect of initially applying SLFRS 15 on the Group's revenue from contract with customers is described in Note 5. Due to the transition method chosen in applying SLFRS 15, comparative information has not been restated to reflect new requirements.

The Group's generates revenue through sales.

A. PERFORMANCE OBLIGATION AND REVENUE RECOGNITION POLICIES

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over good to a customer.

The following table provide information about the nature and timing of the satisfaction of performance obligations in contract with customers, including significant payment terms, and the related revenue recognition policies.

Type of products	Nature and timing of satisfaction of performance obligations including significant payment terms	Revenue recognition under SLFRS 15 (Applicable from 1st April 2018)	Revenue recognition under LKAS 18 (Applicable before 1st April 2018)
(a) Sale of Goods	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30/60/90 days based on the product category	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30/60/90 days based on the product category	Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer with the group retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

(B) RENDERING OF SERVICES

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

6.5 EMPLOYEE BENEFITS

6.5.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

6.5.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to provident and trust funds covering all employees are recognized as an expense in profit and loss in the periods during which services are rendered by employees.

6.5.3 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows. The gratuity liability was based on the actuarial valuation carried out.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

However, according to the payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payments to an employee arise only on the completion of 5 years of continued service with the Company.

6.5.3.1 Defined contribution plans - Employees' Provident Fund and Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contributions funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognised as an expense in the statement of profit or loss when incurred.

Notes to the Financial Statements *Contd.*

6.6 GOVERNMENT GRANTS

The Group recognises an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets 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.

6.7 FINANCE INCOME AND FINANCE COSTS

The Group's finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on the disposal of investments in debt securities measured at FVOCI;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquire in a business combination;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income revert to the gross basis.

6.8 INCOME TAX

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

6.8.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of tax payable and receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

6.8.2 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;

- 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 or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which can be used. Future taxable profits are determined based on the relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognise the deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. 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 realised; such deductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

6.9 INVENTORIES

Inventories are measured at the lower of the cost and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses, and where applicable, cost of conversion from their existing state to a finished condition. The coast of inventories is based on the average cost principle. In the case of manufactured inventories, cost includes an appropriate share of production, cost includes an appropriate share of production overhead based on normal operating capacity.

6.10 PROPERTY, PLANT AND EQUIPMENT

6.10.1 Recognition and measurement

6.10.1.1 Cost Model

The Group applies cost model to Property, Plant and Equipment except for lands and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

6.10.1.2 Revaluation Model

The Group applies the revaluation model for the entire class of lands. Such lands are carried at a revalued amount, being their fair value at the date of revaluation, less subsequent accumulated impairment losses. Land of the Group are revalued at once in every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Income. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Statement of Income or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

6.10.1.3 Owned assets

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets, Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

6.10.2 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred.

6.10.3 Depreciation

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

Notes to the Financial Statements *Contd.*

Depreciation is recognised in statement of profit or loss for the year on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless that it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Type of assets	No. of years
Freehold building	10-50 years
Building on leasehold land	40 years or period of the lease whichever is less
Plant and machinery	5-20 years
Motor vehicles	3-4 years
Furniture and fittings	4-5 years
Computers	4-6 years
Lab equipment	4-10 years

Depreciation of an asset begins when it is available for use whereas 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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6.10.4 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

6.10.5 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding principal amount payable to the lessor is shown as a liability. The interest element of the rental obligation applicable to each financial year is charged to the income statement over the period of lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

6.10.5.1 Operating leases

Leases, where the lessor effectively retains substantially all of the risks and benefits of ownership over the term of the lease, are classified as operating leases. Lease payments are recognised as an expense in the statement of profit or loss over the term of the lease and not recognised in the statement of financial position.

6.10.6 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in the statement of profit or loss and gains as other income.

6.11 INTANGIBLE ASSETS

An intangible asset is initially recognized at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably.

6.11.1 Recognition of measurement

6.11.1.1 Goodwill

Goodwill arising on an acquisition represents the excess of the cost of acquisition over the fair value of net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

Gain from bargain purchase arising on an acquisition represents the excess of the fair value of the net assets acquired over the cost of acquisition. Gain from bargain purchase is recognized immediately in the statement of profit or loss.

6.11.1.2 Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the statement of financial position under the category of intangible assets.

6.11.1.3 Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

6.11.2 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

6.11.3 Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

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

Software - 3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6.12 INVESTMENT PROPERTY

Investment property is property held to either earn rental income or for capital appreciation or 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. Investment property is initially measured at its cost including related transaction cost and is therefore carried at its cost less any accumulated depreciation and any accumulated impairment losses.

6.13 LEASES

6.13.1 Determining whether arrangement contains a lease

At inception of an arrangement the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis-of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

6.13.2 Leased assets

Leases of property, plant, and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

6.13.3 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

Notes to the Financial Statements *Contd.*

6.14 FINANCIAL INSTRUMENTS

6.14.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provision of the instrument.

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 at 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.

6.14.2 Classification and subsequent measurement

Financial assets – Policy applicable from 1 April 2018

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

Financial assets are not reclassified subsequent to their initial 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 amortized 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 payments of principal and interest on the principal amount outstanding.

On 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 amortized 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 asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment: Policy applicable from 1 April 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at 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 realizing 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 that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations 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.

Financial assets –Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1st April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permit or requires prepayment at an annual amount that substantially represent the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 April 2018.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition 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 recognized 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 recognized in OCI and are never reclassified to profit or loss

Financial assets - Policy applicable before 1 April 2018

The Group classified its financial assets into one of the following categories:

- Loans and receivables;
- Held to maturity;
- Available for sale; and
- At FVTPL, and within this category as:
- held for trading;
- derivative hedging instruments; or
- designated as at FVTPL.

Financial assets – Subsequent measurement and gains and losses: policy applicable before 1 April 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognized in profit or loss.
Held-to-maturity financial assets	Measured at amortized cost using effective interest method.
Loans and receivables	Measured at amortized cost using the effective interest method.
Available for sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognized in OCI and accumulated in the fair value reserve. When these assets were recognized, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6.14.3 Derecognition

6.14.3.1 Financial assets

The Group derecognizes 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.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

6.14.3.2 Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified are substantially different, in which case a new financial liability based on the modified terms is recognized 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 recognized in profit it or loss.

6.14.4 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 realize the asset and settle the liability simultaneously.

6.14.5 Impairment

A. Non-derivative financial assets

Policy applicable from 1 April 2018

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVTOCI

  The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equals to life time ECLs.

When determining whether the credit risk of a financial 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 assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The financial asset is more than 90 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.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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 amortized 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 have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; 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 allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 April 2018

Non-derivative financial assets

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evident of impairment.

Objective evidence that the financial asset were impaired included:

- default by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets

6.15 NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indicator exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds it recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

6.16 PROVISIONS

Provisions are recognized when the Company has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

6.17 FAIR VALUE MEASUREMENT

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

6.18 OTHER INCOME

Other income is recognized on an accrual basis. Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investment have been accounted for in the profit or loss for the year, having deducted from proceeds on disposal, the carrying amount of the assets and related expenses.

Gains and losses arising from incidental activities to main revenue-generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

6.19 EXPENDITURE RECOGNITION

All expenditure incurred in running the business and in maintaining the capital assets in a state of efficiency have been charged to profit or loss for the year. Expenditure incurred for the purpose of acquiring and extending 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.

Notes to the Financial Statements *Contd.*

6.20 BORROWING COSTS

Borrowing costs are recognised as an expense in profit and loss in the period in which they are incurred, except to the extent that they are attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset. The amount of borrowing costs to be capitalized is determined in accordance with the allowed alternative treatment in LKAS 23 - Borrowing Costs.

6.21 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 being charged or not.

6.22 SEGMENTAL 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. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Segmental results assets and liabilities include items directly attributable to segment as well as these can be allocated on a reasonable basis.

6.23 STATEMENT OF CASH FLOWS

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of statement of cash flows which has been prepared using the 'indirect method'.

6.24 SHARE CAPITAL

6.24.1 Ordinary shares

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, section 58(1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

6.24.2 Preference shares

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlements in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

6.25 EARNINGS PER SHARE

The Group presents basic earnings per share and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.26 MOVEMENT OF RESERVES

Movements of reserves are disclosed in the statement of changes in equity.

6.27 COMPARATIVE FIGURES

Where necessary comparative figures have been reclassified to conform to the current year's presentation.

6.28 CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the financial statements.

6.29 EVENTS OCCURRING AFTER THE REPORTING DATE

The materiality of the events occurring after the statement of financial position date is considered and appropriate adjustments to or disclosures are made in the financial statements, where necessary.

7. NEW ACCOUNTING AND INTERPRETATIONS NOT YET ADOPTED

The institute of Chartered Accountants of Sri Lanka has issued a number of New Accounting Standards (SLFRSs/LKASs) and amendments to standards which are effective for the annual periods beginning after 1 January 2019 and earlier applications is permitted.

The Company has not early adopted the following new or amendments standards in preparing these financial statements. The new standards and amendments listed below are those that could potentially have an impact on the Company's performance, financial position or disclosures.

7.1 SLFRS 16 – LEASES

– effective for annual periods beginning on or after 1st of January 2019.

SLFRS 16 replaces LKAS 17 Leases and related interpretations (IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating leases - Incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease). SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Directors of the company anticipate that the application of SLFRS 16 in the future may have no major impact on the amounts reported and disclosures made in these financial statements. This assessment is based on currently available information and may be subject to changes arising from further analysis.

7.2 AMENDMENTS TO THE EXISTING ACCOUNTING STANDARDS EFFECTIVE FROM 1ST APRIL 2019

A number of standards have been modified on miscellaneous points these include plan amendments, curtailment or settlements (Amendments to LKAS 19), annual improvements to IFRSs 2015-2017 Cycle (Amendments to SLFRS 3, SLFRS 11, LKAS 12, LKAS23 and LKAS 28).

None of these amendments are expected to have a material effect on the Company's financial Statements.

Notes to the Financial Statements *Contd.*

8. REVENUE

The effect of initially applying SLFRS 15 on the Group's revenue from contracts with customers is described in Note No.05. Due to transition method chosen in applying SLFRS 15, comparative information has not been restated to reflect the new requirements.

For the Year ended 31st March	GROUP						COMPANY	
	Continuing Operations		Discontinued Operations		Total			
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Revenue from Sale of Goods	17,188,914	21,737,586	-	7,928,142	17,188,914	29,665,728	4,721,838	4,848,767
Revenue from Rendering of Services	198,532	249,093	-	814,645	198,532	1,063,738	-	-
Other Services	2,000	-	-	-	2,000	-	-	-
	17,389,446	21,986,679	-	8,742,787	17,389,446	30,729,466	4,721,838	4,848,767
Less: Turnover Related Taxes	(1,772,278)	(1,787,740)	-	(377,888)	(1,772,278)	(2,165,628)	(661,729)	(687,539)
Net Revenue	15,617,168	20,198,939	-	8,364,899	15,617,168	28,563,838	4,060,109	4,161,228
Less: Intra Group Sales	(4,823,389)	(4,712,713)	-	(263,593)	(4,823,389)	(4,976,306)	-	-
	10,793,779	15,486,226	-	8,101,306	10,793,779	23,587,532	4,060,109	4,161,228

REPORTABLE SEGMENT REVENUE

Refer note 35 for the details of the operating segments.

9. OTHER INCOME

For the year ended 31st March	GROUP		COMPANY	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Gain on Disposal of Property, Plant & Equipment	1,384	55,203	16,069	2,197
Rental Income	-	78,025	8,700	8,039
Commission Income	8,863	4,114	-	-
Amortisation of Deferred Income and Capital Grants	260	152	260	152
Sundry Income/(Expenses)	16,537	36,643	12,114	5,163
Dividend Income	-	8,111	-	113,901
	27,044	182,248	37,143	129,452

10. NET FINANCE EXPENSES

For the year ended 31st March	GROUP 2019 Rs. '000	GROUP 2018 Rs. '000	COMPANY 2019 Rs. '000	COMPANY 2018 Rs. '000
Interest Income	25,454	33,566	18,214	11,565
Debenture Interest Income	14,670	16,178	-	-
Guarantee Commission on Corporate Guarantees	582	-	3,452	5,750
Dividend Income				
Equity Securities - FVOCI (2017/18 - Available for Sale)	7,300	-	39	-
Gain on Translation of Foreign Currency	1,082	47	-	-
Finance Expense (Note 10.1)	(655,963)	(538,575)	(359,995)	(292,186)
	(606,875)	(488,784)	(338,290)	(274,871)

10.1 FINANCE EXPENSE

For the year ended 31st March	GROUP 2019 Rs. '000	GROUP 2018 Rs. '000	COMPANY 2019 Rs. '000	COMPANY 2018 Rs. '000
Interest on Overdrafts and Trust Receipt Loans	458,666	358,831	277,698	227,644
Interest on Term Loans	84,550	158,819	56,606	54,075
Impairment of Financial Assets Measured at Amortised Cost	5,905	-	3,395	-
Guarantee Commission on Corporate Guarantees	2,609	5,944	-	4,245
Loss on Translation of Foreign Currency	104,233	14,981	22,296	6,222
	655,963	538,575	359,995	292,186

11. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging all expenses including the following:

For the Year ended 31st March,	GROUP 2019 Rs. '000	GROUP 2018 Rs. '000	COMPANY 2019 Rs. '000	COMPANY 2018 Rs. '000
Auditors' Remuneration				
KPMG	7,055	10,303	3,200	2,981
Other Auditors	1,967	2,874	-	-
Fee Paid to Auditors for Non-Audit Services				
KPMG	262	586	-	-
Other Auditors	-	1,162	-	-
Depreciation on Property, Plant and Equipment	223,030	185,714	127,790	129,129
Provision for Impairment on Property, Plant & Equipment	3,324	2,332	-	-
Depreciation on Investment Property	-	3,948	-	-
Amortisation of Intangible Assets	19,070	23,884	14,489	14,519
Amortisation of Leasehold Right to Land	133	133	-	-
Impairment of Trade Receivables and Amounts due from Related Companies	2,149	-	12,434	-
Impairment of Financial Assets Measured at Amortised Cost	5,905	-	3,395	-
Impairment of Inventories	43,722	42,459	25,021	(7,463)
Donations	122	521	95	197
Staff Cost (Note 11.1)	1,109,593	1,620,109	428,479	486,240

11.1 STAFF COST

For the year ended 31st March	GROUP 2019 Rs. '000	GROUP 2018 Rs. '000	COMPANY 2019 Rs. '000	COMPANY 2018 Rs. '000
Wages and Salaries	762,188	1,188,424	305,377	290,848
Defined Contribution Plan Cost - EPF/ETF	130,444	176,082	45,657	43,352
Defined Benefit Plan Cost - Retiring Gratuity	115,412	136,891	77,445	70,805
Other Staff Cost	62,206	3,159	-	-
Bonus	39,343	123,553	-	81,235
	1,109,593	1,620,109	428,479	486,240

12. INCOME TAX EXPENSE

For the Year ended 31st March,	GROUP 2019 Rs. '000	GROUP 2018 Rs. '000	COMPANY 2019 Rs. '000	COMPANY 2018 Rs. '000
a. Amount Recognised in Profit/(Loss)				
Income Tax on Profit for the year	64,960	143,279	62,782	78,213
Dividend Tax on Subsidiary Dividend	-	14,718	-	-
Under Provision of Current Tax of previous years	7,494	(8,117)	-	-
Transferred to/(from) Deferred Tax (Note 29)	(152,578)	(58,993)	(24,709)	(2,987)
	(80,124)	90,887	38,073	75,226

For the Year ended 31st March,	GROUP		COMPANY	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
b. Amount Recognised in OCI				
Item that will not be reclassified to Profit/(Loss)	-		-	
Remeasurement of Retirement Benefit obligation	5,210	(10,801)	(3,778)	(2,932)
c. Amount Recognised Directly in Equity				
Tax on Revaluation Surplus of Freehold Land	797,601	(85,565)	(692,160)	(85,565)

12.1 RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSES

For the Year ended 31st March,	GROUP		COMPANY	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Profit Before Tax from Continuing Operation	(829,386)	88,372	139,214	291,713
Intra-Group Eliminations	(3,297)	113,168	-	-
Share of Results of Equity Accounted Investees	334,123	34,427	-	-
	(499,020)	235,967	139,214	291,713
Aggregate Disallowed Income	(107,529)	-	(41,613)	
Aggregate Disallowable Expenses	649,096	867,623	218,760	183,824
Aggregate Allowable Expenses	(461,660)	(562,124)	(113,809)	(207,738)
Exempt Under Section 13 (ddd)	-	(4,621)	-	-
Aggregate Tax Losses from Business	635,145	-	-	-
Taxable Profit	216,032	536,845	202,552	267,799
Income from Other Sources	79,076	25,797	21,669	11,532
Total Statutory Income	295,108	562,642	224,218	279,331
Tax Losses Claimed	(60,110)	(18,412)	-	11,532
Taxable Income	234,998	544,230	224,221	279,331
Income Tax @ 28%	62,860	120,515	62,782	78,213
Income Tax @ 20%	2,100	22,764	-	-
Income Tax on Profit for the Year	64,960	143,279	62,782	78,213

12.1.1 Reconciliation of Tax Losses

For the Year ended 31st March,	GROUP		COMPANY	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Balance at the beginning of the year	669,583	210,943	-	-
Adjustment	99,896	-	-	-
Tax Loss utilized during the year	(60,110)	(18,412)	-	-
Tax Loss for the year	635,145	477,052	-	-
Balance at the end of the year	1,344,514	669,583	-	-

12.2 TAXATION RATES

Corporate income taxes of the companies resident in Sri Lanka have been computed in accordance with provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

E. B. Creasy & Company PLC and other companies within the Group, excluding those which are enjoying a tax holiday or concessionary rate of taxation as referred to below, are liable to income tax at 28%.

- Lanka Special Steels Limited is liable for income tax at 20% in terms of the Agreement Registration Number 322 between BOI and Lanka Special Steels Limited under the BOI Law No. 04 of 1978.

12.4 CHANGES APPLICABLE TO THE GROUP UNDER INLAND REVENUE ACT NO. 24 OF 2017

12.4.1 Deferred tax expenses on companies resident in Sri Lanka are calculated based on tax rates specified in the Inland Revenue Act No. 24 of 2017, which are expected to be applied to the temporary difference when they reverse. As per provision of Inland Revenue Act No. 24 of 2017, deferred tax is recognized on the revaluation surplus on freehold land.

12.4.2 Revaluation Surplus on freehold land

As per section 6 and Chapter IV of the Inland Revenue Act No. 24 of 2017, freehold lands used for business or investment purpose would be liable to tax at the time of realization. Accordingly, deferred tax is recognized on the revaluation surplus of freehold lands which are treated as capital assets used in the business for tax purpose.

Freehold lands which are treated as investment assets for tax purposes would not be considered for deferred tax, since the Act requires deemed cost of the assets to be equal to market value as at 30th September 2017.

12.4.3 Tax loss Carried forward

As per the Gazzette notification issued in relation to the transitional provisions, any unclaimed losses as at 31st March 2019, is deemed to be a loss incurred for the year of assessment commencing on or after 1st April, 2019 and shall be carried forward up to 6 years. Accordingly the Group has evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognized accordingly.

12.5 Deferred Taxation

Deferred tax has been computed by using the tax rate of 28% for the Company and subsidiaries which are liable for income tax at the standard rate for the year of assessment 2018/19.

13. DISCONTINUED OPERATION

Lankem Ceylon PLC has carried out a right issue on 19th January 2018 and consequent to the said right issue, The Colombo Fort Land & Building PLC being the major shareholder with a shareholding percentage of 45.49% has become the immediate parent company of Lankem Ceylon PLC.

Prior to the right issue of shares E. B. Creasy & Company PLC was the Immediate parent company of Lankem Ceylon PLC. The shareholding percentage of E. B. Creasy & Company PLC in Lankem Ceylon PLC post right issue stands at 32.42%. Accordingly, investment in Lankem Ceylon PLC has been recognised as an equity accounted investee subsequent to the said right issue. Further, as per Sri Lankan Accounting Standard-SLFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the result of Lankem Ceylon PLC (Group) was recognised under the Discontinued Operation during the year ended 31st March 2018.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year.

13.1 RESULT OF DISCONTINUED OPERATION

	GROUP	
	2019 Rs.'000	2018 Rs.'000
Revenue	-	8,364,899
Elimination of Intra Group Sale	-	(263,593)
External Revenue	-	8,101,306
Share of Result of Equity Accounted Investees	-	15,595
Expenses	-	(8,707,758)
Result from Operating Activities	-	(590,857)
Income Tax	-	(49,549)
Loss from Discontinued Operation, Net of Taxes	-	(640,406)
Loss from Discontinued Operation, Net of Taxes Attributable to:	-	
Equity Holder of the parent	-	(376,512)
Non-Controlling Interest	-	(263,894)
Loss from Discontinued Operation, Net of Taxes	-	(640,406)
Basic Loss per share (Rs.)	-	(148.52)

14. BASIC EARNING/(LOSS) PER SHARE/DIVIDEND PER SHARE

14.1. BASIC EARNING/(LOSS) PER SHARE

The calculation of basic earning per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year.

	GROUP						COMPANY	
	Continuing Operations		Discontinued Operations		Total			
	2019	2018	2019	2018	2019	2018	2019	2018
Profit/(Loss) Attributable to Equity Holders of the Parent (Rs. '000)	(722,148)	(9,757)	-	(376,512)	(722,148)	(386,269)	101,141	216,487
Weighted Average Number of Ordinary Shares (No. '000)	2,535	2,535	-	2,535	2,535	2,535	2,535	2,535
Basic Earnings/(Losses) per Share (Rs.)	(284.87)	(3.85)	-	(148.52)	(284.87)	(152.37)	39.90	85.40

There were no potentially dilutive ordinary shares outstanding at any time during the year.

14.2. DIVIDEND PER SHARE

	GROUP		COMPANY	
	2019	2018	2019	2018
Total Dividend Paid (Rs. '000)	91,276	-	91,276	-
Number of Ordinary Shares (No. '000)	2,535	-	2,535	-
Dividend per Share (Rs.)	36.00	-	36.00	-

15. PROPERTY, PLANT AND EQUIPMENT

15.1 COMPANY

	Freehold									Capital	
	Land Rs. '000	Buildings Rs. '000	Plant and Machinery Rs. '000	Motor Vehicles Rs. '000	Factory Equipment Rs. '000	Office Equipment Rs. '000	Lab Equipment Rs. '000	Computer Rs. '000	Furniture and Fittings Rs. '000	Work-In Progress Rs. '000	Total Rs. '000
Cost											
Balance as at 1st April 2018	453,000	462,625	994,378	121,707	26,273	35,041	10,506	76,476	23,492	17,415	2,220,913
Additions	-	2,495	14,011	2,474	1,691	36	-	1,732	3,329	16,713	42,481
Revaluation reserves	2,472,000	-	-	-	-	-	-	-	-	-	2,472,000
Transfers During the year	-	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	(61,174)	-	-	-	-	-	-	-	-	(61,174)
Balance as at 31st March 2019	2,925,000	403,946	1,008,389	124,181	27,964	35,077	10,506	78,208	26,821	34,128	4,674,220
Accumulated Depreciation Balance as at 1st April 2018	-	140,786	585,686	98,195	9,992	29,611	9,658	44,859	17,296	-	936,083
Depreciation Charge for the Year	-	23,500	67,916	17,973	2,353	870	641	13,450	1,087	-	127,790
Transfers During the year	-	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	(20,476)	-	-	-	-	-	-	-	-	(20,476)
Balance as at 31st March 2019	-	143,810	653,602	116,168	12,345	30,481	10,299	58,309	18,383	-	1,043,397
Provision for Impairment Balance as at 1st April 2018	-	-	1,408	-	-	-	-	-	-	8,071	9,479
Balance as at 31st March 2019	-	-	1,408	-	-	-	-	-	-	8,071	9,479
Carrying Amount As at 31st March 2019	2,925,000	260,136	353,379	8,013	15,619	4,596	207	19,899	8,438	26,057	3,621,344
As at 31st March 2018	453,000	321,839	407,284	23,512	16,281	5,430	848	31,617	6,196	9,344	1,275,351

Company

Plant and Machinery includes the machinery of BIC production plant which is depreciated at the rate of 5% per annum from the financial year 2007/08. From those machinery, BIC Pen production plant has been depreciated at the rate of 10% per annum and from the financial year 2012/13, the rate has been increased to 37% per annum.

Plant and Machinery that has been used in manufacturing of Joss sticks is depreciated at 10% from the financial year 2010/11, from 2011/2012 the machinery of Joss stick production plant has been depreciated at 50% per annum.

Impairment Loss

During 2014/15, the Company made a provision of Rs. 1.4 Million for impairment of mosquito coil manufacturing machinery at Homagama factory and Rs. 8 Million for impairment of capital work in progress.

15.2 GROUP

	Freehold					Leasehold		
	Land	Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	Motor Vehicles	Capital Work-in-Progress	Total
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost								
Balance as at 1st April 2018	586,675	700,657	1,744,707	232,920	360,508	5,357	23,098	3,653,922
Additions	-	60,579	55,328	53,684	17,671	-	31,962	219,224
Revaluation Reserves	2,848,575	-	-	-	-	-	-	2,848,575
Transfers to Investment Property	(2,800)	-	-	-	-	-	-	(2,800)
Disposals	-	(61,174)	(12,469)	(1,400)	(422)	-	-	(75,465)
Transfer from CWIP	-	-	3,968	-	265	-	(4,233)	-
Balance as at 31st March 2019	3,432,450	700,062	1,791,534	285,204	378,022	5,357	50,827	6,643,456
Accumulated Depreciation								
Balance as at 1st April 2018	-	172,849	773,984	198,418	221,115	5,357	-	1,371,723
Depreciation Charge for the Year	-	32,814	125,810	24,641	39,765	-	-	223,030
Disposal/Transfers	-	(20,476)	(10,963)	(1,400)	(351)	-	-	(33,190)
On Acquisition of Subsidiaries								
Balance as at 31st March 2019	-	185,187	888,831	221,659	260,529	5,357	-	1,561,563
Provision for Impairment Balance as at 1st April 2018	-	-	6,387	-	-	-	8,071	14,458
Charge for the year	-	-	2,969	-	355	-	-	3,324
Balance as at 31st March 2019	-	-	9,356	-	355	-	8,071	17,782
Carrying Amount								
As at 31st March 2019	3,432,450	514,875	893,347	63,545	117,138	-	42,756	5,064,111
As at 31st March 2018	586,675	527,808	964,336	34,502	139,393	-	15,027	2,267,741

Notes to the Financial Statements *Contd.*

15.3 Each company in the Group has evaluated both internal and external indications of impairment of long lived assets and has not identified presence of any of such indications at the end of the financial year.

15.4 Property, Plant and Equipment pledged as securities in obtaining loans have been disclosed in Note 27.4 to these Financial Statements.

15.5 The gross carrying amount of fully depreciated Property, Plant and Equipment of the Group, which are still in use as at 31st March 2019 is Rs. 599 million (31st March 2018 – Rs. 549 million). The cost of fully depreciated assets of the Company amounts to Rs. 414 million (31st March 2018 – Rs. 391 million).

15.6 During the year under review, the Group has not capitalized any borrowing cost.

15.7 IMPAIRMENT

During the year, 2017 the management of Laxapana Batteries PLC has decided to discontinue manufacturing of 'D' sized batteries due to unfavourable market condition for the product. Assets used in the manufacturing of 'D' sized batteries were tested for impairment and recognised an impairment loss of Rs. 2,646,608/- with respect to plant and machinery.

During the year, the management of Laxapana Batteries PLC, a subsidiary of the Company, has decided to discontinue assembling of CFL bulbs due to a change in business model. Assets used in the assembling process were tested for impairment and recognised and impairment loss of Rs. 2,646,608 and the 355,579 with respect to plant and machinery and office equipment respectively. Further, the subsidiary has reversed an impairment amounting to Rs. 555,064 at disposal.

15.8 THE PORTFOLIO OF LANDS OWNED BY GROUP COMPANIES ARE AS FOLLOW;

Company Name	Location	Extent Perches	Name of the Valuer	No. of Buildings	Effective Date of the Latest Revaluation	Carrying Amount of Land 31st March 2019 Rs.' 000	Market Value of Land Rs.' 000	Carrying Amount of Land 31st March 2018 Rs.' 000	Market Value of Land Rs.' 000
E. B. Creasy & Company PLC	Sri Sanagaraja Mawatha, Colombo 10	238	Mr. P.B. Kalugalagedara - Chartered Valuer	2	31.03.2019	2,925,000	2,925,000	453,000	994,650
Candy Delights Limited.	Ekala, Ja-Ela	160	Mr. P.B. Kalugalagedara - Chartered Valuer	-	31.03.2019	68,000	68,000	32,000	48,000
Laxapana Batteries PLC	Homagama	24	Mr. P.P..T. Mohideen - Chartered Valuer	3	31,03,2019	442,250	442,250	101,675	203,700

Notes to the Financial Statements *Contd.*

15.9 SENSITIVITY ANALYSIS

Possible changes at the reporting date to one of the significant unobservable inputs, holding the other inputs constant, would have the following impacts.

Market price per perch (10% movement)	Market Value as at 31st March 2019	Increase + 10%	Decrease - 10%
E.B. Creasy & Company PLC	2,925,000	292,500	(292,500)
Candy Delights Limited	68,000	6,800	(6,800)
Laxapana Batteries PLC	442,250	44,225	(44,225)

15.10 All above revaluations are based on market value. The revalued figures were incorporated in these Financial Statements for the first time due to change in accounting policy relating to the category of lands in property, plant and equipment.

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 adequately reflect the fair market value.

	Consolidated	Company
	2019	2019
Land	3,432,450	2,925,000
Total	3,432,450	2,925,000

16. INVESTMENT PROPERTY

	GROUP	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Cost		
At the beginning of the year	-	219,489
Acquisition of Subsidiaries	-	19,150
Transfered from Property, Plant & Equipment	2,800	217,000
Deconsolidation of Subsidiaries	-	(455,639)
At the end of the year	2,800	-
Accumulated Depreciation		
At the beginning of the year	-	28,766
Charge for the year	-	3,948
Deconsolidation of Subsidiaries	-	(32,714)
At the end of the year Carrying Amount	2,800	-

During the year, Laxapana Batteries PLC, a subsidiary of the company, a land of 0A-0R-07P was transferred to investment property, because the land is regarded as held for capital appreciation.

Immediately before the transfer the company remeasured the property to fair value and recognized a gain of Rs. 1,581,293/- in OCI. The valuation technique and significant unobservable inputs used in measuring the fair value of the land were as follows.

Measurement of Fair Values

(i) Fair value hierarchy

The fair value of the transfered property was determine by Mr. P.P.T. Mohideen, external, independent property valuer, having appropriate recognized professional qualifications and recent experience in the location and the category of the property being valued. The property is valued in an open market value for existing use basis.

(ii) Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of the land,

Valuation technique	*Date of Valuation*	*Significant Unobservable Inputs*	*Revalued Amounts*	*Sensitivity to Unobservable Inputs*
Market Comparable Method	31.03.2019	Rs. 400,000 Per Perch	Rs. 2,800,000	Positively Correlated

The fair value measurement for the land has been categorized as level 3 fair value based on the inputs to the valuation technique used.

Acquisition by the Government

Land area of 27.63 perches belonging to the company has been gazetted to be acquired by the Government. Company made a claim on 28.04.2016 for Rs. 218.6 Mn., which includes 27.63 perches of land, 3,885 cubic feet of retaining wall and other miscellaneous items.

17. LEASEHOLD RIGHT TO LAND

	GROUP	
	31.03. 2019 Rs. '000	31.03. 2018 Rs. '000
Cost		
At the beginning of the year	6,670	9,225
Deconsolidation of Subsidiaries	-	(2,555)
At the end of the year	6,670	6,670
Accumulated Amortization		
At the beginning of the year	250	447
Amortization during the year	133	133
Deconsolidation of Subsidiaries	-	(330)
At the end of the year	383	250
Accumulated Impairment Loss		
At the beginning of the year	-	2,225
Deconsolidation of Subsidiaries	-	(2,225)
At the end of the year	-	-
Carrying Amount	6,287	6,420

17.1.1 Leasehold Right to Land as at 31st March 2019

Ceyflex Rubber Limited (Formerly known as Duramedical (Lanka) Limited)

Ceyflex Rubber Limited, a subsidiary of the Company, has entered in to a Lease agreement with Board of Investment of Sri Lanka to hold the land for a period of 50 years commencing from 12th May 2016 to 11th May 2066 for a sum of USD 40,000 of non refundable lease premium and annual ground rent of USD 5,000 per annum.

18. INTANGIBLE ASSETS

		GROUP		COMPANY	
	Note	31.03.2019 Rs. '000	31.03. 2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Goodwill	18.1	189,361	189,361	-	-
Trade Mark	18.2	-	2,526	-	-
Software	18.3	39,990	56,031	35,843	49,934
		229,351	247,918	35,843	49,934

18.1 GOODWILL (NOTE 18.1.1)

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03. 2019 Rs. '000	31.03.2018 Rs. '000
At the beginning of the year	189,361	610,993	-	-
Acquisition through Business Combinations	-	89,430	-	-
Deconsolidation of Subsidiaries	-	(511,062)	-	-
At the end of the year	189,361	189,361	-	-

18.1.1 Goodwill

This represents the excess of the cost of acquisition of the net assets of the following companies. The aggregated carrying amount of goodwill allocated to each company is as follows:

	GROUP	
Cost	31st March 2019 Rs. '000	31st March 2018 Rs.'000
Name of the Subsidiary		
Muller and Phipps (Ceylon) PLC	146,628	146,628
Laxapana Batteries PLC	6,605	6,605
Lanka Special Steels Limited	36,128	36,128
	189,361	189,361

Notes to the Financial Statements *Contd.*

Methods used in estimating recoverable amounts are given below:

The recoverable value of Muller and Phipps(Ceylon) PLC and Laxapana Batteries PLC were based on fair value less cost to sell and the others were based on value in use. Value in use is determined by discounting the future cash flows generated from the investment. Key assumptions used are given below:

(i) Business Growth – Based on historical growth rate and business plan

(ii) Inflation – Based on current inflation and the percentage of the total cost subjected to the inflation

(iii) Discount Rate – Average market borrowing rate adjusted for risk premium

(iv) Margin – Based on current margin and business plan

18.2 TRADE MARK (NOTE 18.2.1)

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Cost				
At the beginning of the year	14,150	14,150	-	-
At the end of the year	14,150	14,150	-	-
Amortization				
At the beginning of the year	11,624	7,290	-	-
Amortization for the period	2,526	4,334	-	-
At the end of the year	14,150	11,624	-	-
Carrying Amount	-	2,526	-	-

18.2.1 Trade Mark

Darley Butler & Company Limited, a subsidiary of the Company, has paid an amount of Rs. 1.15 million in the year of 2008/09 to Adamjee Pharma (Pvt) Limited to acquire the agency right of Navana Pharmaceutical Limited, which was amortized over the company's agency right period of 03 Years.

During the year 2015/2016 the company has purchased the agency right of Intas Pharmaceuticals Limited for Rs. 13 million which is amortised over 03 Years.

18.3 SOFTWARE

	GROUP		COMPANY	
	31.03. 2019 Rs. '000	31.03. 2018 Rs. '000	31.03. 2019 Rs. '000	31.03. 2018 Rs. '000
Cost				
At the beginning of the year	82,866	88,597	71,747	71,176
Additions during the year	503	3,740	398	571
Deconsolidation of Subsidiaries	-	(9,471)	-	-
At the end of the year	83,369	82,866	72,145	71,747
Amortization				
At the beginning of the year	26,835	12,054	21,813	7,294
Amortized during the year	16,544	19,550	14,489	14,519
Deconsolidation of Subsidiaries	-	(4,769)	-	-
At the end of the year	43,379	26,835	36,302	21,813
Carrying Amount	39,990	56,031	35,843	49,934

19. INVESTMENTS

19.1 INVESTMENTS IN SUBSIDIARIES

	COMPANY									
	31.03.2019					31.03.2018				
	No. of Shares	Company Holding %	Group Holding %	Cost as at 31.03.2019 Rs. '000	Market Value Rs. '000	No. of Shares	Company Holding %	Group Holding %	Cost as at 31.03.2018 Rs. '000	Market Value Rs. '000
Investee										
Quoted Investments										
Laxapana Batteries PLC	20,114,838	52	52	133,857	217,240	20,114,838	52	52	133,857	207,183
Muller & Phipps (Ceylon) PLC	145,061,773	51	51	189,385	87,037	145,061,773	51	51	189,385	145,062
				323,242	304,277				323,242	352,245
Unquoted Investments										
Darley Butler & Co. Limited	4,999,964	100	100	2,865		4,999,964	100	100	2,865	-
Candy Delights Limited	570,000	100	100	21,333		570,000	100	100	21,333	-
Filmpak Limited	150,000	100	100	1,500		150,000	100	100	1,500	-
Group Three Associates (Pvt) Limited	1,200	100	100	12		1,200	100	100	12	-
Island Consumer Supplies (Pvt) Limited	120,000	100	100	4,967		120,000	100	100	4,967	-
Corporate Systems Limited	10,000	100	100	100		10,000	100	100	100	-
E. B. Creasy Logistics Limited	50,000	100	100	500		50,000	100	100	500	-
Lanka Special Steels Limited	1,823,074	100	100	164,847		1,823,074	100	100	164,847	-
Ceyflex Rubber Limited	7,100,000	100	100	71,000		7,100,000	100	100	71,000	-
				267,124					267,124	-
Less: Provision for Fall-in Value of Investment (Note 19.1.1)				(1,500)					(1,500)	
				265,624					265,624	
				588,866					588,866	

19.1.1 Provision for fall in value in Investments

The Company has 100% holding in Filmpak Limited as at the reporting date. Filmpak Limited has reported accumulated losses of Rs. 1.5 million and also has ceased its operations since April 1993. Therefore, E. B. Creasy & Company PLC has made 100% provision on the investment made in Filmpak Limited.

19.2 GROUP COMPANIES' INVESTMENT IN SUBSIDIARIES

Investor	Investee	% Holding		No. of Shares as at	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
Muller & Phipps (Ceylon) PLC	Pettah Pharmacy (Pvt) Limited	100	100	2,033,618	1,500,000

Notes to the Financial Statements *Contd.*

19.3 INVESTMENT CLASSIFIED AS FAIR VALUE THROUGH OCI/AVAILABLE FOR SALE

19.3.1 Company

	COMPANY			
	31.03.2019		31.03.2018	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
DFCC Bank PLC	11,162	781	11,162	1,304
ACME Printing & Packaging PLC	10,000	35	10,000	59
Unquoted Investments				
York Hotels (Kandy) Limited	19,825	397	19,825	397
Total Investment		1,213		1,760

19.3.2 Group

	GROUP			
	31.03.2019		31.03.2018	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
York Arcade Holdings PLC	9,000	631	9,000	1,035
CM Holdings PLC	95,640	3,453	95,640	7,058
Commercial Development Company PLC	600	42	600	43
DFCC Bank PLC	11,162	781	11,162	1,304
ACME Printing & Packaging PLC	10,000	35	10,000	59
Hemas Holding PLC	161,053	12,079	155,355	19,404
Beruwala Resorts PLC	60,000	36	60,000	48
Marawila Resorts PLC	156,188	250	156,188	375
Sigiriya Village Hotels PLC	61,762	3,409	62,162	2,538
		20,716		31,864

	GROUP			
	31.03.2019		31.03.2018	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Unquoted Investments				
Ceylon Biscuits Limited - Ordinary Shares	5,041,680	305,326	5,041,680	251,328
International Manufacturers Limited	3,300	23	3,300	23
Agarapatana Plantations Limited	5,575,908	11,081	5,575,908	12,546
York Hotels (Kandy) Limited	19,825	397	19,825	396
Creasy Plantation Management Limited	-	-	122,993	3,894
Colombo Fort Hotels Limited	265,500,000	129,407	265,500,000	134,304
		446,234		402,491
Investment in Debentures				
Kotagala Plantations PLC	-	36,147	-	47,903
		36,147		47,903
Total		503,097		482,258

19.4 INVESTMENT IN DEBT SECURITIES/ LOAN AND RECEIVABLES

19.4.1 Investment in Debt Securities

	GROUP		COMPANY	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
9% Unsecured redeemable debentures of Rs. 100 each (19.4.1.1)	98,500	98,500	-	-
Term Loan (19.4.2.1)	-	60,000	-	-
	98,500	158,500	-	-
Impairment	(4,660)	-	-	-
	93,840	-	-	-

19.4.1.1 Investment in Debentures

Darley Butler & Co., Limited, a subsidiary of the Company, has purchased debentures amounting to Rs. 270,000,000/- from Lankem Tea and Rubber Plantations (Pvt) Ltd., (LTR), during the year ended 31st March 2005. The debentures are redeemable at Rs. 27 million per year commencing on the expiry of the fifth year from the date of allotment and ending on the expiry of the fourteenth year from the date of allotment. Further, the company would be able to redeem the said debentures from the commencement of the second year on the request made to Lankem Tea and Rubber Plantations (Pvt) Ltd. to this effect. The LTR has redeemed debentures amounting to Rs. 30 million in year 2007/2008, Rs. 20 million in year 2008/2009, Rs. 9 million in year 2009/2010 and Rs. 112.5 million in year 2010/2011.

19.4.2 Loans Due from Related Parties

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Term Loans (19.4.2.1)	157,000	-	97,000	-
Impairment	(8,196)	-	(3,395)	-
	148,804	-	93,605	-

19.4.2.1 Term Loans

	Note	Group		Company	
		31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Loan granted to Consolidation Tea Plantation Limited	a	60,000	60,000	-	-
Loan granted to Lankem Ceylon PLC	b	72,000	-	72,000	-
Loan granted to Agarapatana Plantations Limited	c	25,000	-	25,000	-
		157,000	60,000	97,000	-

a) Loan Granted to Consolidated Tea Plantation Limited.

Darley Butler & Co. Limited, a subsidiary of the Company, has granted a loan of Rs. 60,000,000 to Consolidated Tea Plantations Limited on 31st December 2012 and the loan will be settled on demand. An interest of 9% per annum will be charged on the outstanding balance.

b) Loan granted to Lankem Ceylon PLC

During the Year, the Company has granted a loan of Rs. 150,000,000 to Lankem Ceylon PLC and loan will be settled on demand. An Interest of 15.25% per annum will be charged on the outstanding amount.

c) Loan granted to Agarapatana Plantation Limited during the year.

During the year, the Company granted a loan of Rs. 25,000,000 to Agarapatana Plantation Limited and loan will be settled on demand. An Interest of 16% per annum will be charged on the outstanding amount.

20. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

20.1 INVESTMENT IN EQUITY ACCOUNTED INVESTEE - COST

Investment in Associates

Name of the Investee	Principal Business Activity	As at 31st March 2019			As at 31st March 2018		
		Ownership interest %	Cost Rs.'000	Carrying Value Rs.'000	Ownership interest %	Cost Rs'000	Carrying Value Rs'000
Lankem Ceylon PLC	Manufacturing of Chemicals, Paints and Consumer Products	34.01	261,321	261,321	34.01	261,321	261,321
Total			261,321	261,321		261,321	261,321

20.2 INVESTMENT IN EQUITY ACCOUNTED INVESTEE – EQUITY METHOD

Summarized Financial Information of Equity Accounted investee

	2019		2018	
	Lankem Ceylon PLC Rs.'000	Total Rs.'000	Lankem Ceylon PLC Rs.'000	Total Rs.'000
Summary of the Statement of Financial Position				
Non-Current Assets	10,808,245	10,808,245	8,308,176	8,308,176
Current Assets	7,765,057	7,765,057	8,254,873	8,254,873
Total Assets	18,573,302	18,573,302	16,563,049	16,563,049
Non-Current Liabilities	(4,814,961)	(4,814,961)	(3,084,613)	(3,084,613)
Current Liabilities	(8,736,265)	(8,736,265)	(9,791,958)	(9,791,958)
Total Liabilities	(13,551,226)	(13,551,226)	(12,876,571)	(12,876,571)
Net Assets	5,022,076	5,022,076	3,686,478	3,686,478
Non-Controlling Interest	(2,793,360)	(2,793,360)	(2,129,658)	(2,129,658)
	2,228,716	2,228,716	1,556,820	1,556,820
Ownership Interest %	34.01%	34.01%	34.01%	34.01%
Investee Share of Net Assets	757,878	757,878	529,399	529,399
Goodwill	10,760	10,760	10,760	10,760
Carrying Amount of Interest	768,638	768,638	540,159	540,159
Summary of the Statement of Total Comprehensive Income				
Revenue	17,659,156	17,659,156	5,288,650	5,288,650
Depreciation and Amortization	(457,068)	(457,068)	(126,343)	(126,343)
Interest Expenses	(1,351,328)	(1,351,328)	(299,772)	(299,772)
Expenses	(16,735,042)	(16,735,042)	(4,936,567)	(4,936,567)
Other Comprehensive Income	2,311,719	2,311,719		
Elimination of Loss/(Profit) attributable to Non-Controlling Interest	(728,722)	(728,722)	(64,587)	(64,587)
Investees share of Loss and Other Comprehensive Income/(Expense)	237,598	237,598	(47,137)	(47,137)
Other Comprehensive Income from Consolidated Tea Plantations Limited	-	-	713	713
Total	237,598	237,598	(46,424)	(46,424)
Share of Profit/(Loss) Net of Tax	(334,123)	(334,123)	(34,427)	(34,427)
Share of Other Comprehensive Income	571,721	571,721	11,997	11,997
	237,598	237,598	46,424	46,424
Summary of the Statement of Cash Flows				
Cash Flows used in Operating Activities	(183,815)	(183,815)		
Cash Flows used in Investing Activities	(112,936)	(112,936)		
Cash Flows used in Financing Activities	(7,388)	(7,388)		
Net Decrease in Cash and Cash Equivalents	(304,139)	(304,137)		

Notes to the Financial Statements *Contd.*

21. INVENTORIES

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Raw Materials	523,162	855,039	255,592	551,735
Work-in-Progress	33,130	28,095	11,044	11,547
Finished Goods	877,517	1,004,401	148,173	190,562
General and Others	1,687	5,335	-	-
Consumable Stocks	52,852	53,611	51,243	51,580
Goods-in-Transit	667,363	247,202	395,306	62,642
Right to Recover Returned Goods	168,433	-	22,695	-
	2,324,144	2,193,683	884,053	868,066
Impairment of Inventories	(85,421)	(41,699)	(54,717)	(29,696)
	2,238,723	2,151,984	829,336	838,370

Inventories pledged as securities in obtaining loan are disclosed in Note 27.4

On adoption of SLFRS 15 an assets for a right to recover returned goods is recognised in relation to products sold with a right or return.

22. AMOUNTS DUE FROM RELATED COMPANIES

		GROUP		COMPANY	
	Relationship	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Lankem Developments PLC	Affiliate	1,517	1,517	1,517	1,517
E.B.C. Milk Foods Limited	Subsidiary	1,163	1,163	1,163	1,163
American Lloyd Travels Limited	Affiliate	600	600	600	600
Kotagala Plantations PLC	Affiliate	29,534	17,473	-	-
The Colombo Fort Land & Building PLC	Parent	-	27,162	-	27,162
Consolidated Tea Plantations Limited	Affiliate	33,761	28,361	-	-
Kia Motors (Lanka) Limited	Affiliate	412	419	-	-
Lankem Tea & Rubber Plantations (Pvt) Limited	Affiliate	70,012	61,147	-	-
Agarapatana Plantations Limited	Affiliate	3,342	-	3,342	-
SunAgro Life Science Limited	Affiliate	745	610	-	-
Oral Care (Pvt) Limited	Affiliate	3	3	-	-
Filmpak Limited	Subsidiary	4,722	-	4,722	4,709
Corporate Systems Limited	Subsidiary	-	-	803	777
E. B. Creasy Logistics Limited	Subsidiary	-	-	29,432	14,233
Pettah Pharmacy (Pvt) Limited	Subsidiary	-	-	8,912	6,877
Candy Delights Limited (Formerly known as Creasy Foods Limited)	Subsidiary	-	-	158,492	120,605
Lankem Ceylon PLC	Associate	48,077	34,409	35,012	30,220

	Relationship	GROUP 31.03.2019 Rs. '000	GROUP 31.03.2018 Rs. '000	COMPANY 31.03.2019 Rs. '000	COMPANY 31.03.2018 Rs. '000
Marawila Resorts PLC	Affiliate	197	-	161	-
Colombo Fort Group Services (Private) Limited	Affiliate	-	5,148	-	5,148
Sigiriya Village Hotels PLC	Affiliate	336	83	233	77
York - Hotels (Kandy) Limited	Affiliate	15	9	15	9
Ceyflex Rubber Limited (Formerly known as Duramedical (Lanka) Limited)	Subsidiary	-	-	122,046	57,579
		194,436	178,104	366,450	270,676
Less: Impairment of Amounts due from Related Companies		(9,176)	(1,163)	(23,412)	(6,362)
		185,260	176,941	343,038	264,314

The Company do not charge interest on balance due from related companies. The terms of the recovery of the aforesaid balances are based on the general terms.

23. TRADE AND OTHER RECEIVABLES

	GROUP 31.03.2019 Rs. '000	GROUP 31.03.2018 Rs. '000	COMPANY 31.03.2019 Rs. '000	COMPANY 31.03.2018 Rs. '000
Trade Receivables - Others	2,043,124	1,799,436	163,737	130,067
Trade Receivable - Darley Butler & Company Limited	-	-	2,261,657	1,704,662
Impairment of Trade Receivable	(70,223)	(9,226)	(27,113)	(259)
	1,972,901	1,790,210	2,398,281	1,834,470
Deposits and Prepayments	23,758	27,587	-	-
Employee Advances	3,060	2,520	-	-
Other Tax Recoverable	158,888	112,945	22,240	16,145
Other Receivables	216,445	360,167	13,507	47,868
	2,375,052	2,293,429	2,434,028	1,898,483

24. CASH AND CASH EQUIVALENTS

24.1 FAVOURABLE BALANCE

	GROUP 31.03.2019 Rs. '000	GROUP 31.03.2018 Rs. '000	COMPANY 31.03.2019 Rs. '000	COMPANY 31.03.2018 Rs. '000
Cash in Hand	1,229	1,038	565	461
Cash at Bank	40,580	127,808	9,829	97,252
Call Deposit	165	-	-	-
Cash and Cash Equivalents in the Statement of Financial Position	41,974	128,846	10,394	97,713

24.2 UNFAVOURABLE BALANCE

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Bank Overdrafts used for Cash Management Purpose	(908,915)	(763,610)	(450,815)	(453,825)
Cash and Cash Equivalents in the Statement of Cash Flows	(866,941)	(634,764)	(440,421)	(356,112)

24.2.1 Security Details Over Bank Overdraft Facilities

Company

(a) The bank overdraft facility of Hatton National Bank PLC is secured by

1. Existing primary concurrent floating mortgage totaling to Rs. 36 million over land & building situated at No. 98, Sri Sangaraja Mawatha, Colombo 10.
2. Existing tertiary mortgage bond totaling to Rs. 100 Mn over property at No. 98, Sri Sangaraja Mawatha, Colombo 10.

(b) The bank overdraft facilities of Sampath Bank PLC is secured by Lankem Ceylon PLC shares to the value of Rs. 20 million lodged in the custodial accounts.

(c) The bank overdraft facilities of Bank of Ceylon is secured by 2.5 million numbers of Lankem Ceylon PLC shares.

(d) The bank overdraft facilities of DFCC Bank is secured by a tri-partite agreement for Rs. 50,000,000 entered in to between the bank, the Company and the stock broker to assign up to 10,000,000 ordinary shares of Laxapana Batteries PLC held by the company in favor of DFCC Bank PLC.

GROUP

Candy Delights Limited

The bank overdraft is secured on the land, buildings and stocks at Unit Three - Industrial Estate, Ekala, Ja-Ela

25. STATED CAPITAL

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Issued and Fully Paid				
2,535,458 Ordinary Shares	25,731	25,731	25,731	25,731

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

26. CAPITAL RESERVES AND GENERAL RESERVES

26.1 CAPITAL RESERVES

Capital reserve is the reserve arising from the consolidation.

26.2 GENERAL RESERVE

General reserve is the reserve set aside for general purposes.

26.3 REVALUATION RESERVE

The revaluation reserve relates to the surplus (net of tax effect) on revaluation on land.

27. INTEREST-BEARING LOANS AND BORROWINGS

27.1. AMOUNT PAYABLE AFTER ONE YEAR

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Long-Term Loans (Note 27.3)	454,798	493,797	241,505	295,511
	454,798	493,797	241,505	295,511

27.2 AMOUNTS PAYABLE WITHIN ONE YEAR

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Short-Term Loans	1,588,894	1,056,793	930,188	658,180
Long Term Loans (Note 27.3)	356,760	291,260	248,846	169,005
Trust Receipt Loan (Note 27.5)	666,955	825,404	408,507	425,319
Loan from Lanka Special Steels Limited (Note a)	-	-	56,500	15,000
	2,612,609	2,173,457	1,644,041	1,267,504

Note a: The company has obtained a short term loan from Lanka Special Steels Limited, a subsidiary of the Company.

This loan is payable on demand and the applicable interest rate is AWPLR + 0.25%.

27.3 LONG TERM LOAN

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
At the beginning of the Year	785,057	4,082,584	464,516	448,428
Obtained during the Year	383,245	1,441,368	291,456	176,894
Repayment during the Year	(356,744)	(966,559)	(265,621)	(160,806)
Exchange Fluctuation	-	2,040	-	-
Deconsolidation of Subsidiaries	-	(3,774,376)	-	-
Balance at the end of the Year	811,558	785,057	490,351	464,516
Loan Repayable within One Year	(356,760)	(291,260)	(248,846)	(169,005)
Loan Repayable after One Year	454,798	493,797	241,505	295,511

27.4 GROUP

E. B. Creasy & Company PLC and the Group have Obtained following Long Term Loan:

Company	Lender	31.03.2019 Rs. million	31.03.2018 Rs. million	Repayment	Security
E. B. Creasy & Company PLC	Hatton National Bank PLC	29.66	73.08	In 59 equal monthly installments of Rs. 3,340,000 and a final installment of Rs. 2,940,000	Quintic Floating Mortgage Bond for Rs.200 Million over Commercial Property Situated at No.98 Sri Sangaraja Mawatha, Colombo 10.
	Sampath Bank PLC				
	Loan 1	56.90	-	Each sub loans to be paid in 60 monthly installments along with interest.	Loan agreement for respective sub loan amounts and mortgage over respective machinery to be imported and installed at the factory premises at Millewa estate Millewa.
	Loan 2	6.74	8.14	In 71 equal monthly installments of Rs. 117.000 and a final installment of Rs. 186,000	Term loan Agreement for Rs. 8,493,000 and a promissory Note for Rs. 8,493,000
	Commercial Bank of Ceylon PLC				
	Loan 1	14.80	34.93	In 24 equal monthly installments of Rs.1,830,000 each and a final installment of Rs. 1,834,164.86 together with interest.	Primary Mortgage Bond for Rs. 100.0 Mn over industrial machinery imported through the Bank for the expansion of the personal care unit and installed at Millewa, Padukka to be executed.
	Loan 2	34.87	53.24	In 59 equal monthly installments of Rs.1,670,000 each and a final installment Rs.1,470,000	Primary Mortgage Bond for Rs. 100.0 Mn over the machinery to be imported by the Company
	Loan 3	93.00	121.21	In 59 equal monthly installment of Rs.2,350,000 each and a final installment Rs. 1,350,000	Primary Mortgage Bond to be executed for Rs. 140,000,000 over machinery
	Nations Trust Bank PLC				
	Loan 1	49.99	99.99	47 monthly equal capital installments of Rs.4,167,000/- and a final capital installment of Rs. 4,151,000/-	Loan Agreement for Rs. 200 Mn
	Loan 2	25.15	48.55	In 35 equal months capital installments of Rs.1,950,000/- and a final capital installment of Rs. 1,750,000.	Term loan agreement for Rs. 70 million
	Loan 3	18.13	25.38	46 equal monthly installments of Rs. 702,000 and final installment of Rs. 708,000	Term loan agreement for Rs. 33 million.

Company	Lender	31.03.2019 Rs. million	31.03.2018 Rs. million	Repayment	Security
	DFCC Bank				
	Loan 1 200 Mn	161.11	-	The loan is repayable in 36 equal monthly installments after grace period of 01 month From the date of first disbursement.	A promissory note for Rs. 200,000,000 from the borrower.
		490.35	464.52		
Candy Delights Limited	Hatton National Bank PLC				
	Loan 1	-	1.56	To be repaid in 59 equal monthly installments of Rs. 0.334 Mn each and a final installment of Rs. 0.294 Mn.	Existing registered primary floating mortgage bond for Rs. 50 Mn over Land & Buildings Situated at No.26. Agaradaguru Mawatha. Ekala.
	Loan 2	58.13	60.00	To be repaid in 48 equal monthly installments of Rs. 1.25 Mn	Primary Floating Mortgage Bond for Rs. 60.00 Mn over the new movable machinery and equipment imported at a cost of Rs. 82 Mn and Lying at Candy Delights Ltd; Unit 3, Industrial Estate, Ekala.
	Loan 3	87.06	90.00	To be repaid in 48 equal monthly installment of Rs. 1.875 Mn	Registered Primary Floating Mortage Bond for Rs. 120 Mn. Over land, immovable machinery situated at 26, Agaradaguru Mawatha, Ekala and everything standing thereon (including the existing buildings and/or the buildings which are to be constructed in the future together with any further developments, modifications thereto) with all fixtures, fitting, services and such other rights attached or appertaining
		145.19	151.56		
Lanka Special Steels Limited	Nation Trust Bank PLC	31.25	93.75	48 monthly equal capital installments of Rs. 3,125,000/-	Secondary Mortgage over plant & machinery of the company
	Commercial Bank of Ceylon PLC	90.26	-	In 59 equal monthly installment of Rs. 1,530,000/- and a final installment of a Rs. 1,519,145/-.	Primary mortgage Bond for Rs. 91.8 Mn excuted over were drawing plant with accessories.
		121.51	93.75		

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Company	Lender	31.03.2019 Rs. million	31.03.2018 Rs. million	Repayment	Security
Ceyflex Rubber Limited	Nation Trust Bank PLC	42.24	59.73	First 06 Months - Interest to be serviced on a monthly basis (Grace period on the capital) 07th Month to 54th Month - 47 equal monthly capital installments of Rupees 2,700,000/- and a final capital installment of Rupees 3,100,000/- Interest to be serviced seperately on a monthly basis.	Primary Mortgage for Rupees 150,000,000/- over Rights under the Board of Investment Agreement No.28 dated 12/05/2016, Buildings and Machinery on the projesct property at Horana Export Processing Zone - (To be executed) (Mortgage details should be notified to the Bank and such details will be included in a separated Addendum Letter) Simple lodgment of 100,000 Nos (unquoted) shares of Ceyflex Rubber Limited owned by E. B. Creasy and Company PLC.
		42.24	59.73		
E. B. Creasy Logistics Limited	Sampath Bank PLC				
	Loan 1	8.04	10.22	In 48 equal monthly installment of Rs. 307,604/-	Mortgage executed over movable machinery and racking equipment import under facility
	Loan 2	2.49	3.08	In 48 equal monthly installment of Rs. 88,510/-	
	Loan 3	1.74	2.20	In 48 equal monthly installment of Rs. 65,201/-	
		12.27	15.50		
		811.56	785.06		

27.5 TRUST RECEIPT LOAN

The Company and the Group have obtained following Trust Receipt Loans.

	GROUP	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000
E. B. Creasy & Company PLC	408.507	425,319
Darley Butler & Company Limited	160,835	245,049
Laxapana Batteries PLC	92,379	114,856
Candy Delights Limited	5,234	40,180
	666,955	825,404

The Company

The Company's trust receipt loans are secured by existing mortgage bonds to banks over the stocks in trade and an assignment of book debts.

Group

27.5.1 Trust Receipt Loan as at 31st March 2019

27.5.1.1 Candy Delights Limited

Trust receipt loan is secured by floating charge on imported inventories at Unit Three Industrial Estate, Ekala, Ja- Ela. and book debt.

27.5.1.2 Laxapana Batteries PLC

Lender	Facility	Outstanding as at 31.03.2019 Rs. 000	Outstanding as at 31.03.2018 Rs. 000	Repayment Terms	Security
Sampath Bank PLC	Revolving Trust Receipt loan of Rs. 80 million	44,601	93,241	Each loan to be settled within 120 days from the date of grant.	Existing Primary Mortgage bond of Rs. 66.5 million over the property situated in Panagoda, Homagama with an extent of 50,886 sq.ft.
Union Bank of Colombo PLC	Revolving Trust Receipt loan of Rs. 30 million	16,060	-	Each loan to be settled within 120 days from the date of grant.	Primary floating Mortgage bond of Rs. 20 million over stocks at Company premises in Panagoda, Homagama and warehouse at Sapugaskanda and assignment over book debts.
DFCC Bank PLC	Revolving Trust Receipt loan of Rs. 60 million	31,718	21,615	Each loan to be settled within 120 days from the date of grant	Mortgage for Rs. 60 Million over stock kept at company premises at Panagoda, Homagama and warehouse at Sapugaskanda.
Total		92,379	114,856		

27.5.1.3 The portion of the long-term loan repayable within one year from the reporting date is shown as Current Liabilities.

28. DEFERRED INCOME AND CAPITAL GRANTS

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
At the beginning of the Year	5,048	17,667	5,048	-
Addition during the Year	-	5,200	-	5,200
Amortized during the Year	(260)	(2,270)	(260)	(152)
Deconsolidation of subsidiaries	-	(15,549)	-	-
At the end of the Year	4,788	5,048	4,788	5,048
Non-Current	4,788	5,048	4,788	5,048
Current	-	-	-	-

E. B. Creasy and Company PLC

The Company received a grant of Rs. 5.2 million during the year ended 31st March 2018 in relation to setting up of solar roof top power project on net metering basis under ADB funded clean energy and network efficiency improvement projects.

29. DEFERRED TAX ASSETS/(LIABILITIES)

29.1 DEFERRED TAX ASSETS

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
At the beginning of the Year	188,734	225,730	-	-
Recognized in the Profit or Loss	122,786	76,092	-	-
Recognized / (Reversed) in the Other Comprehensive Income	(12,005)	7,925	-	-
On Acquisition of Subsidiaries	-	441	-	-
Deconsolidation of Subsidiaries	-	(121,454)	-	-
At the end of the Year	299,515	188,734	-	-

29.2 DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
At the beginning of the Year	174,667	244,682	109,931	30,285
Recognized/ (Reversed) in the Profit or Loss	(29,792)	17,377	(24,709)	(2,987)
Recognized in the Other Comprehensive Income	790,806	(2,876)	695,938	(2,932)
Amount Recognize Directly in Equity	-	85,565	-	85,565
On Acquisition of Subsidiaries	-	406	-	-
Deconsolidation of Subsidiaries	-	(170,487)	-	-
At the end of the Year	935,681	174,667	781,160	109,931

29.3 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax liability has been recognized in respect of the following and it has been calculated by applying the tax rate of 28% for the Company and subsidiaries which are liable for income tax at the standard rate for the year of assessment 2018/2019. The subsidiaries which are liable for income tax at reduced rates (below the standard rate) for the year of assessment 2018/2019 have computed the deferred tax at the reduced rates.

Group

	31.03.2019		31.03.2018	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Deferred Tax Liabilities				
Property, Plant & Equipment	864,964	213,432	923,377	237,660
Defined Benefit Obligation	(492,982)	(136,762)	(435,864)	(121,063)
Tax Loss Carried Forward	(15,058)	(4,216)	(88,082)	(24,663)
Revaluation Surplus of Land	3,118,163	873,086	305,558	85,565
Impairment of debtors	(1,529)	(428)	-	-
Provision of warranty	(19,369)	(5,423)	-	-
Inventories	(14,314)	(4,008)	-	-
Re-measurement of Retirement Benefit Obligation	-	-	(10,108)	(2,831)
	3,439,875	935,681	694,881	174,667
Deferred Tax Assets				
Property, Plant & Equipment	(190,700)	(53,396)	5,202	1,456
Defined Benefit Obligation	155,808	43,626	106,063	29,698
Impairment of Debtors	1,925	539	-	-
Tax Loss Carried Forward	1,125,033	315,009	581,501	149,469
Revaluation surplus of land	(36,000)	(10,080)	-	-
Inventories	13,634	3,817	-	-
Re-measurement of Retirement Benefit Obligation	-	-	28,961	8,109
	1,069,700	299,515	721,727	188,734

Company

	31.03.2019		31.03.2018	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Deferred Tax Liabilities				
On Property, Plant & Equipment	490,655	137,383	508,143	142,279
On Retirement Benefit Obligations	(469,742)	(131,528)	(421,120)	(117,913)
On Revaluation Surplus of Freehold Land	2,777,588	777,725	305,588	85,565
On inventories	(4,355)	(1,219)	-	-
On provision for warranty	(4,290)	(1,201)	-	-
	2,789,856	781,160	392,611	109,931

29.4 UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not being recognised in respect of following:

	GROUP	
	31.03.2019 Rs. '000	
	Temporary Difference	Tax Effects
Tax Losses	204,423	57,238

30. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Present Value of Defined Benefit Obligation (Note 30.1)	648,790	580,901	469,742	421,119
	648,790	580,901	469,742	421,119

30.1 MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
At the Beginning of the Year	580,901	756,950	421,119	347,951
Current Service Cost	52,554	72,890	31,122	27,311
Interest Cost	62,858	64,001	46,323	43,494
On Remeasurement of Retirement Benefit Obligation	(18,607)	51,941	(13,492)	10,473
On Acquisition of Subsidiaries	-	10,486	-	-
Payments During the Year	(28,916)	(124,155)	(15,330)	(8,110)
Deconsolidation of Subsidiaries	-	(251,212)	-	-
At the end of the Year	648,790	580,901	469,742	421,119

30.2 THE KEY ACTUARIAL ASSUMPTIONS

(a) Company

An actuarial valuation has been carried out as at 31st March 2019 by Messrs. Piyal. S. Goonathilake and Associates (Actuarial Valuer) as required by Sri Lanka Accounting Standard.

The key assumptions used by actuary include the following:

(a) Discount Rate	11.5% p.a.
(b) Rate of increase of Salaries	Executive 10% Non Executive 10%
(c) Retirement Age	Workers - 60 Years

The actuarial present value of the accrued benefit as at 31st March, 2019 is Rs. 469.74 million. This item is grouped under retirement benefit obligation in the Statement of Financial Position. The liability is not externally funded.

(b) Group

Retirement Benefit Obligations

Present Value of the Obligations

LKAS 19 - 'Employee benefits' requires to apply Projected Unit Credit Method to make a reliable estimate of the Obligation in order to determine the present value of the retirement benefit obligation. The key assumptions were made in arriving at the retirement benefit obligation as at 31st March 2019 in respect of following companies are stated below:

Company Name	Expected Salary Increment Rate Per Annum	Discount Rate Per Annum	Retirement Age - Years	Liability as at 31/03/2019 Rs.'000
E. B.Creasy & Co. PLC	10%	11.5%	60	469,742
Darley Butler & Company Limited	10%	11.5%	55	135,713
Candy Delights Limited	10%	11.5%	55	11,100
E. B. Creasy Logistics Limited	10%	11.5%	55	1,667
Laxapana Batteries PLC	10%	11.5%	55	5,693
Pettah Pharmacy (Pvt) Limited	10%	11.5%	55	8,990
Lanka Special Steels Limited	10%	11.5%	55	15,803
Ceyflex Rubber Limited	10%	11.5%	55	82

Company Name	Expected Salary Increment Rate Per Annum	Discount Rate Per Annum	Retirement Age - Years	Liability as at 31/03/2018 Rs.'000
E. B.Creasy & Co.PLC	10%	11%	60	421,119
Darley Butler & Company Limited	10%	11%	55	123,560
Candy Delights Limited	10%	11%	55	11,514
E. B. Creasy Logistics Limited	10%	11%	55	1,105
Laxapana Batteries PLC	10%	11%	55	5,478
Pettah Pharmacy (Pvt) Limited	10%	11%	55	5,895
Lanka Special Steels Limited	10%	11%	55	12,230

Notes to the Financial Statements *Contd.*

30.3 SENSITIVITY ANALYSIS

Sensitivity of assumptions used

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(A) Company

	GROUP		COMPANY	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Effect on the defined benefit obligation liability;				
Increase by one percentage point in discount rate	(24,010)	(22,941)	(11,247)	(11,263)
Decrease by one percentage point in discount rate	27,569	26,543	12,901	13,052
Effect on the defined benefit obligation liability;				
Increase by one percentage point in salary increment rate	26,790	25,560	12,500	12,560
Decrease by one percentage point in salary increment rate	(23,817)	(22,539)	11,123	(11,058)

31. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Trade Payables	748,129	1,042,948	360,813	556,544
Unclaimed Dividend	4,300	3,860	1,666	1,666
Bills Payable	758,043	348,085	395,306	62,642
Refund Liability	207,433	-	32,145	-
Other Taxes Payable	58,624	10,952	37,309	-
Deposits from Dealers	80,580	72,877	-	-
Warranty Provision	21,459	-	4,290	-
Accrued Expenses and Other Payables	202,725	351,714	79,037	149,519
Contract Liability	24,945	-	6,663	-
	2,106,238	1,830,436	917,229	770,371

On Adoption of SLFRS 15, a refund liability and a contract liability are recognised in a relation to products sold with a right of return.

32. AMOUNTS DUE TO RELATED COMPANIES

		GROUP		COMPANY	
	Relationship	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Carplan Limited	Affiliate	367	-	-	-
Muller & Phipps (Ceylon) PLC	Subsidiary	-	-	49,369	37,996
Island Consumer Supplies (Pvt) Limited	Subsidiary	-	-	6,138	5,179
Group Three Associates (Pvt) Limited	Subsidiary	-	-	980	995
Agarapatana Plantations Limited	Affiliate	12	-	-	-
Corporate Managers and Secretaries (Pvt) Ltd	Affiliate	2,618	-	2,618	-
Lanka Special Steels Limited	Subsidiary	-	-	5,778	15,344
Laxapana Batteries PLC	Subsidiary	-	-	20,432	6,179
Beruwala Resorts PLC	Affiliate	220	311	-	-
Lankem Ceylon PLC	Associate	3,814	964	-	-
Marawila Resorts PLC	Affiliate	368	12	-	-
Sigiriya Village Hotels PLC	Affiliate	332	370	-	-
BOT Hotel Services (Pvt) Limited	Affiliate	280	119	-	-
		8,011	1,776	85,315	65,693

33. FINANCIAL INSTRUMENTS

33.1 FINANCIAL INSTRUMENTS - STATEMENT OF FINANCIAL POSITION (SOFP)

The Financial Instruments recognised in the Statement of Financial Position are as follows:

		GROUP		COMPANY	
	Note	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Financial Assets					
Investments Classified as Fair Value through OCI					
Quoted Investments	19.3	20,716	31,864	816	1,363
Unquoted Investments	19.3	482,381	450,394	397	397
Total		503,097	482,258	1,213	1,760
Current Assets					
Trade and Other Receivables	23	2,375,052	2,293,429	2,434,028	1,898,483
Investments	19.4.2	148,804	-	93,605	-
Amounts due from Related Companies	22	185,260	176,941	343,038	264,314
Total		2,709,116	2,470,370	2,870,671	2,162,797
Cash and Cash Equivalents	24	41,974	128,846	10,394	97,713
Total Financial Assets		2,751,090	3,081,474	2,881,065	2,262,270

Notes to the Financial Statements *Contd.*

		GROUP		COMPANY	
	Note	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Financial Liabilities					
Non-Current Liabilities					
Interest-Bearing Borrowings	27.1	454,798	493,797	241,505	295,511
Current Liabilities					
Interest-Bearing Borrowings	27.2	2,612,609	2,173,457	1,644,041	1,267,504
Trade and Other Payables	31	2,106,238	1,830,436	917,229	770,371
Amounts due to Related Companies	32	8,011	1,776	85,315	80,693
Bank Overdrafts	24.2	908,915	763,610	450,815	453,825
Total Financial Liabilities		6,090,571	5,263,076	3,338,905	2,867,904

33.2 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of Financial Instruments

1. Credit Risk
2. Liquidity Risk
3. Market Risk (including currency risk and interest rate risk)

This note represents qualitative and quantitative information about the Groups' exposure to each of the above risks, the Group's objectives, policies and procedure for measuring and managing risk

Risk Management Framework

The Group Board of Directors have 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 analyses the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors 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 Audit Committee is assisted in its oversight role by Internal Audit Department. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

33.2.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Group’s receivables from customers, investment and forward contracts.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognized in profit or loss were as follows.

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Impairment loss on trade receivables and related parties	2,225	-	12,435	-
Impairment loss on debt securities at amortised cost	9,394	-	3,395	-
Impairment loss on debt securities at FVOCI	6,077	-	-	-
	17,696	-	15,830	-

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows. Comparative amounts for 2017/2018 period represents the allowance account for impairment losses under LKAS 39:

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Balance at 1st April under LKAS 39	9,226	263,095	259	259
Adjustment due to initial application of SLRS 9	64,491	-	29,137	-
Balance at 1st April under SLFRS 9	73,717	-	29,396	-
Net remeasurement of loss allowance	(3,494)	(253,869)	(2,283)	-
Balance at 31st March	70,223	9,226	27,113	259

The movement in the allowance for impairment in respect of amount due from related parties during the year was as follows. Compative amounts for 2017/2018 peiod repreents the allownace account for impairement losses under LKAS 39.

	GROUP		COMPANY	
	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Balance at 1st April under LKAS 39	1,163	37,306	6,362	6,362
Adjustment due to initial application of SLRS 9	2,294	-	2,332	-
Balance at 1st April under SLFRS 9	3,457	-	8,694	-
Net remeasurement of loss allowance	5,719	(36,143)	14,718	-
Balance at 31st March	9,176	1,163	23,412	6,362

Debt Securities

The exposure to credit risk for debt securities at amortized cost, FVOCI(2017/2018: held - to maturity, available for sale) at the reporting as follows,

	GROUP		COMPANY	
As at 31st March	31.03.2019 Rs. '000	31.03.2018 Rs. '000	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Financial assets at Fair value through other comprehensive income	-	-	-	
Loans and receivables	242,644	163,500	93,605	72000
Financial assets Available -for - Sale	-	-	-	
Total	242,644	163,500	93,605	72,000

The movement in the allowance for impairment for debt securities at amortised cost (2017/2018: held-to maturity) during the year as follows. For comparative information there is no impairment.

Notes to the Financial Statements *Contd.*

Group	Lifetime ECL - not credit impaired
Balance at 1 April under LKAS 39	-
Adjustment on initial application of SLFRS 9	3,462
Balance at 1 April 2018 under SLFRS 9	3,462
Net remeasurement of loss allowance	9,394
Balance at 31 March	12,857

Company	Lifetime ECL - not credit impaired
Balance at 1 April under LKAS 39	-
Adjustment on initial application of SLFRS 9	-
Balance at 1 April 2018 under SLFRS 9	-
Net remeasurement of loss allowance	3,395
Balance at 31 March	3,395

The movement in the allowance for impairment for debt securities at Fair Value through Other Comprehensive Income (2017/2018: Available - for- sale) during the year as follows. For comparative information there is no impairment.

Group	Lifetime ECL - not credit impaired
Balance at 1 April under LKAS 39	-
Adjustment on initial application of SLFRS 9	6,077
Balance at 1 April 2018 under SLFRS 9	6,077
Net remeasurement of loss allowance	(19)
Financial assets derecognised	(1,384)
Balance at 31 March	4,674

33.2.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding of netting agreements.

GROUP

	31.03.2019				31.03.2018			
	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000
Non-Derivative Financial Liabilities	-	-	-	-	-	-	-	-
Temporary Loans Bank Loans/ Interest-Bearing Borrowings	3,067,407	3,067,407	2,612,609	454,798	2,667,254	2,667,254	2,173,457	493,797
Amount Due to Related Companies	8,011	8,011	8,011	-	1,776	1,776	1,776	-
Other Financial Liabilities/Trade & Other Payables	2,106,238	2,106,238	2,106,238	-	917,229	917,229	917,229	-
Bank Overdrafts	908,915	908,915	908,915	-	763,610	763,610	763,610	
Total	6,090,571	6,090,571	5,635,773	454,798	4,349,869	4,349,869	3,856,072	493,797

COMPANY

	31.03.2019				31.03.2018			
	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000
Non-Derivative Financial Liabilities	-	-	-	-	-	-	-	-
Temporary Loans/ Bank Loans/ Interest-Bearing Borrowings	1,885,546	1,885,546	1,644,041	241,505	1,563,015	1,563,015	1,267,504	295,511
Amount Due to Related Companies	85,315	85,315	85,315	-	65,693	65,693	65,693	-
Other Financial Liabilities/ Trade & Other Payables	917,229	917,229	917,229	-	770,371	770,371	770,371	-
Bank Overdrafts	450,815	450,815	450,815	-	453,825	453,825	453,825	-
Total	3,338,905	3,338,905	3,097,400	241,505	2,852,940	2,852,940	2,557,393	295,511

33.2.3 Market Risk

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

33.2.3.1 Currency Risk

The Group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency which is Sri Lankan Rupees.

Sensitivity Analysis

A strengthening or weakening of Sri Lankan Rupee, as indicated below, against the USD at 31st March 2016 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.

Increase/(Decrease) in Exchange rate USD	Effect on Profit Before Tax	
	2019 Rs.'000	2018 Rs.'000
+ 10%	(58,328)	(7,152)
- 10%	58,328	7,152

33.2.3.2 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments fluctuate because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligation and investments with floating interest rates.

However, the Company does not have material long-term floating rate borrowings or deposits as at the reporting date which results a material interest rate risk.

The Group utilize various financial instruments to manage exposures to interest rate risks arising due to financial instruments.

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

As at 31 March	Effect on Profit Before Tax	
	2019 Rs.'000	2018 Rs.'000
Variable rate instrument (1% decrease)	46,023	39,894
Variable rate instrument (1% Increase)	(46,023)	(39,894)

33.2.4 Capital Management

The Group'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. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

34. RELATED PARTY TRANSACTIONS

34. (a) PARENT AND ULTIMATE CONTROLLING PARTY

The Company's parent Company is The Colombo Fort Land & Building PLC

34. (b) DETAILS OF SIGNIFICANT RELATED PARTY TRANSACTIONS ARE GIVEN BELOW:

	Transaction with Group		Transaction with Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Transaction with Subsidiary Companies Listed in Note 19.1				
Sales of Goods	-	-	4,374,616	4,428,683
Fund Transfer and Settlements	-	-	4,517,312	3,817,189
Incurred Reimbursable Expenses	-	-	534,960	503,402
Service Charges	-	-	-	14,067
Guarantee Commission Income on Corporate Guarantee	-	-	-	6,745
Interest Charge	-	-	11,330	14,280
Loan Obtained During the Year	-	-	152,207	206,400
Dividend Income	-	-		7,207
Purchases	-	-	2,676	-
Rent Income	-	-	1,862	9,430
Rent Expense	-	-	43,499	-
WHT Receivable on Rent	-	-	288	-
Asset Disposal	-	-	66,587	-
Transactions with Associates				
Loan Granted During the Year	150,000	174,376	150,000	174,376
Sales of Goods	8,904	67	8,904	67
Fund Transfer and settlement	29,141	182,771	29,141	182,771
(Receipt) / Payment of Outstanding Balances	83,000	264	83,000	264
Interest (Expenses) / Income	11,823	2,209	11,823	2,208
Commission on Corporate Guarantee	289	-	289	-
The Transaction with The Colombo Fort Land and Building PLC (Ultimate Parent Company)				
Guarantee Commission	-	4,432	-	4,432
Loan Interest Income & Expenses	1,366	326	1,366	326
Rent Expenses	-	956	-	956
Incurred Reimbursable Expenses	-	5,225	-	5,225
Settlements of Loans, Current Account & Expenses	28,855	3,000	28,855	3,000
Loan obtained during the Year	-	30,000	-	30,000
The Transaction with Other Related Companies				
Sales of Goods	2,048	217,811	-	-
Settlement of Clearing Invoices & Agency Fees	5,469	3,339	-	-
Guarantee Commission		6,437	-	-
Fund Transfers & Settlements	691	11,031	-	-
Incurred Reimbursement of expenses	7,778	17,005	-	-
Interest on Loan	3,342	75,444	-	-
Purchases	4,245	-	-	-
Loan Obtained during the Year	3,342	-	-	-

The non-recurrent related party transactions entered into by the Company in respect of the financial year ended 31st March 2019, the value of which exceeded 10% of shareholders equity or 5% of the total assets of the Group and recurrent related party transactions though exempt for which the value exceeded 10% of gross revenue of the Group during the year ended 31st March 2019 are detailed below.

34. (b) i. RELATED PARTY TRANSACTIONS DISCLOSURE

Non-Recurrent Transactions

Name of Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year Rs.	Value of the Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of Related Party Transactions	The rationale for entering into the transactions
Lankem Ceylon PLC	Associate	250,000,000	10.5% of Total Equity 2.9% of Total Assets	Granting of Corporate Guarantee subject to commission of 2% per annum.	To enable Associate Company to reschedule its banking facilities.

Recurrent Transactions

Name of Related Party	Relationship	Nature of the Transaction	Aggregate Value of Related Party Transactions Entered into during the Financial Year Rs.	Aggregate Value of Related Party Transactions as a % of Net Revenue/ Income	Terms and Conditions of the Relate Party Transactions
Darley Butler & Company Ltd.	Subsidiary	Sales of Goods (without turnover related taxes)	3,775,444	21%	On Credit
		Settlements	4,212,785	24%	On Credit

34. (c) THE DIRECTORS OF THE COMPANY ARE ALSO DIRECTORS OF THE FOLLOWING COMPANIES:

	A.Rajaratnam	S.D.R.Arudpragasam	R.N.Bopearatchy	S.Rajaratnam	R.C.A.Welikala	P.M.A.Sirimane	A.R.Rasiah	S.N.P.Palihena	A.M.Mubarak	A.M. de. S. Jayaratne	R.Seevaratnam	S.W.Gunawardena
E. B. Creasy & Company PLC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate Systems Limited		✓	✓	✓	✓	✓						✓
Filmpak Limited		✓	✓	✓	✓							
E. B. Creasy Logistics Limited		✓	✓	✓	✓	✓						✓
Muller & Phipps (Ceylon) PLC		✓	✓		✓	✓	✓	✓	✓			
Pettah Pharmacy (Pvt) Limited		✓	✓		✓	✓	✓	✓	✓			
Darley Butler & Co. Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Candy Delights Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Island Consumer Supplies (Pvt) Limited		✓	✓	✓	✓	✓						✓
Group Three Associates (Pvt) Limited		✓	✓	✓	✓	✓						✓
Lanka Special Steels Limited		✓	✓	✓	✓	✓						✓
Laxapana Batteries PLC		✓	✓	✓	✓	✓	✓	✓	✓			✓
Lankem Ceylon PLC	✓	✓	✓			✓					✓	

	A.Rajaratnam	S.D.R.Arudpragasam	R.N.Bopearatchy	S.Rajaratnam	R.C.A.Welikala	P.M.A.Sirimane	A.R.Rasiah	S.N.P.Palihena	A.M.Mubarak	A.M. de. S. Jayaratne	R.Seevaratnam	S.W.Gunawardena
Lankem Developments PLC	✓	✓	✓			✓		✓				
Lankem Paints Limited		✓	✓									
Lankem Consumer Products Limited		✓	✓									
Lankem Chemicals Limited		✓	✓									
Lankem Exports (Pvt) Limited		✓										
Lankem Plantation Services Limited	✓	✓										
SunAgro LifeScience Limited		✓	✓									
SunAgro Farms Limited		✓	✓									
SunAgro Foods Limited		✓	✓									
Lankem Technology Services Limited		✓	✓									
Lankem Research Limited		✓	✓									
Associated Farms (Pvt) Limited		✓										
B.O.T Hotel Services (Pvt) Limited		✓		✓						✓		
Galle Fort Hotel (Pvt) Limited		✓		✓								
Colombo Fort Hotels Limited	✓	✓		✓								
Lak Kraft (Pvt) Limited		✓		✓								
Sherwood Holidays Limited	✓	✓		✓								
Sigiriya Village Hotels PLC	✓	✓		✓			✓					
Marawila Resorts PLC	✓	✓		✓			✓					
Beruwala Resorts PLC	✓	✓		✓			✓					
York Hotels (Kandy) Limited		✓		✓								
Consolidated Tea Plantations Limited	✓	✓										
Creasy Plantation Management Limited	✓	✓										
Lankem Tea & Rubber Plantations (Pvt) Limited	✓	✓										
Kotagala Plantations PLC	✓	✓								✓		
Agarapatana Plantations Limited	✓	✓				✓						
Waverly Power (Pvt) Limited	✓	✓		✓								
Union Commodities (Pvt) Limited		✓										
C.W. Mackie PLC	✓	✓								✓		
The Colombo Fort Land & Building PLC	✓	✓		✓		✓				✓	✓	
Colombo Fort Group Services (Pvt) Limited		✓				✓						

Mr. A. Rajaratnam resigned from the following Boards as mentioned below.

- Colombo Fort Hotels Limited and Sherwood Holidays Limited with effect from 15.05.2018.
- Waverly Power (Private) Limited with effect from 16.05.2018.
- Candy Delights Limited and Darley Butler & Co. Limited with effect from 31.05.2018.
- C.W. Mackie PLC with effect from 19.03.2019.
- Beruwala Resorts PLC, Sigiriya Village Hotels PLC, Marawila Resorts PLC and Lankem Ceylon PLC with effect from 31.03.2019.
- Lankem Developments PLC with effect from 20.06.2019.

Mr. P.M.A. Sirimane resigned from the Boards of Corporate Systems Limited and Group Three Associates (Private) Limited with effect from 31.05.2018.

The above Notes should be read in conjunction with Note No. 8, 22, 23 and 32 to the Financial Statement.

Notes to the Financial Statements *Contd.*

34. (d)TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

According to Sri Lanka Accounting Standard LKAS - 24 - 'Related Party Disclosures', Key Management Personnel, are those having the responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) have been classified as Key Management Personnel of the Company/Group.

Company

(i) Loans to the Directors

No Loans have been granted to the Directors of the Company.

(ii) Compensation Paid to Key Management Personnel

	2018/19 Rs. '000	2017/18 Rs. '000
Short term Employee Benefits	229,414	286,791
Post-Employment Benefits	-	-
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share based Benefits	-	-

(iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 34 (d) to these Financial Statements

Group

(i) Loans to the Directors

No loans have been granted to the Directors of the Group.

(ii) Compensation paid to Key Management Personnel

	2018/19 Rs. '000	2017/18 Rs. '000
Salaries/Other Employee Benefits	247,576	308,058
Post-Employment Benefit	-	-
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share based Benefits	-	-

(i) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 34 (d) to these Financial Statements.

35. OPERATING SEGMENT

	Trading Consumer Products		Trading Industrial Products		Other		Total	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
External Revenue	8,025,239	12,809,703	2,568,366	2,448,492	200,174	228,031	10,793,779	15,486,226
Inter Segment Revenue	4,750,432	4,712,713	-	-	72,958	-	4,823,389	4,712,713
Total Revenue for Reportable Segments	12,775,670	**17,522,416**	2,568,366	**2,448,492**	273,132	**228,031**	15,617,168	**20,198,939**
Interest Income	41,588	49,494	7,500	204	-	93	49,087	49,791
Interest Expenses	590,723	513,207	75,240	24,476	-	892	655,963	538,575
Depreciation and Amortisation	199,216	188,835	24,208	13,887	18,670	5,136	242,094	207,858
Profit/(Loss) before Income Tax	(812,069)	(68,733)	29,315	149,673	(46,632)	7,432	(829,386)	88,372
Total Assets	10,680,688	7,066,022	1,018,389	872,745	258,375	164,159	11,957,452	8,102,926
Total Liabilities	6,705,177	5,450,435	809,703	636,702	235,927	17,718	7,750,807	6,104,855
Capital Expenditures	137,045	523,271	79,020	144,222	7,889	-	223,954	667,493

Notes to the Financial Statements *Contd.*

35.1 SEGMENTS

Segmentation has been determined based on the operating activities of the companies or the sector, where multiple activities fall within one company or sector has been based on the core activities of that particular sector.

Trading Consumer Products – Manufacturing, Selling and Distribution of Consumer Products
Trading Industrial Products – Manufacturing, Selling and Distribution of Industrial Products
Others – Special Projects and Other Services

35.2 RECONCILIATION OF REPORTABLE SEGMENT REVENUE, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER MATERIAL ITEMS

Revenue

	2018/19 Rs.	2017/18 Rs.
Total revenue for reportable segments	15,617,168	20,198,939
Elimination of Inter Segment revenue	4,823,389	4,712,713
Consolidated revenue	10,793,779	15,486,226

Profit/ (Loss) before tax

	2018/19 Rs.	2017/18 Rs.
Total Profit/ (Loss) before Tax for reportable segments	(829,386)	88,372

Assets

	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Total assets for reportable segment	11,188,814	8,102,926
Investment in equity accounted investee	768,638	540,159
	11,957,452	8,643,085

Liabilities

	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Total Liabilities for reportable segment	10,652,089	6,104,855

Other material items

	2018/19 Rs.	2017/18 Rs.
Interest Income	49,087	49,791
Interest Expenses	655,963	538,575
Capital expenditure	223,954	667,493
Depreciation and amortization	242,094	208,858

36. CAPITAL EXPENDITURE & COMMITMENTS

36.1 COMPANY

The Company had no material capital or financial commitments as at the date of the Statement of Financial Position.

36.2 GROUP

There are no material capital or financial commitments as at the date of the Statement of Financial Position.

37. CONTINGENT LIABILITIES

37.1 COMPANY

There are no material contingent liabilities outstanding as at the date of the Statement of the Financial Position, other than those disclosed below.

Contingent liabilities exist in relation to guarantees issued by E. B. Creasy & Company PLC to financial institutions on behalf of its Subsidiaries and Associate to obtain facilities from Financial Institutions which are as follows:

	31.03.2019 Rs. '000	31.03.2018 Rs. '000
Darley Butler & Co. Limited	130,000	130,000
Ceyflex Rubber Limited	64,353	-
Lankem Ceylon PLC	250,000	-
	444,353	130,000

37.2 GROUP

37.2.1 Lanka Special Steels Limited

Lanka Special Steels Limited has given a guarantee of Rs. 24,070,650 to Sri Lanka Custom and it was outstanding as at 31st March 2019.

38. EVENTS OCCURRING AFTER THE REPORTING DATE

38.1 COMPANY

The Directors have recommended the payment of a First and Final dividend of Rs. 12.00 per share for the year ended at 31st March, 2019 which will be declared at the Annual Genaral Meeting to be held on 30th September 2019. In accordance with the Sri Lanka Accounting Standard 10 – "Event Occurring after the Reporting Date" this proposed First and Final dividend has not been recognised as a liability in the Financial Statements for the year ended 31st March 2019.

On 15th August 2019, the Company invested in 5 million Ordinary Shares in its subsidiary Darley Butler & Company Limited on for a total consideration of Rs. 950 million.

The Company issued a Corporate Guarantee for Rs. 200 million as security for a loan on behalf of Lankem Ceylon PLC.

Subsequent to the reporting period no circumstances have arisen that would require adjustment for a disclosure in the Financial Statements other than those disclosed above.

40. 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair valuation carried at 31 March 2019 for all unquoted equity shares classified as Level 3 within the fair value hierarchy using discounted cash flow valuation methodology. Fair value would not significantly vary if one or more of the inputs were changed.

Type	Valuation technique	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurements
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted using rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	Forecast EBITDA margin (2018:15%) Risk-adjusted discount rate (2018: 22.82%)	The estimated fair value would increase (decrease) if: The EBITDA margin were higher (lower): or The risk-adjusted discount rate were lower (higher). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
Equity Securities	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and EBITDA of the investee. The estimate is adjusted for the effect of the non- marketability of the equity securities.	Forecast EBITDA margin (2018:15%)	The estimated fair value would increase (decrease) if : the EBITDA margin were higher (lower) Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.

Type	Valuation technique	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurements
Corporate debt Securities	Market comparison/discounted cash flow : The fair value is estimated considering (i) current or recent quoted prices for identical securities in the markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Not applicable.	Not applicable.

FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

Group

	Level I		Level II		Level III		Total	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Investments Classified as Fair Value through OCI (2017/18 - Available for Sale)	20,716	31,864	36,147	47,903	446,234	402,491	503,097	482,258
Total	20,716	31,864	36,147	47,903	446,234	402,491	503,097	482,258

FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

Company

	Level I		Level II		Level III		Total	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Investments Classified as Fair Value through OCI (2017/18 - Available for Sale)	1,213	1,760	-	-	-	-	1,213	1,760
Total	1,213	1,760	-	-	-	-	1,213	1,760

Statement of Value Added

	%	2018/19 Rs. '000	%	2017/18 Rs. '000
Turnover from Operations		10,793,779		15,486,226
Cost of Goods and Services		(9,156,438)		(13,377,359)
		1,637,341		2,108,867
Other Income Including Exceptional Items		27,044		182,248
Total Value Added		3,096,441		2,291,115
Distribution of Value Added				
To Employees				
Salaries, Wages and Other Related Costs	36	1,104,355	71	1,603,941
Compensation to Key Management Personnel	8	247,576	13	308,058
			84	1,911,999
To Government				
Corporate tax	3	80,124	4	90,887
				90,887
To Lenders of Capital				
Net Interest	(37)	(606,876)	21	488,784
To Share Holders				
Dividend	(3)	(91,276)	-	-
Retained for Growth				
Depreciation	8	242,094	8	185,714
Retained Earnings	59	1,841,308	(17)	(386,269)
	9	279,136	(9)	(200,555)
	100	3,096,441	100	2,291,115

Share Information

1. MARKET VALUE

The market value of the Company's ordinary shares was

	2019 Rs.	2018 Rs.
Highest	1,740.00	1,499.00
Lowest	1,010.10	1,031.00
Close	1,490.00	1,200.00

2. PUBLIC HOLDING

The Percentage of shares held by the public as at 31st March 2019 was 25.78% (31st March 2018 – 25.86%).

The applicable option under CSE Rule 7.13.1 on minimum public holding is option 5 and the Float Adjusted Market Capitalization as of 31.03.2019 was Rs.973,925,197.88.

PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2019 was 581 (31st March 2018 - 587).

3. DISTRIBUTION OF ORDINARY SHARES

	31st March 2019			31st March 2018		
No. of Shares Held	No. of Shareholders	Total Holding	% of Total Shares	No. of Shareholders	Total Holding	% of Total Shares
1 - 1,000	564	56,062	2.21	570	57,057	2.25
1,001 - 10,000	22	57,461	2.27	22	56,877	2.24
10,001 - 100,000	7	326,752	12.89	7	326,752	12.89
100,001 - 1,000,000	3	752,013	29.66	3	751,602	29.64
Over - 1,000,000	1	1,343,170	52.97	1	1,343,170	52.98
	597	2,535,458	100.00	603	2,535,458	100.00

CATEGORIES OF SHAREHOLDERS

	31st March 2019			31st March 2018		
	No. of Shareholders	Total Holding	% of Total Shares	No. of Shareholders	Total Holding	% of Total Shares
Individuals	545	192,125	7.58	548	188,270	7.43
Institutions	52	2,343,333	92.42	55	2,347,188	92.57
	597	2,535,458	100.00	603	2,535,458	100.00

Share Information *Contd.*

4. TOP 20 SHAREHOLDERS AS AT 31.03.2019

Position	Name	31st March 2019 No. of Shares	31st March 2019 %	31st March 2018 No. of Shares	31st March 2018 %
1.	THE COLOMBO FORT LAND AND BUILDING PLC	1,343,170	52.98%	1,343,170	52.98%
2.	SEYLAN BANK PLC/ DR. THIRUGNANASAMBANDAR SENTHILVERL	425,197	16.77%	424,786	16.75%
3.	UNION INVESTMENTS (PRIVATE) LTD	167,700	6.61%	167,700	6.61%
4.	COLOMBO FORT INVESTMENTS PLC	159,116	6.28%	159,116	6.28%
5.	C.M. HOLDINGS PLC	100,000	3.94%	100,000	3.94%
6.	COLOMBO INVESTMENT TRUST PLC	75,410	2.97%	75,410	2.97%
7.	MR. RADHAKRISHNAN MAHESWARAN	35,485	1.40%	35,485	1.40%
8.	MISS. MEENAMBIGAI PRIYADARSHINI RADHAKRISHNAN	35,485	1.40%	35,485	1.40%
9.	MISS. ANDAL RADHAKRISHNAN	35,484	1.40%	35,484	1.40%
10.	COMMERCIAL BANK OF CEYLON PLC/ COLOMBO INVESTMENT TRUST PLC	30,000	1.18%	30,000	1.18%
11.	MR. THOTAWATTAGE ROHAN LAKSHANA PERERA	14,888	0.59%	14,888	0.59%
12.	TRANZ DOMINION, L.L.C.	7,001	0.28%	7,001	0.28%
13.	PHOTOKINA LTD	6,804	0.27%	6,804	0.27%
14.	SISIRA INVESTORS LIMITED	6,138	0.24%	6,138	0.24%
15.	SAMPATH BANK PLC/ DR. T. SENTHILVERL	4,100	0.16%	4,100	0.16%
16.	MR. MOHAMED HUSSAIN MOHAMMED SANOON	3,500	0.14%	3,500	0.14%
17.	PEOPLE'S LEASING & FINANCE PLC/ MR. M.A.N. YOOSUFALI	3,100	0.12%	3,100	0.12%
18.	THE INCORPORATED TRUSTEES OF THE CHURCH OF CEYLON	2,828	0.11%	2,828	0.11%
19.	CONSOLIDATED HOLDINGS (PRIVATE) LIMITED	2,596	0.10%	2,596	0.10%
20.	MR. UDAYATHILAKA INDRAPALA SURIYABANDARA	2,149	0.08%	1,542	0.06%
	TOTAL	2,460,151	97.02%	2,459,133	96.98%

Group Financial Summary

	2009/10*	2010/11*	2011/12*	2012/13*	2013/14*	2014/16*	2015/16	2016/17	2017/18	2018/19
	2,019	2,018	2,019	2,018	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
							Restated	Restated		
Trading Results										
Revenue	13,955,375	28,250,587	27,904,133	29,093,808	20,477,356	20,386,004	24,924,382	26,346,879	15,486,226	4,060,109
Profit/(Loss) before Tax	882,217	2,404,908	1,102,231	991,960	182,043	255,456	452,664	(301,647)	88,372	(829,386)
Income Tax Expense	(298,738)	(286,167)	(304,784)	(247,347)	(162,248)	(212,297)	(209,780)	(162,247)	(90,887)	80,124
Profit/ (Loss)for the Year	583,479	2,118,741	797,447	744,613	19,795	43,159	242,884	(463,894)	(642,921)	(749,262)
Non-controlling Interest	390,834	1,413,960	561,336	466,358	(18,073)	(45,941)	129,821	(275,231)	(244,096)	98,710
Equity Holders of the Parent	192,645	704,781	236,111	278,255	37,868	89,100	113,063	(188,663)	(512,060)	1,822,681
Assets Employed Property, Plant & Equipment	9,005,741	10,391,140	11,728,826	14,422,163	6,863,311	8,285,179	8,344,246	8,331,782	2,267,741	5,064,111
Investments	55,715	203,537	273,294	269,492	640,012	536,601	514,319	544,274	482,258	597,505
Biological Assets	-	622,142	588,650	703,816	-	-	-	-	-	-
Intangible Assets	162,863	334,373	533,258	532,880	441,206	594,108	623,848	694,396	247,918	229,351
Investment in Associate	-	-	-		646,521	420,499	315,163	279,056	540,159	768,637
Other Non-Current Assets	122,628	127,792	143,195	164,420	199,672	138,312	342,512	423,006	195,154	334,147
Net Current Assets/ (Liabilities)	(95,578)	1,751,280	751,015	133,929	76,355	(1,009,914)	(1,133,153)	(1,148,749)	(99,087)	(716,932)
	9,251,369	13,430,264	14,018,238	16,226,700	8,867,077	8,964,785	9,006,935	9,123,765	3,634,143	6,276,819
Equity										
Stated Capital	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731
Reserves	361,083	148,394	148,394	148,394	148,394	148,394	148,394	148,394	148,394	3,901,830
Retained Earnings	1,292,643	2,445,098	2,806,384	3,079,617	3,040,809	2,807,692	2,889,054	2,456,197	176,125	3,927,561
Non-controlling										
Non-controlling Interest	3,248,587	5,212,440	5,337,819	5,621,908	3,388,168	3,196,767	3,272,389	2,635,145	176,990	279,136
	4,541,230	7,831,663	8,318,328	8,875,650	6,603,102	6,178,584	6,335,568	5,265,467	527,240	4,206,697
Long-Term Liabilities	2,931,466	3,462,827	3,347,236	4,809,011	1,608,661	2,134,221	1,811,521	2,964,046	498,845	1,108,377
Deferred Liabilities	1,778,673	2,135,774	2,352,674	2,509,023	655,314	651,980	859,846	894,252	755,568	961,745
	4,710,139	5,598,601	5,699,910	7,318,034	2,263,975	2,786,201	2,671,367	3,858,298	1,254,413	2,070,122
	9,251,369	13,430,264	14,018,238	16,226,700	8,867,077	8,964,785	9,006,935	9,123,765	1,781,653	6,276,819

Notes

Form of Proxy

I/We...of.. being a member/members of E.B. Creasy & Company PLC, hereby appoint .... of .... whom failing

1. Sri Dhaman Rajendram Arudpragasam	of Colombo or failing him
2. Ranjeevan Seevaratnam	of Colombo or failing him
3. Sanjeev Rajaratnam	of Colombo or failing him
4. Alagarajah Rajaratnam	of Colombo or failing him
5. Rohan Chrisantha Anil Welikala	of Colombo or failing him
6. Ranjit Noel Bopearatchy	of Colombo or failing him
7. Parakrama Maithri Asoka Sirimane	of Colombo or failing him
8. Albert Rasakantha Rasiah	of Colombo or failing him
9. Shanthikumar Nimal Placidus Palihena	of Colombo or failing him
10. Azeez Mohamed Mubarak	of Colombo or failing him
11. Ajit Mahendra de Silva Jayaratne	of Colombo or failing him
12. Sanjeewa Wijesiri Gunawardena	of Colombo

as my/our proxy to represent me/us and to speak and vote on my/our behalf at the Eighty Sixth Annual General Meeting of the Company to be held on 30th September 2019 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
01. To receive the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2019 with the Report of the Auditors thereon		
02. To declare a First and Final Dividend of Rs. 12/- per share for the year ended 31st March 2019 as recommended by the Directors.		
03. To re-elect Dr. A.M. Mubarak as a Director		
04. To reappoint Mr. R.N. Bopearatchy as a Director		
05. To reappoint Mr. A. Rajaratnam as a Director		
06. To reappoint Mr. A.M. de S. Jayaratne as a Director		
07. To reappoint Mr. R. Seevaratnam as a Director		
08. To reappoint Mr. A.R. Rasiah as a Director		
09. To reappoint Mr. S.N.P. Palihena as a Director		
10. To authorize the Directors to determine contributions to charities		
11. To reappoint as Auditors KPMG and authorize the Directors to determine their remuneration.		

The proxy may vote as he/she thinks fit on any resolution brought before the meeting.

As witness my /our hands this ....day of ....Two Thousand and Nineteen.

....

Signature

Note

A proxy need not be a member of the Company. If no words are deleted or there is in the view of the proxy doubt (by reason of the manner in which the instructions contained in the Form of Proxy have been completed) as to the way in which the proxy should vote, the proxy may vote as he/she thinks fit. Instructions for completion appear overleaf.

Form of Proxy *Contd.*

INSTRUCTIONS AS TO COMPLETION

1. Perfect the Form of Proxy, after filling in legibly your full name and address by signing in the space provided and filling in the date of signature.
2. In the case of Corporate Members the Form of Proxy must be under the Common Seal of the Company or under the hand of an Authorized Officer or Attorney.
3. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company's Secretaries, along with the Form of Proxy.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited., 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty-eight (48) hours before the time appointed for the meeting.

Corporate Information

NAME OF THE COMPANY

E. B. Creasy & Company PLC (EBCPLC)

LEGAL FORM

Public Quoted company with Limited Liability incorporated in Sri Lanka under the Joint Stock Companies Ordinance 1861

COMPANY NUMBER

PQ 182

PRINCIPAL ACTIVITIES

The principal activities are manufacture of consumer disposables and marketing of hardware and automotive accessories

STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka.

REGISTERED OFFICE

P.O. Box 37, No. 98, Sri Sangaraja Mawatha, Colombo 10.
Telephone : 94 (11) 2421311, Fax: 94 (11) 2448534

BOARD OF DIRECTORS

Chairman/Managing Director

Mr. S.D.R. Arudpragasam, FCMA (UK)

Deputy Chairman

Mr. R. Seevaratnam , B.Sc. (Lond.), FCA (Eng. and Wales), FCA (ICASL)

Joint Managing Director

Mr. S. Rajaratnam, B.Sc. CA

DIRECTORS

Mr. A. Rajaratnam, FCA
Mr. R.N. Bopearatchy, B.Sc. (Cey), Dip. BM, MBA (Univ. of Col.)
Mr. R.C.A. Welikala
Mr. P.M.A. Sirimane, FCA, MBA
Mr. A.R. Rasiah, B.Sc. (Cey.), FCA
Mr. S.N.P. Palihena, FCIB (U.K.), FIB (SL), Post Grad. Dip. Bus. & FA
Dr. A.M. Mubarak, B.Sc. (SL), Ph.D. (Cantab), FICHEMC, FNASSL
Mr. A.M. de S. Jayaratne, B.Sc. (Econ.), FCA (Eng. and Wales), FCA (ICASL)
Mr. S.W. Gunawardena, B.Sc., MBA

SECRETARIES

Corporate Managers & Secretaries (Private) Limited
No. 8-5/ 2, Leyden Bastian Road, York Arcade Building, Colombo 01.

AUDITORS

KPMG
Chartered Accountants
P.O. Box 186, Colombo 03.

LEGAL ADVISERS

Julius & Creasy
P.O. Box 154, Colombo 01.

BANKERS

Hatton National Bank PLC
Standard Chartered Bank
Commercial Bank of Ceylon PLC
Bank of Ceylon
National Development Bank PLC
Pan Asia Banking Corporation PLC
Union Bank of (Colombo) Limited
People's Bank
Seylan Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC

SUBSIDIARIES

Darley Butler & Co.Limited (DBCL)
Candy Delights Limited (CDL)
Laxapana Batteries PLC (LBP)
Island Consumer Supplies (Pvt) Limited (ICSL)
Filmpak Limited (FPL)
Group Three Associates (Pvt) Limited (GTA)
Corporate Systems Limited (CSL)
E. B. Creasy Logistics Limited (EBL)
Muller & Phipps (Ceylon) PLC (MPP)
Pettah Pharmacy (Pvt) Limited (PPL)
Lanka Special Steels Limited (LSSL)
Ceyflex Rubber Limited (CRL)

ASSOCIATES

Lankem Ceylon PLC

P.O. Box 37,
No. 98,
Sri Sangaraja Mawatha,
Colombo 10,
Sri Lanka.

www.ebcreasy.com