E. B. Creasy & Company PLC

Annual Report 2019/20

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Financial Highlights

	2019/20 Rs. '000	2018/19 Rs. '000 Restated
Group Turnover	11,186,301	10,793,779
Group Profit/(Loss) Before Tax	(366,910)	(829,386)
Group Profit/(Loss) for the Year	(424,508)	(742,420)
Profit/(Loss) Attributable to Equity Holders of the Parent	(393,808)	(715,306)
Shareholder's Fund Attributable to Equity Holders of the Company	3,491,327	3,964,710
Earnings/(Loss) per Share (Rs.)	(155.35)	(282.17)
Net Assets per Share (Rs.)	1,377.00	1,563.71
Market Value per Share (Rs.)	816.90	1,490.00
Dividend per Share (Rs.)	12.00	36.00
Dividend Payout Ratio (%)	33%	91%

Notice of Meeting

Notice is hereby given that the Eighty Seventh Annual General Meeting of E. B. Creasy & Company PLC will be held on 30th December 2020, at 11.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 or 98, Sri Sangaraja Mawatha, Colombo 10, for the following purposes, namely :

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March, 2020 with the Report of the Auditors' thereon.
2. To declare a First and Final Dividend 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. 6)
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. 7)
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. 8)
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. 9)
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.10)
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.11)
10. To authorise the Directors to determine contributions to charities.
11. To reappoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.
12. Special Business:

    To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in the manner following:

    Special Resolution

    Resolved -

    - "That the following words and meaning be included in the table under Article 2 of the Articles of Association immediately following the words "The Act" and the meaning set opposite:

Electronic Facility/ies	A system or method providing an electronic means of participating at a meeting including audio, or audio and visual communication by which all shareholders and or participants participating can simultaneously hear each other throughout the meeting.

    - That the meaning set opposite the words "In Writing" in the table under Article 2 of the Articles of Association be amended to read as follows:

In writing	Written or to the extent permitted by the Act in any other form.

Notice of Meeting *Contd.*

- That the existing Article 46 be renumbered as Article 46(1) and the following new Articles numbered 46(2) and 46(3) be included immediately after the renumbered Article 46(1):

  46 (2) A General Meeting may be held-

  (i) by means of audio, or audio and visual communication by which all Members participating and constituting a quorum, can simultaneously hear each other throughout the meeting; or

  (ii) by the quorum being present and assembled together at the place, date and time appointed for the meeting; or

  (iii) by simultaneous attendance and participation partly by means of an Electronic Facility/ies and by being assembled together at a place, where all Members participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

  (3) In the event all persons participating in the General Meeting cannot be accommodated in the meeting room where the Chairman will be, the Directors can arrange for any people who they consider cannot be seated in such main meeting room, to attend in an overflow room or rooms. Any overflow room must have a live video and two way sound link with the main room for the General Meeting, where the Chairman will be. The video and sound link must enable those in all the rooms to see and hear the proceedings of the other rooms. The notice of the General Meeting does not have to give details of any arrangements under this Article. However at the discretion of the Board the notice and or a circular accompanying the notice shall incorporate details on maximum number of Members to be accommodated in the main room. The Directors can decide on how to divide people between the main room and any overflow room. If any overflow room is used, the General Meeting will be treated as being held in the main room.

- That the following new Article 48(4) be included immediately after the existing Article 48(3)

  48 (4) In the case of any General Meeting being conducted partly or completely by an Electronic Facility/ies the notice and or a circular accompanying the notice shall provide details on the method of access and participation including how to speak and vote at the meeting.

- That the existing Article 52 be deleted and the following be substituted therefor:

  52 (1) No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. The quorum for all purposes shall be three (03) each being a Member or a proxy for a Member or attorney or (in the case of a corporation) by an authorised representative.

  (2) In determining attendance at a General Meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

  (3) Where a General meeting is held partly or completely by Electronic Facility/ies, the Board and the Chairman may stipulate any requirement that is reasonably necessary to ensure the identification of such participants and the security of the electronic communication.

- That the existing Article 56 (ii) be deleted and the following be substituted therefor:

  56 (ii) Not less than five persons present in person or by attorney or representative or by proxy and entitled to vote; or

- That the existing Article 56 inclusive of the aforesaid change be renumbered as 56(1) and the following new Article 56 (2) be included immediately after the renumbered Article 56 (1).

  56 (2) Notwithstanding, the aforesaid provisions contained in Article 56(1) at any General Meeting held partly or completely by means of an Electronic Facility/ies, a resolution put to the vote shall be decided either by the Members signifying their assent or dissent via electronic means or in the event of a poll, such poll votes may be cast by such electronic means as the Board deems appropriate.

- That the existing Article 93 be deleted and the following be substituted therefor:

  93 The Board may concurrently participate either in person or by telephone, radio, conference television or similar equivalent communication or any other form of audio or audiovisual instantaneous communication by which all persons participating in the conference are able to hear and be heard by all other participants for the dispatch of business and adjourn and otherwise regulate the conference as they think fit or by a combination of such methods. All provisions relating to the convening of a meeting of the Board, including the giving of Notice thereof and Agenda, the quorum for such conference meeting and the votes to be cast shall be the same as is applicable under these Presents in relation to such Meetings.

- That the existing Article 94 be deleted and the following be substituted therefor:

  94 A resolution passed by such conference meeting may be constituted by an instrument in hard copy or electronic form (duly executed) and shall notwithstanding that the Directors are not present together at one place at the time of the conference, be deemed to have been passed at a conference of the Directors held on the day and at the time at which the conference was held and shall be deemed to have been held at the registered office of the Company unless otherwise agreed, and all Directors and other persons including the Secretary participating at that conference shall be deemed for all purposes to be present at the conference.

- That the existing Article 119 be deleted and the following be substituted therefor:

  119. The Directors shall cause minutes to be maintained either in books or electronic means as permitted by law for the purpose:-

  (a) of all the appointments of officers made by the Directors;

  (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;

  (c) of all resolutions and proceedings at all Meetings of the Company, and of the Directors, and of committees of Directors:

  and every Director present at any meeting of Directors or committee of Directors shall sign his name on the attendance register to be kept for that purpose.

- That the existing Article 141 be deleted and the following be substituted therefor:

  141 A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be annexed thereto) together with a copy of every report of the Auditors relating thereto and of the Directors' report, shall not less than fifteen working days before the date of the meeting be sent by post or any other instantaneous method of communication, or made available on the Company's website and/or on the website of the Colombo Stock Exchange to every Member of, and every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these presents (provided that this Article shall not require a copy of these documents to be sent to any person of whose address in Sri Lanka the Company is not aware or to more than one of the joint-holders, but any Member to whom a copy of these documents has not been sent, shall be entitled to receive a copy free of charge on application at the office).

  Notwithstanding anything to the contrary and in accordance with section 167 of the Act, the Company may, in the first instance, send every Member by post or any other instantaneous method of communication, or made available on the Company's website and/or on the website of the Colombo Stock Exchange the Annual Report together with the Financial Statements in the summarised form as may be prescribed, in consultation with the Institute of Chartered Accountants of Sri Lanka. The Company shall inform each Member that he is entitled to receive, if he so requires, the full Financial Statement or a printed copy of the Annual Report within a stipulated period of time.

Notice of Meeting *Contd.*

- That the existing Article 148 be renumbered as Article 148(1) and the following new Article numbered 148(2) be included immediately after the renumbered Article 148(1) :

  148 (2) In the event of a postal disruption, the Company may issue communication/notices through the Company's website and/ or on the website of the Colombo Stock Exchange and/or by any other electronic means.

- That the existing Article 151 be deleted and the following be substituted therefor:

  151 If a Member has no registered address in Sri Lanka, and has not supplied to the Company an address outside Sri Lanka for the giving of notices to him, a notice posted up in the registered office of the Company and/or on the Company's website and/ or on the website of the Colombo Stock Exchange shall be deemed to be duly given to him at the expiration of 24 hours from the time when it is so posted up."

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited
Secretaries

Colombo
4th December 2020

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. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company in accordance.
5. Please refer the "Circular to Shareholders" dated 4th December 2020 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
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. R. N. Bopearatchy who as at the date of the Annual General Meeting of the Company, would have reached eighty 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."
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. A. Rajaratnam 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. Rajaratnam."

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. M. de S. Jayaratne who is eighty 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."

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. R. Seevaratnam who is seventy seven 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."

10. 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 as at the date of the Annual General Meeting of the Company, would have reached seventy five 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."

11. 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 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. S. N. P. Palihena."

12. In the event the Company is required to take any further action in relation to the meeting due to COVID - 19 Pandemic, and / or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange.

Chairman's Review

On behalf of the Board of Directors it gives me great pleasure to welcome you to the Company's Eighty Seventh 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 2020.

The current year's performance of the E.B. Creasy Group was adversely affected by the setbacks arising from the unforeseen April terror attacks and the COVID-19 pandemic which resulted in severe and prolonged stress across many industry sectors and value chains in our busines model. The culmination of the above events resulted in a sharp downturn in consumer spending at the beginning of the year with the private consumption expenditure slowing to 2.9% from 3.7% in the previous year.

The volume growth of our business operations was adversely impacted by disruptions to distribution due to subdued consumer sentiments whilst the momentum in the final few weeks of the year, which generally witnesses a seasonal peak in sales, was disrupted on account of the curfew imposed in light of the COVID-19 pandemic from March 2020 onwards.

Consequently, the GDP growth moderated to 2.3% in 2019 compared to 3.3% in the previous year reflecting muted consumer and investor sentiments combined with political uncertainty, unprecedented currency devaluation and fall in price indices and market capitalisation at the Colombo Stock Exchange.

On a positive note, interest rates declined during the year as the Central Bank of Sri Lanka adopted a more accommodative stance with a view to stimulate the economy while the headline and core inflation moved broadly in the desired range of 4%-6% during the year 2019. Although the country started recovering towards the end of 2019, the COVID-19 pandemic and the measures that were rapidly implemented worsened the economic impact that is yet to be determined.

Amidst such unprecedented challenges taking place all around us, I am pleased to note that the Company recorded a revenue of Rs.4.2 Billion, a modest 3% improvement compared to the previous year. This is mainly attributable to the improvement in sales volumes stemming from homecare division.

However, as the Company invested on brand building and promotional initiatives relating to new product categories in the FMCG segment during the year, selling and distribution expenses increased by 23% compared to the previous year despite the positive impact on the turnover. Thus, culmination of the above resulted in the Company's profit before tax reducing by 19% to Rs.113.2 Million during the current financial year compared to Rs.139.2 Million reported during the previous year. The drop in net finance cost by Rs.23.6 Million was mainly due to the favourable interest rates that prevailed during the year under review.

At the Group level, the consolidated turnover reached Rs.11.2 Billion compared to Rs.10.8 Billion recorded in the previous year. The net loss stood at Rs.424.5 Million during the current financial year compared to the net loss of Rs.742.4 Million reported in the previous year.

However, given the stringent lockdown measures, different business units of the Company actioned their respective business continuity plans to ensure that activities were facilitated, to the extent possible. Given the volatile and evolving business landscape, the Company will continue to monitor the impact to its operations and proactively take measures to ensure business continues as seamlessly as possible.

Looking forward, we expect the year 2021 to bring in mixed fortunes for Sri Lankan FMCG industry with opportunities evident in the development focused economic policies and stability offered by the newly elected Government while there are looming threats as a result of the ongoing pandemic affecting the economy and trade dynamics. In this context, the Company needs to take a firm grasp of the opportunities to realign and to relaunch our approach to excel in the industry whilst formulating strategies to minimise risks.

Thus, to drive our growth, we are increasing operational efficiencies across the Company by focusing on streamlining all costs, specifically in procurement and administration. Further, we continue to invest in our people and our brands whilst ramping up our product portfolio with necessary product offerings coupled with diversifying into related products and markets to strengthen our competitive position. We also envisage on maintaining stringent product quality standards across the entire product portfolio. We are confident that culmination of these strategies would help to create a scalable platform to grow our business in the near future.

In conclusion, I wish to extend my sincere appreciation to my colleagues on the Board for their wise counsel and guidance in determining the strategic direction of the Group. I am humbled by the loyalty of our treasured employees, customers, many business partners and our valued shareholders for their trust and confidence placed in our business as we forge ahead in our endeavors.

S. D. R. Arudpragasam
Chairman

4th December, 2020

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.

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, a Masters in Business Administration from the University of Colombo and a Diploma in Business Management from the 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., Gestetner of Ceylon PLC., Synteract Lanka (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 and has travelled overseas extensively. 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 Tamil Union C & AC as well as a keen sportsman who has represented Sri Lanka in Table-Tennis. He is 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 Softlogic 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. Presently he holds the post of Chief of Research and Innovation at the Sri Lanka Institute of Nanotechnology.

Board of Directors *Contd.*

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.

Dr Mubarak has served as Chairman of National Science Foundation and on the Boards/ Councils of the University of Colombo, Postgraduate Institute of Science, Sri Lanka Accreditation Board, 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 Standards Institute Council.

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 utilising 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.

Group Profile *Contd.*

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 galvanised wire, nail wire, galvanised 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

The E. B. Creasy Group is committed to conducting the Business Activities ethically and in accordance with high standards of Corporate Governance.

The approach to Corporate Governance is guided by ethical culture, accountability, stewardship, independence, continuous improvement, strategy and risk management.

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 attending 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 Board deems it necessary.

INDEPENDENT JUDGMENT

The Board is committed to exhibit high standards of integrity and independence of judgment. 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 being 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 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 18. 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.

DISCLOSURE OF REMUNERATION

Aggregate remuneration paid to Directors is disclosed in Note 33 to the Financial Statements on page 106.

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 22 to 25 in this Report. The Auditor's Report on the Financial Statements is given on pages 31 to 35 of this Annual Report. Financial Information of business segments are given on pages 107 to 108.

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 unauthorised 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 19 to 20 of this Report.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions are disclosed in Note 33(b) to the Financial Statements.

The Report of the Related Party Transactions Review Committee appear on page 18.

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

4th December 2020

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 10 to 12 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 judgments 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 recognised 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 readiness for the implementation of several new Sri Lanka Accounting Standards such as SLFRS 16 Leases and new Accounting Standards that will come into effect in the next few years and 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.

Audit Committee Report *Contd.*

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 05 occasions during the financial year ended 31st March, 2020 and the attendance of the Committee was as follows:

Mr. A. R. Rasiah - 5/5

Mr. A. M. de S. Jayaratne - 5/5

Mr. S. N. P. Palihena - 5/5

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, 2021 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

4th December 2020

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 02 occasions during the financial year ended 31st March, 2020 and the attendance of the Committee was as follows:

Mr. R. Seevaratnam - 2/2

Mr. A. M. de S. Jayaratne - 2/2

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 were non-recurrent related party transactions 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 33(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
Chairman
Related Party Transactions Review Committee

4th December 2020

Annual Report of the Board of Directors

The Board of Directors of E. B. Creasy & Company PLC presents their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March, 2020.

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 36 to 111.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 31 to 35.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 41 to 63.

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 33 to the Financial Statements on pages 103 to 106.

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 31.03.2020	No. of Shares as at 31.03.2019
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 2019/20 is given in Note 33(d) to the Financial Statements on page 106. Director's Remuneration in respect of the Group for the Financial Year 2019/20 was Rs.271.13 Million (2018/19 – Rs.247.58 Million) and in respect of the Company for the financial year 2019/20 is Rs.243.45 Million (2018/19 – Rs.229.41 Million).

CORPORATE DONATIONS

Donations made by the Group amounted to Rs.0.1 Million (2018/19 – Rs.0.1 Million).

DIRECTORATE

The names of the Directors who held office during the financial year and who are currently in office are listed below. Brief profiles of the Directors appear on pages 10 and 12.

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

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

The Auditors, KPMG were paid Rs.7.5 Million during the year under review (2018/19 – Rs.7 Million) as audit fees and fees for audit-related services by the Group. In addition, they were paid Rs.2.3 Million (2018/19 – Rs.0.2 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.2.1 Million during the year under review (2018/19 – 1.9 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.11,186.30 Million (2018/19 – Rs.10,793.78 Million).

RESULTS

The Group made a loss before tax of Rs.366.91 Million (2018/19 – Rs.829.39 Million). The detailed results are given in the Statement of Comprehensive Income and other Comprehensive Income on page 36.

DIVIDENDS

The Board of Directors have recommended the payment of a First and Final Dividend of Rs.18.00 per share on the Ordinary Shares of the Company for the year ended 31st March, 2020 for approval by the Shareholders at the Annual General Meeting to be held on 30th December 2020.

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 17 and 18 on pages 77 to 81.

Annual Report of the Board of Directors *Contd.*

PROPERTY, PLANT & EQUIPMENT

During 2019/20, the Group invested Rs.127.16 Million in Property, Plant & Equipment (2018/19 – Rs.219.22 Million). Further, your Directors are of the opinion that the net amount 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, 2020.

STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2020 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, 2020 comprised of general reserves of Rs.9.55 Million, revaluation reserve of Rs.2,630.04 Million and retained earnings of Rs.826.01 Million whereas the total Group reserves as at 31st March, 2019 comprised of general reserves of Rs.9.55 Million, revaluation reserve of Rs.2,622.7 Million and retained earnings of Rs.1,306.7 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 10 and 27 on pages 66 to 68 and 90 to 92.

RELATED PARTY TRANSACTIONS

In respect of the Financial year ended 31.03.2020 there were non-recurrent related party transactions 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 33(b) 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 33 from page 103 to 106.

SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 112 and 113.

EVENTS OCCURRING AFTER THE REPORTING DATE

Events occurring after the Reporting date that would require adjustments to or disclosures are disclosed in Note 37 on page 109.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments and contingent liabilities as at the Reporting date are disclosed in Note 35 and 36 on pages 108 and 109.

EMPLOYMENT POLICY

The Company's recruitment and Employment Policy is non-discriminatory. The occupational, health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realise 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 minimise 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.

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 authorised 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
Director

R.C.A. Welikala
Director

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited
Secretaries

4th December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors (Board) of the Company is responsible for the adequacy of the Company's system of internal controls and for reviewing its design and effectiveness regularly. However, such a system is designed to manage, rather than eliminate the risk of failure to achieve business objectives of the Group. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatements of losses or frauds.

The Board is of the view that the prevalent internal control systems instituted, by them, and which comprise internal checks, internal audits, risk management policies and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Board has established various Committees, such as the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee to strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

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

The Directors have provided the Auditors, KPMG, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the Financial Statements together with all financial records and related data and expressed their opinion, which appears as reported by them on pages 31 to 35 of this Report.

The Directors are responsible for:

- preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable laws and regulations;
- preparing Financial Statements which give a true and fair view of the state of affairs as at the Balance Sheet date and the Profit or Loss for the period then ended of the Company and the Group in accordance with SLFRSs and LKASs;
- keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company enabling them to ensure that the Group Financial Statements comply with applicable laws and regulations;
- establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and regularly reviewing the effectiveness of such process;
- taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities; and maintaining the integrity of the statutory and audited information available to the public.
- In addition, the Directors consider that, in preparing the Financial Statements:
    - suitable accounting policies have been selected and applied consistently;
    - judgments and estimates made have been reasonable and prudent;
    - the Financial Statements comply with IFRS as adopted for use in Sri Lanka (SLFRSs/LKASs);
    - all Accounting Standards which they consider applicable have been followed in preparing the Parent Company Financial Statements; and
    - it is appropriate that the Group and Parent Company Financial Statements have been prepared on a "Going Concern" basis.

The Directors also confirm that to the best of their knowledge, the Financial Statements are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole; and this Directors' Report contains a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

S.D.R. Arudpragasam
Director

R.C.A. Welikala
Director

4th December 2020

RISK MANAGEMENT

The Board of Directors considers risk identification, assessment and mitigating activities to be vital in maintaining sustainable growth and making steady progress towards achievement of the corporate objectives. In the pursuit of opportunities it is unavoidable that we are subject to various risks. The management ensures that such risks are systematically identified and the procedures are in place to manage and control the same. Hence a well structured Risk Management Framework is in place under which the risks are being assessed.

The identified risks are being reviewed by the Audit Committee at the Company level as well as at the Group level. Under the Framework, the risks are then prioritised and business units use both preventive and mitigation controls to manage risk exposures within the prescribed tolerance limits.

The principal foreseeable risks have been identified and are set out below with mitigation strategies. The nature and the scope of risks are subject to change and not all of the factors listed are within the control of the Group.

Description of Risk	Mitigation Strategies
HEALTH AND SAFETY RISK	
• Likelihood that an individual may be harmed or suffers adverse health effects if exposed to a workplace hazard or viral infection • Possibility of a customer facing health and safety risks while consuming a product or service provided by any of the businesses	• The business takes employee safety as the highest priority • Health and Safety related policies and procedures have been implemented across the group and periodically reviewed • Operations and plants are designed considering employee health and safety • Quality policies and frameworks are in place at all our businesses and operations are carried out under strict quality controls • Staff are continuously trained on conducting operations by adhering to quality protocols
BUSINESS INTERRUPTION	
Business interruptions due to unforeseen events such as Easter attack and COVID-19 resulting disruptions to supply chain, manufacturing and distribution	• Strengthening the business continuity plan • Risks and opportunities management • Use of technological advancements for remote operations and process automations
PRODUCT/SERVICE QUALITY RISK	
Product quality is crucial as the Group's portfolio includes pharmaceutical products, FMCG and infant milk powder	• Adequate business-specific quality control divisions to ensure high quality throughout our processes • Continuous training, quality management and assurance programs to strengthen the product quality • Internal and external quality inspection • Standardised manufacturing processes • Ongoing investment and improvement initiatives in manufacturing facilities
RISK OF POLITICAL INSTABILITY	
Adverse impacts arising due to an unstable political environment in the country	• Analysing SWOT and PEST factors and developing appropriate strategies • Business diversification and enter alternate markets
CREDIT RISK	
Arising from debtor's bankruptcy or credit quality deterioration of customers	• Adherence to business specific credit control policies and credit worthiness verification procedures • Protection against credit risk through Bank Guarantees and efficient follow up and collection practices • Customer Relationship Management

RISK MANAGEMENT *Contd.*

Description of Risk	Mitigation Strategies
INFLATION RISK	
Rise in prices of raw materials and products resulting higher cost of production	• Use of appropriate financial and hedging strategies • Supplier Relationship Management • Adopt dynamic pricing strategies
INTEREST RATE RISK	
Adverse impact on profitability due to increased finance cost resulting from high interest rates on borrowings	• Use of appropriate financial and hedging strategies • Negotiate for concessionary interest rates using Group strength • Effective treasury management
EXCHANGE RATE RISK	
Potential losses as a result of adverse movements in the exchange rates	• Managing exchange rates through appropriate financial risk management techniques such as hedging • Centralised treasury advisory • Efficient Pricing negotiation with suppliers • Dynamic pricing strategies
CYBER RISK	
A cyber-attack or data center failure resulting in business disruption or breach of corporate or personal data confidentiality	• Safeguard critical IT and operational assets by strict IT protocols, firewalls and business continuity plan • Foster a positive culture of cyber-security through various awareness sessions
REGULATORY AND COMPLIANCE RISK	
Risk of introducing of new regulations affecting the business adversely and complexity in complying with regulatory requirements	• Monitor compliance with regulatory requirements • Lobby against regulations that could have a negative impact on business/industry • Look for alternative strategies within the regulatory framework
HUMAN RESOURCE RISK	
Impact to business competitiveness due to the difficulties to recruit/retain required talent and issues pertaining to industrial relations	• Build strong employer brand and better industrial relations
OPERATIONAL RISK	
Potential losses due to inadequate internal controls, failures of internal processes, people and systems as a result of natural and human activities	• Business continuity plans to ensure the smooth operation of the businesses even at the time of disaster • Internal audits on internal controls and compliance
FUNDING/LIQUIDITY RISK	
Difficulty in obtaining required low cost funding for working capital and business expansion	• Maintain an acceptable retention policy • Use Group's strength as a listed Conglomerate to raise economical funding when required • Leverage on brand equity

The Group did not encounter any material issues pertaining to employees and industrial relations of the entity during the financial year under review.

Financial Reports

Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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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 2020, 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 36 to 111 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 2020, 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.

Emphasis of Matter - Restatement of comparative balances

We draw attention to Note 31 to the financial statements, which describes the error correction of not recognising deferred tax on provisions arising from the adoption of SLFRS 9 and SLFRS 15 which are being corrected, comparative balances have been restated and disclosed as comparatives in these financial statements. Our opinion is not modified in respect of this matter.

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 4.1 and Note 4.11 significant accounting policies and explanatory Note 16 and Note 17.1 to the financial statements	
Risk Description	**Our Response**
At 31st March 2020, the Group recorded Rs.189 Mn as goodwill and the Company recorded Rs.1,539 Mn as investments in subsidiaries. As required by relevant accounting standards, at 31 March 2020 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 financial statements as at 31 March 2020. 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 included: • 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 4.8 significant accounting policies and explanatory Note 27 to the financial statements	
Risk Description	**Our Response**
The Group recognized deferred tax asset of Rs.393 Mn as at 31st March 2020 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 included: • 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

Carrying value of Inventories	
Refer to Note 4.9 significant accounting policies and explanatory Note 19 to the financial statements	
Risk Description	**Our Response**
The Group has recorded inventories amounting to Rs.2,305 Mn at 31 March 2020. 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 included: • 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;

Revenue recognition	
Refer to Note 4.4 significant accounting policies and explanatory Note 6 to the financial statements	
Risk Description	**Our Response**
As described in Note 6 the Group has recognised a consolidated revenue of Rs.11,186 Mn. Revenue from sale of goods is recognised when control has been transferred to the buyer; and is measured net of trade discounts. Based on the Group's business model, there are many different types of revenues, arising from different types of transactions and events with customers. In addition, the Group considers revenue as an important element in the preparation of budgets and measuring management performance. These factors could create an incentive for revenue to be recognised prior to control being transferred. Considering above factors, we identified revenue as a key audit matter because revenue is a significant audit risk and one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of revenue recognition by management to meet specific targets or expectations.	Our audit procedures included: • Evaluating the appropriateness of the Group's revenue recognition policies, including the recognition, measurement and classification criteria as well as disclosure requirements as per SLFRS 15. • Testing the operating effectiveness of key controls over the revenue recognition and measurement. • Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment. • Performing test of details over revenue by inspecting a sample of invoices and credit notes in order to ensure revenue is recognised and measured in accordance with the contractual terms of the contract and the Group accounting policies.

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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.

KPMG

- 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
4th December 2020

Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31st March,	Note	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000 Restated	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000 Restated
Revenue	6	11,186,301	10,793,779	4,178,056	4,060,109
Cost of Sales		(8,022,808)	(8,202,304)	(2,953,001)	(2,916,404)
Gross Profit		3,163,493	2,591,475	1,225,055	1,143,705
Other Income/(Expenses)	7	6,419	9,241	20,570	37,143
Selling and Distribution Expenses		(1,341,732)	(1,240,074)	(314,828)	(256,213)
Administrative Expenses		(1,308,104)	(1,249,030)	(503,879)	(447,131)
Net Finance Expenses	8	(585,272)	(606,875)	(313,679)	(338,290)
Share of Results of Equity Accounted Investees	18.2	(301,714)	(334,123)	-	-
Profit/(Loss) before Tax	9	(366,910)	(829,386)	113,239	139,214
Income Tax (Expense)/Reversal	10	(57,598)	86,966	(20,874)	(39,035)
Profit/(Loss) for the Year		(424,508)	(742,420)	92,365	100,179
Other Comprehensive Income/(Expense) Items that will not be reclassified to profit or loss					
Remeasurement of Retirement Benefit Obligation		16,899	18,607	28,460	13,492
Equity Investment at FVOCI - Net Changes in Fair Value		10,225	35,165	174	(547)
Deferred Tax on Remeasurement of Retirement Benefit Obligation		(5,298)	(5,210)	(7,969)	(3,778)
Items that are or may be reclassified subsequently to profit or loss					
Share of Other Comprehensive Income/(Expense) of Equity Accounted Investees, Net of Tax	18.2	(1,634)	571,721	-	-
Revaluation Gain on Freehold Land		-	2,848,575	-	2,472,000
Tax Effect on Revaluation Gain		-	(797,601)	-	(692,160)
Debt investments at FVOCI - net change in fair value		802	797	-	-
Debt investments at FVOCI - reclassified to profit or loss		8,749	(19)	-	-
Debt investments at FVOCI - Impairment gain on debt investment derecognised		(1,452)	(1,384)	-	-
Other Comprehensive Income for the Year Net of Tax		28,291	2,670,651	20,665	1,789,007
Total Comprehensive Income/(Expense) for the Year		(396,217)	1,928,231	113,030	1,889,186
Profit/(Loss) Attributable to: Equity Holders of the Parent		(393,808)	(715,306)	92,365	100,179
Non-controlling Interest		(30,700)	(27,114)	-	-
Profit/(Loss) for the Year		(424,508)	(742,420)	92,365	100,179
Total Comprehensive Income/(Expense) Attributable to: Equity Holders of the Parent		(368,817)	1,829,522	113,030	1,889,186
Non-controlling Interest		(27,400)	98,709	-	-
Total Comprehensive Income/(Expense) for the Year		(396,217)	1,928,231	113,030	1,889,186
Basic Earnings/(Loss) Per Share (Rs.)	11.1	(155.35)	(282.17)	36.44	39.52

The Accounting Policies and Notes on pages 41 to 111 form an integral part of the Financial Statements.
Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March,	Note	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000 Restated	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000 Restated
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	4,976,294	5,064,111	3,612,895	3,621,344
Investment Property	13	2,800	2,800	-	-
Right of Use Assets	14	158,704	-	273,763	-
Leasehold Right to Land	15	-	6,287	-	-
Intangible Assets	16	272,448	229,351	79,782	35,843
Investments in Subsidiaries	17.1	-	-	1,538,754	588,866
Investments Classified as Fair Value through OCI	17.3	501,419	503,097	1,709	1,213
Investments in Debt Securities measured at Amortised Cost	17.4.1	76,337	93,840	-	-
Investments in Equity Accounted Investees	18	465,289	768,638	261,321	261,321
Deferred Tax Assets	27.1	392,760	331,223	-	-
Total Non-Current Assets		6,846,051	6,999,347	5,768,224	4,508,587
Current Assets					
Inventories	19	2,304,788	2,238,723	721,336	829,336
Amount Due from Related Companies	20	204,910	185,260	489,069	343,038
Trade and Other Receivables	21	2,188,013	2,375,052	962,571	2,434,028
Income Tax Recoverable		22,641	-	-	-
Other Financial Assets	17.4.2	88,909	148,804	42,409	93,605
Cash and Cash Equivalents	22.1	100,025	41,974	9,925	10,394
Derivative Financial Assets		8,655	-	-	-
Total Current Assets		4,917,941	4,989,813	2,225,310	3,710,401
Total Assets		11,763,992	11,989,160	7,993,534	8,218,988
EQUITY AND LIABILITIES					
Equity					
Stated Capital	23	25,731	25,731	25,731	25,731
General Reserves	24.1	9,548	9,548	9,548	9,548
Revaluation Reserve	24.2	2,630,038	2,622,695	1,779,840	1,779,840
Retained Earnings		826,010	1,306,736	1,836,808	1,761,916
Equity Attributable to Equity Holders of the Company		3,491,327	3,964,710	3,651,927	3,577,035
Non-Controlling Interest		247,012	279,133	-	-
Total Equity		3,738,339	4,243,843	3,651,927	3,577,035
Non-Current Liabilities					
Interest-Bearing Loans and Borrowings	25.1	526,794	454,798	394,355	241,505
Deferred Income and Capital Grants	26	4,528	4,788	4,528	4,788
Deferred Tax Liabilities	27.2	938,531	930,239	744,969	761,550
Retirement Benefit Obligations	28	745,785	648,790	521,349	469,742
Total Non-Current Liabilities		2,215,638	2,038,615	1,665,201	1,477,585
Current Liabilities					
Interest-Bearing Loans and Borrowings	25.2	2,321,113	2,612,609	1,455,892	1,644,041
Current Taxation Payable		36,734	68,997	26,870	66,968
Trade and Other Payables	29	2,307,026	2,106,238	656,723	917,229
Amount Due to Related Companies	30	9,106	8,011	57,109	85,315
Bank Overdrafts	22.2	1,136,036	908,915	479,812	450,815
Derivative Financial Liabilities		-	1,932	-	-
Total Current Liabilities		5,810,015	5,706,702	2,676,406	3,164,368
Total Equity and Liabilities		11,763,992	11,989,160	7,993,534	8,218,988

The Accounting Policies and Notes on pages 41 to 111 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.

Ravi Rathnasekara
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

4th December 2020
Colombo

Statement of Changes in Equity

GROUP

	Attributable to Equity Holders of Parent						
	Stated Capital Rs. '000	General Reserves 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 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 balance as at 1st April 2018	25,731	9,548	-	2,160,878	2,196,157	180,803	2,376,960
Impact of correction of errors (Note 31)	-	-	-	30,306	30,306	-	30,306
Balance as at 1st April 2018 - Restated	25,731	9,548	-	2,191,184	2,226,463	180,803	2,407,266
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	-	-	-	(715,306)	(715,306)	(27,114)	(742,420)
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	1,306,736	3,964,710	279,133	4,243,843
Adjustment of Initial application of SLFRS 16	-	-	-	(74,141)	(74,141)	-	(74,141)
Adjusted balance as at 1st April 2019	25,731	9,548	2,622,695	1,232,595	3,890,569	279,133	4,169,702
Dividend for the period	-	-	-	(30,425)	(30,425)	-	(30,425)
Total Comprehensive Income for the Year							
Profit/(Loss) for the Year	-	-	-	(393,808)	(393,808)	(30,700)	(424,508)
Other Comprehensive Income/ (Expense) for the Year	-	-	7,343	17,648	24,991	3,300	28,291
Dividend for Non-Controlling Interest	-	-	-	-	-	(4,721)	(4,721)
Balance as at 31st March 2020	25,731	9,548	2,630,038	826,010	3,491,327	247,012	3,738,339

COMPANY

	Stated Capital Rs. '000	General Reserves Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 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 balance as at 1st April 2018	25,731	9,548	-	1,723,274	1,758,553
Impact of correction of errors (Note 31)	-	-	-	20,572	20,572
Balance as at 1st April 2018 - Restated	25,731	9,548	-	1,743,846	1,779,125
Dividend for the period	-	-	-	(91,276)	(91,276)
Total Comprehensive Income for the Year					
Profit for the Year	-	-	-	100,179	100,179
Other Comprehensive Income/(Expense) for the Year	-	-	1,779,840	9,167	1,789,007
Balance as at 31st March 2019	25,731	9,548	1,779,840	1,761,916	3,577,035
Adjustment of Initial application of SLFRS 16	-	-	-	(7,713)	(7,713)
Adjusted balance as at 1st April 2019	25,731	9,548	1,779,840	1,754,203	3,569,322
Dividend for the period	-	-	-	(30,425)	(30,425)
Total Comprehensive Income for the Year					
Profit for the Year	-	-	-	92,365	92,365
Other Comprehensive Income/(Expense) for the Year	-	-	-	20,665	20,665
Balance as at 31st March 2020	25,731	9,548	1,779,840	1,836,808	3,651,927

		GROUP		COMPANY	
For the Year ended 31st March,	Note	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Dividend Per Share (Rs.)	11.2	12.00	36.00	12.00	36.00

The Accounting Policies and Notes on pages 41 to 111 form an integral part of the Financial Statements.
Figures in brackets indicate deductions.

Statement of Cash Flows

For the Year ended 31st March,	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000
A. Cash Generated from Operations				
Profit/(Loss) Before Tax	(366,910)	(829,386)	113,239	139,214
Adjustments for:				
Depreciation on Property, Plant and Equipment and amortisation of right-of-use assets	230,666	223,030	124,841	127,790
Provision for Impairment on Property Plant and Equipment	1,691	3,325	1,691	-
Gain on Disposal of Property, Plant and Equipment	(6,580)	(1,384)	(6,617)	(16,069)
Share of Results of Equity Accounted Investees	301,714	334,123	-	-
Provision for fall in Fair Value Investments	-	-	112	-
Impairment of Trade Receivables	44,652	(10,769)	(10,397)	12,434
Impairment of Amounts Due from Related Companies	21,365	8,013	20,435	-
Impairment Provision for Investment in Debt Securities	17,503	4,660	-	-
Impairment of Financial Assets Measured at Amortised Cost	7,895	8,196	(805)	3,395
Impairment/(Reversal) of Inventories	(18,601)	43,722	(39,334)	25,021
Provision for Retiring Benefit Obligations	130,254	115,412	88,835	77,445
Amortisation of Deferred Income and Capital Grants	(260)	(260)	(260)	(260)
Interest Income	(16,415)	(40,124)	(11,046)	(18,214)
Dividend Income	(6,718)	(7,300)	(8,625)	(39)
Interest Expense	548,296	543,216	346,498	334,304
Debt investments at FVOCI - reclassified to profit or loss	8,749	-	-	-
Debt investments at FVOCI - Impairment gain on debt investment derecognised	(1,452)	-	-	-
Amortisation of Intangible Assets	28,200	19,070	26,061	14,489
Amortisation of Leasehold Right to Land	-	133	-	-
Fair Value change on Forward Contracts	(10,587)	-	-	-
Exchange Fluctuation	1,229	-	-	-
	914,691	413,676	644,628	699,510
(Increase)/Decrease in Inventories	(47,464)	(130,460)	147,334	469
(Increase)/Decrease in Trade and other Receivables	99,160	(228,111)	510,731	(562,399)
(Increase)/Decrease in Amounts Due from Related Parties	8,492	(16,332)	(166,467)	(90,284)
Increase/(Decrease) in Related Party Payables	1,095	6,235	(28,205)	19,622
Increase/(Decrease) in Trade and other Payables	182,202	275,801	(282,295)	91,762
	1,158,176	320,809	825,726	158,679
Cash Flows from Operating Activities				
Cash generated from operations (Note A)	1,158,176	320,809	825,726	158,679
Retiring Gratuity Paid	(16,360)	(28,916)	(8,768)	(15,330)
Interest Paid	(502,144)	(543,216)	(290,687)	(334,304)
Income Taxes Paid	(128,430)	(84,484)	(63,290)	(59,751)
Net Cash Flows from Operating Activities	511,242	(335,807)	462,981	(250,706)

Statement of Cash Flows *Contd.*

For the Year ended 31st March,	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000
Cash Flows from Investing Activities				
Purchase and construction of Property, Plant and Equipment	(127,161)	(219,224)	(103,567)	(42,481)
Proceeds on Disposal of Property, Plant and Equipment	6,661	43,658	6,617	56,767
Investment in Intangible Assets	(71,297)	(503)	(70,000)	(398)
Investments in Financial Assets classified as FVOCI	(321)	-	(321)	-
Loans Granted to Related Companies	(20,000)	(175,000)	(20,000)	(175,000)
Loans Recoveries from Related Companies	72,000	78,000	72,000	78,000
Fund Transfers to Related Companies	(33,000)	-	-	-
Investment in Debt Securities	-	1,934	-	-
Disposal of Investment	-	14,335	-	-
Dividend Income Received	6,718	7,300	8,625	39
Interest Income Received	12,408	40,124	11,046	18,214
Net Cash Flows used in Investing Activities	(153,992)	(209,376)	(95,600)	(64,859)
Cash Flows from Financing Activities				
Lease Rental Paid	(37,425)	-	(37,754)	-
Long-Term Loans Obtained	144,040	383,245	29,040	291,456
Payments of Long Term Loans	(360,432)	(356,744)	(245,408)	(265,621)
Net movement in Short-Term Loans	(237,357)	373,653	(112,300)	296,697
Dividends Paid	(30,425)	(91,276)	(30,425)	(91,276)
Net payments to Minority Shareholders	(4,721)	4,129	-	-
Net Cash Flows from/(used in) Financing Activities	(526,320)	313,007	(396,847)	231,256
Net Decrease in Cash and Cash Equivalents	(169,070)	(232,177)	(29,466)	(84,309)
Cash and Cash Equivalents at the Beginning of the Year	(866,941)	(634,764)	(440,421)	(356,112)
Cash and Cash Equivalents at the End of Year (note B)	(1,036,011)	(866,941)	(469,887)	(440,421)
B. Analysis of Cash and Cash Equivalents				
Bank Overdraft	(1,136,036)	(908,915)	(479,812)	(450,815)
Cash in Hand & at Banks	100,025	41,974	9,925	10,394
Cash and Cash Equivalents at the End of Year	(1,036,011)	(866,941)	(469,887)	(440,421)

The Accounting Policies and Notes on pages 41 to 111 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 public limited company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are 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, 2020 comprises the Company and its subsidiaries (together referred to as the 'Group'). The principal activities of the Company and other entities consolidated with it are disclosed under "Group Profile" on pages 13 to 14 of the Annual Report.

E. B. Creasy & Company PLC's Parent Entity is The Colombo Fort Land & Building PLC.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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.

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

This is the first set of the Group's annual financial statements in which SLFRS 16 "Leases" and IFRIC 23 - "Uncertainty over income tax treatments" have been applied. Changes to significant accounting policies are described in Note 3.

2.2 RESPONSIBILITY OF FINANCIAL STATEMENTS

The Board of Directors of the Company acknowledges their responsibility for the financial statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for financial statements" and the "Certification on the statement of financial position".

2.3 APPROVAL OF FINANCIAL STATEMENTS BY DIRECTORS

The consolidated financial statements for the year ended 31st March 2020 were authorised for issue by the Directors on 4th December 2020.

2.4 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)
- Financial assets measured at fair value through Profit or Loss (FVTPL)
- Defined benefit asset is recognised as plan assets plus unrecognised past service cost less the present value of the defined benefit obligation.
- Investment Properties are measured at fair value

2.5 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 have been rounded to the nearest thousand, unless stated otherwise.

2.6 CURRENT VS. NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading;

Or

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period.

Or

There is no conditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classified all other liabilities as non-current.

2.7 USE OF MATERIALITY AND AGGREGATION

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 01 on "Disclosure Initiative" which was effective from January 01, 2016.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statement is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8 OFFSETTING

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the organised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies of the Company.

2.9 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses 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 recognised prospectively.

2.9.1 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 4.1.2);
- Leases: Whether arrangement contains a lease (Note 3.1);
- Consolidation: Whether the Group has de facto control over an investee (Note 4.1.1)

2.9.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st March 2020 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 4.4 – revenue recognition: estimation of expected returns;
- Note 4.5 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 4.8 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 4.14 – measurement of ECL allowance for trade receivables: key assumptions in determining the weighted average loss rate.
- Note 4.14 –measurement of ECL allowance for related party receivables and other financial assets classified as amortised cost and debt securities classified at FVOCI.

2.9.3 Estimation uncertainty in preparation of Financial Statements

The ongoing COVID – 19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements. The estimation uncertainty is associated with:

- The extent and duration of the disruption to business arising from the actions by government, business and consumers to contain the spread of the virus.
- The extent and the duration of the expected economic downturn (and forecasts for key economic factors including GDP and inflation). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, impact on unemployment and decline in consumer discretionary spending.
- The effectiveness of government and The Central Bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

2.9.4 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 Group uses observable market data as far as possible. Fair values are categorised 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 categorised 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 Group.

Notes to the Financial Statements *Contd.*

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 Group 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.

2.9.5 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisified that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group other than those disclosed in the notes to the financial statements. Furthermore, when determining the basis of preparing the financial statements for the year ended 31st March 2020, based on the available information, the management has assessed the existing and anticipated effects of COVID-19 on the group companies and the appropriateness of the use of the going concern basis.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the Accounting Policies to all periods presented in these Financial Statements, except for changes arising out of transition to SLFRS 16 – "Leases" from 01st April 2019 as set out below:

3.1 SLFRS 16 - LEASES

The Group applied SLFRS 16 - Leases with a date of initial application of 01st April 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group applied SLFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 01st April 2019. Accordingly, the comparative information presented for 2019/20 is not restated. That is, it is presented, as previously reported under LKAS 17 and related interpretations. The details of the change in accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have generally been applied to comparative information.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under SLFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in significant accounting policies.

On transition to SLFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied SLFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17 and IFRIC 4 were not reassessed for whether there is a lease.

Therefore, the definition of a lease under SLFRS 16 was applied only to contracts entered into or changed on or after 01st April 2019.

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under SLFRS 16, the Group recognises right-of-use assets and lease liabilities for leases.

The Group decided to apply recognition exemptions to short-term leases. For leases of other assets, which were classified as operating under LKAS 17, the Group recognised right-of-use assets and lease liabilities.

Leases classified as operating leases under LKAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 01st April 2019. Right-of-use assets are measured at either;

- Their carrying amount as if SLFRS 16 had been applied since the commencement date discounted using the lessee's incremental borrowing rate at the date of initial application; or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The group has tested its right of use assets for impairment on the date of transition and has concluded that there is no indication that the right of use assets are impaired.

The Group used the following practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of LKAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Leases previously classified as finance leases under LKAS 17

For leases that were classified as finance leases under LKAS 17, the carrying amount of the right-of use asset and the lease liability at 01st April 2019 are determined at the carrying amount of the lease asset and lease liability under LKAS 17 immediately before that date.

A. As a lessor

The Group is not required to make any adjustments on transition to SLFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with SLFRS 16 from the date of initial application.

Under SLFRS 16, the Group is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under LKAS 17. The Group concluded that the sub-lease is a finance lease under SLFRS 16.

The Group applied SLFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Impact on financial statements

On transition to SLFRS 16, the Group recognised additional right of use assets, including investments property and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

Notes to the Financial Statements *Contd.*

The effect of adoption SLFRS 16 as at 01st April 2019 is as follows:

Assets	Group Rs'000	Company Rs'000
Right of use assets	166,263	278,379
Deferred tax	2,405	2,998
Lease rentals paid in advance	(6,287)	-
Other debtors and prepayments	(1,651)	-
Total assets	160,730	281,377
Equity and Liabilities		
Retained earnings	(74,141)	(7,713)
Lease liabilities	234,871	289,090
Deferred tax	-	-
Total Equity and Liabilities	160,730	281,377

When measuring lease liabilities, for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 01st April 2019.

	Group Rs'000	Company Rs'000
Operating lease commitments as at 31st March 2019 as disclosed under LKAS 17 in the Group's/Company's financial statements	-	-
Adjustment to update for SLFRS 16	(-)	(-)
Impact of discounting using incremental borrowing rate as at 01st April 2019	234,871	289,090
Recognition exemption for leases with less than 12 months of lease term at transition	(-)	(-)
Leases previously classified as finance leases	-	-
Lease liabilities recognised at 01st April 2019	234,871	289,090

Movement in equity	Group Rs'000	Company Rs'000
Retained earnings as at 31st March 2019	1,306,736	1,761,916
Recognition of right-of-use asset	166,263	278,379
Adjustment to trade and other payables	-	-
Recognition of lease liability	(234,871)	(289,090)
Adjustment to trade and other receivables	(1,651)	-
Adjustment to Lease Rentals Paid in Advance	(6,287)	-
Deferred Tax	2,405	2,998
Retained earnings as at 01st April 2019	1,232,595	1,754,203

4. SUMMARY OF 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 3).

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 3), a correction of a prior period error (see Note 31).

4.1 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 for the same reporting period 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 FVTPL/FVOCI financial asset 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.

4.1.1 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 17.1 of the financial statements.

4.1.2 Investments in associates

Associates 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 recognised 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.

4.1.3 Acquisition 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 recognised directly in the profit and loss for the year.

4.1.4 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.

4.1.5 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.

4.1.6 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.

4.2 FOREIGN CURRENCY

4.2.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group's entities 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 (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

4.3 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.

4.4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group generates revenue through sales.

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 goods to a customer and adopts following policies.

(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.

(B). Rendering of Services

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

4.5 EMPLOYEE BENEFITS

4.5.1 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.

4.5.2 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 recognised as an expense in profit and loss in the periods during which services are rendered by employees.

4.5.3 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.

Provisions have been made in the financial statements for defined benefit plan from the first year of service for all employees.

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.

4.5.3.1 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.

4.6 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.

4.7 FINANCE INCOME AND FINANCE COSTS

The Group's net finance expense includes:

- 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 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 reverts to the gross basis.

4.8 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 the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

4.8.1 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.

4.8.2 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.

4.9 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 cost of inventories is based on the average cost principle. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal operating capacity.

4.10 PROPERTY, PLANT AND EQUIPMENT

4.10.1 Recognition and measurement

4.10.1.1 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.

4.10.1.2 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 profit or loss. 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 profit or loss 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.

4.10.1.3 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.

4.10.2 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 recognised in the statement of profit or loss as incurred.

4.10.3 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.

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.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

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.

4.10.4 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.

4.10.5 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.

4.11 INTANGIBLE ASSETS

An intangible asset is initially recognised 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.

4.11.1 Recognition and measurement

4.11.1.1 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 recognised immediately in the statement of profit or loss.

4.11.1.2 Software

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

4.11.1.3 Other intangible assets

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

4.11.2 Subsequent expenditure

Subsequent expenditure is capitalised 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.

4.11.3 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 on Intangible Assets 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.

4.12 INVESTMENT PROPERTY

Investment property is a 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.

4.13 LEASES

The Group has applied SLFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17 and IFRIC 4. The details of accounting policies under LKAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 01st April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group has applied this approach to contracts entered into, or changed, on or after 01st April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

Policy applicable before 01st April 2019

For contracts entered into before 01st April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

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

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

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

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

The Group presents right of use assets that do not meet the definition of investment property in "right-of-use asset" and lease liabilities in "Interest Bearing Loans and borrowings" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

4.14 FINANCIAL INSTRUMENTS

4.14.1 Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a 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.

4.14.2 Classification and subsequent measurement

Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI – debt investment; and FVOCI – equity instrument), or fair value through profit or loss (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 amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

This assessment is referred to as the SPPI test and it is performed at an instrumental level. The Group's financial assets classified under amortised cost includes trade and other receivables and cash and cash equivalents.

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

Financial assets - Business model assessment

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 realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within 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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised 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 recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss

4.14.3 Derecognition

4.14.3.1 Financial assets

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

The Group enters into transactions whereby it transfers assets recognised 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 derecognised.

4.14.3.2 Financial liabilities

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

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

4.14.4 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 realise the asset and settle the liability simultaneously.

4.14.5 Impairment

Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

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

The Group 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 realising 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 amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset 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 reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised 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.

4.15 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks-specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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.

4.16 PROVISIONS

Provisions are recognised when the Group 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.

4.17 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.

4.18 OTHER INCOME

Other income is recognised 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.

4.19 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.

4.20 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 capitalised as part of the cost of that asset. The amount of borrowing costs to be capitalised is determined in accordance with the allowed alternative treatment in LKAS 23 - Borrowing Costs.

4.21 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.

4.22 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.

4.23 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'.

4.24 STATED CAPITAL

4.24.1 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.

4.24.2 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.

4.25 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.

4.26 MOVEMENT OF RESERVES

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

4.27 COMPARATIVE FIGURES

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

4.28 CAPITAL COMMITMENTS AND CONTINGENCIES

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

4.29 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.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

5.1 AMENDMENTS TO EXISTING ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Several amendments to Accounting Standards are effective for annual financial periods beginning on or after January 1, 2020, and earlier application is permitted. However, the Group has not early adopted the following amendments to Accounting Standards in preparing these Financial Statements as they are not expected to have a significant impact on the Group's Financial Statements.

5.1.1 Amendments to LKAS 1 and LKAS 8:

Definition of Material

In November 2018, the CA Sri Lanka issued amendments to LKAS 1 and Sri Lanka Accounting Standard – LKAS 8 on "Accounting Policies, Changes in Accounting Estimates and Errors" to align the definition of 'material' across the standards and to clarify certain aspects of the term 'definition'. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose Financial Statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.' The Group shall apply those amendments prospectively for annual financial periods beginning on or after January 1, 2020.

5.1.2 Amendments to the conceptual framework for financial reporting

CA Sri Lanka has issued a revised Conceptual Framework which will be used in standard setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity by revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current Accounting Standards. However, if the Group rely on the framework in determining certain accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020.

The Group will need to consider whether those accounting policies are still appropriate under the revised Framework.

Notes to the Financial Statements *Contd.*

6. REVENUE

For the year ended 31st March	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000
Revenue from Sale of Goods	17,193,812	17,188,914	4,734,585	4,721,838
Revenue from Rendering of Services	210,744	198,532	-	-
Other Services	2,000	2,000	-	-
	17,406,556	17,389,446	4,734,585	4,721,838
Less: Turnover Related Taxes	(1,514,705)	(1,772,278)	(556,529)	(661,729)
Net Revenue	15,891,851	15,617,168	4,178,056	4,060,109
Less: Intra Group Sales	(4,705,550)	(4,823,389)	-	-
	11,186,301	10,793,779	4,178,056	4,060,109

REPORTABLE SEGMENT REVENUE

Refer note 34 for the details of the operating segments.

7. OTHER INCOME/(EXPENSES)

For the year ended 31st March	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000
Gain on Disposal of Property, Plant and Equipment	6,580	1,384	6,617	16,069
Rental Income	-	-	7,523	8,700
Commission Income	2,483	8,863	-	-
Amortisation of Deferred Income and Capital Grants	260	260	260	260
Sundry Income	13,002	16,537	6,170	12,114
Other Expenses	(15,906)	(17,803)	-	-
	6,419	9,241	20,570	37,143

8. NET FINANCE EXPENSES

8.1 FINANCE INCOME

For the year ended 31st March	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000
Interest Income	12,408	25,454	11,046	18,214
Debenture Interest Income	4,007	14,670	-	-
Guarantee Commission on Corporate Guarantees	12,461	582	17,565	3,452
Dividend Income - Equity Securities - FVOCI	6,718	7,300	8,625	39
Gain on Translation of Foreign Currency	1,351	1,082	-	-
Impairment gain on debt investment derecognition	1,452	-	-	-
Total Finance Income	38,397	49,088	37,236	21,705

8.2 FINANCE EXPENSES

For the year ended 31st March	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000
Interest on Overdrafts and Trust Receipt Loans	419,301	458,666	260,249	277,698
Interest on Term Loans	101,429	84,550	52,227	56,606
Impairment Loss/(Reversal) of Financial Assets Measured at Amortised Cost	27,183	5,905	(805)	3,395
Interest on Lease Liabilities	27,566	-	34,022	-
Guarantee Commission on Corporate Guarantees	2,884	2,609	1,797	-
Loss on Translation of Foreign Currency	36,557	104,233	3,425	22,296
Impairment of Debt Securities	8,749	-	-	-
Total Finance Expenses	623,669	655,963	350,915	359,995
Net Finance Expenses	(585,272)	(606,875)	(313,679)	(338,290)

9. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is stated after charging all expenses including the following:

For the year ended 31st March	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000
Auditors' Remuneration				
KPMG	7,480	7,055	3,400	3,200
Other Auditors	2,084	1,967	-	-
Fees Paid to Auditors for Non-Audit Services				
KPMG	2,303	262	1,390	-
Other Auditors	-	-	-	-
Depreciation on Property, Plant and Equipment	213,207	223,030	110,324	127,790
Provision for Impairment on Property, Plant and Equipment	1,691	3,325	1,691	-
Amortisation of Right-of-use Assets	17,459	-	14,516	-
Amortisation of Intangible Assets	28,200	19,070	26,061	14,489
Amortisation of Leasehold Right to Land	-	133	-	-
Impairment of Trade Receivables and Amounts due from Related Companies	66,017	2,756	10,038	12,434
Impairment Loss/(Reversal) of Financial Assets Measured at Amortised Cost	7,895	8,196	(805)	3,395
Impairment Provision for Investment in Debt Securities	17,503	4,660	-	-
Impairment Provision/(Reversal) of Inventories	(18,601)	43,722	(39,334)	25,021
Donations	95	122	79	95
Staff Cost (Note 9.1)	998,044	1,109,593	465,248	428,479

9.1 STAFF COST

For the year ended 31st March	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000
Wages and Salaries	680,518	762,188	303,264	305,377
Defined Contribution Plan Cost - MSPS/EPF/ETF	119,139	130,444	45,914	45,657
Defined Benefit Plan Cost - Retiring Gratuity	130,254	115,412	88,835	77,445
Other Staff Cost	35,876	62,206	-	-
Bonus	32,257	39,343	27,235	-
	998,044	1,109,593	465,248	428,479

10. INCOME TAX EXPENSE/(REVERSAL)

For the year ended 31st March	GROUP 2020 Rs. '000	GROUP 2019 Rs. '000 Restated	COMPANY 2020 Rs. '000	COMPANY 2019 Rs. '000 Restated
a. Amount Recognised in Profit/(Loss)				
Income Tax on Profits for the year (Note 10.1)	73,867	64,960	43,724	62,782
Under/(Over) Provision of Current Tax of previous years	(1,746)	7,494	(1,299)	-
Dividend Tax on Subsidiary Dividend	1,404	-	-	-
Economic Service Charge written-off	40,211	-	-	-
Deferred Tax Expense/(Reversal) (Note 27)	(56,138)	(159,420)	(21,551)	(23,747)
	57,598	(86,966)	20,874	39,035
b. Amount Recognised in OCI				
Deferred Tax Expense/(Reversal) on Remeasurement of Retirement Benefit Obligations	5,298	5,210	7,969	3,778
c. Deferred Tax Recognised directly in Equity				
Deferred Tax Expense/(Reversal) on Revaluation Surplus of Freehold Land	-	797,601	-	692,160
	5,298	802,811	7,969	695,938

10.1 RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

	GROUP		COMPANY	
For the year ended 31st March	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Profit Before Tax from Continuing Operation	(366,910)	(829,386)	113,239	139,214
Intra-Group Eliminations	-	(3,297)	-	-
Share of Results of Equity Accounted Investees	301,714	334,123	-	-
	(65,196)	(499,020)	113,239	139,214
Aggregate Disallowable Income	(58,214)	(107,529)	(59,609)	(41,613)
Aggregate Disallowable Expenses	928,131	649,096	249,728	218,760
Aggregate Allowable Expenses	(524,067)	(461,660)	(174,760)	(113,809)
Aggregate Tax Losses from Business	144,699	635,145	-	-
Taxable Profit	425,353	216,032	128,598	202,552
Income from Other Sources	42,752	79,076	42,752	21,669
Total Statutory Income	468,105	295,108	171,350	224,218
Tax Losses Claimed	(31,614)	(60,110)	-	-
Taxable Income	436,491	234,998	171,350	224,221
Income Tax @ 28%	46,680	62,860	35,984	62,782
Income Tax @ 24%	3,174	-	119	-
Income Tax @ 20%	12,609	2,100	-	-
Income Tax @ 18%	11,404	-	7,621	-
Income Tax on Profits for the Year	73,867	64,960	43,724	62,782

10.1.1 RECONCILIATION OF TAX LOSSES

	GROUP		COMPANY	
For the year ended 31st March	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Balance at the beginning of the year	1,344,514	669,583	-	-
Adjustments	(379,380)	99,896	-	-
Tax Loss utilised during the year	(31,614)	(60,110)	-	-
Tax Loss for the year	144,699	635,145	-	-
Balance at the end of the year	1,078,219	1,344,514	-	-

10.2 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 rates of taxation as referred to below, were liable to income tax at 28% until 31st December 2019, and with effect from 1st January 2020 manufacturing companies were liable to income tax at 18% and others were liable at 24%.

Though the legislative process relating to the amendment to laws needs to be completed in order for the tax rate to be considered as substantively enacted as at the reporting date, the difference between computing the current tax liability using the proposed rates of 18% and 24%, and existing 28% has an immaterial impact on the results.

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.

10.3 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 realisation. Accordingly, deferred tax is recognised 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.

10.4 TAX LOSS CARRIED FORWARD

As per the Gazette notification issued in relation to the transitional provisions, any unclaimed losses as at 31st March 2020, is deemed to be a loss incurred for the year of assessment commencing on or after 1st April, 2020, 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 recognised accordingly.

10.5 DEFERRED TAXATION

Deferred tax has been computed by using applicable tax rates liable for income tax for the Company and subsidiaries for the year of assessment 2019/20.

11. BASIC EARNINGS/(LOSS) PER SHARE AND DIVIDEND PER SHARE

11.1 BASIC EARNINGS/(LOSS) PER SHARE

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

	GROUP		COMPANY	
For the year ended 31st March	2020	2019 Restated	2020	2019 Restated
Profit/(Loss) Attributable to the Equity Holders of the Parent (Rs. '000)	(393,808)	(715,306)	92,365	100,179
Weighted Average Number of Ordinary Shares (No. '000)	2,535	2,535	2,535	2,535
Basic Earnings/(Loss) per Share (Rs.)	(155.35)	(282.17)	36.44	39.52

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

11.2 DIVIDEND PER SHARE

	GROUP		COMPANY	
For the year ended 31st March	2020	2019	2020	2019
Total Dividend Paid (Rs. '000)	30,425	91,276	30,425	91,276
Number of Ordinary Shares (No. '000)	2,535	2,535	2,535	2,535
Dividend per Share (Rs.)	12.00	36.00	12.00	36.00

12. PROPERTY, PLANT AND EQUIPMENT
12.1 COMPANY

	Freehold										
	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	Computers Rs. '000	Furniture and Fittings Rs. '000	Capital 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 during the year	-	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
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
Balance as at 1st April 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
Additions during the year	-	4,075	82,105	-	133	485	660	2,470	139	13,499	103,566
Transfers during the year	-	-	12,690	-	348	-	-	-	-	(13,038)	-
Disposals/Written offs	-	-	-	(9,430)	-	-	-	-	-	(8,071)	(17,501)
Balance as at 31st March 2020	2,925,000	408,021	1,103,184	114,751	28,445	35,562	11,166	80,678	26,960	26,518	4,760,285
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
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
Balance as at 1st April 2019	-	143,810	653,602	116,168	12,345	30,481	10,299	58,309	18,383	-	1,043,397
Depreciation charge for the year	-	20,553	67,496	4,610	2,478	881	296	12,830	1,180	-	110,324
Disposals during the year	-	-	-	(9,430)	-	-	-	-	-	-	(9,430)
Balance as at 31st March 2020	-	164,363	721,098	111,348	14,823	31,362	10,595	71,139	19,563	-	1,144,291
Accumulated Impairment Losses											
Balance as at 1st April 2018	-	-	1,408	-	-	-	-	-	-	8,071	9,479
Balance as at 31st March 2019	-	-	1,408	-	-	-	-	-	-	8,071	9,479
Balance as at 1st April 2019	-	-	1,408	-	-	-	-	-	-	8,071	9,479
Impairment during the year	-	-	-	-	-	-	-	-	-	1,691	1,691
Written off during the year	-	-	-	-	-	-	-	-	-	(8,071)	(8,071)
Balance as at 31st March 2020	-	-	1,408	-	-	-	-	-	-	1,691	3,099
Carrying Amount											
As at 31st March 2020	2,925,000	243,658	380,678	3,403	13,622	4,200	571	9,539	7,397	24,827	3,612,895
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

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% per annum 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 the year, the company made a provision of Rs.1.69 Million for impairment of capital work in progress.

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, the same was written off during the year under review.

12.2 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 during the year	-	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 during the year	-	(61,174)	(12,469)	(1,400)	(422)	-	-	(75,465)
Transfers 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
Balance as at 1st April 2019	3,432,450	700,062	1,791,534	285,204	378,022	5,357	50,827	6,643,456
Additions during the year	-	6,150	85,276	-	10,900	-	24,835	127,161
Disposals/Written offs	-	-	(265)	(9,430)	(421)	-	(8,071)	(18,187)
Transfers from CWIP	-	12,884	14,063	-	866	-	(27,813)	-
Balance as at 31st March 2020	3,432,450	719,096	1,890,608	275,774	389,367	5,357	39,778	6,752,430
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
Disposals during the year	-	(20,476)	(10,963)	(1,400)	(351)	-	-	(33,190)
Balance as at 31st March 2019	-	185,187	888,831	221,659	260,529	5,357	-	1,561,563
Balance as at 1st April 2019	-	185,187	888,831	221,659	260,529	5,357	-	1,561,563
Depreciation charge for the year	-	33,477	128,205	14,750	36,775	-	-	213,207
Disposals during the Year	-	-	(185)	(9,430)	(421)	-	-	(10,036)
Balance as at 31st March 2020	-	218,664	1,016,851	226,979	296,883	5,357	-	1,764,734
Accumulated Impairment Losses								
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
Balance as at 1st April 2019	-	-	9,356	-	355	-	8,071	17,782
Charge for the year	-	-	-	-	-	-	1,691	1,691
Written off during the year	-	-	-	-	-	-	(8,071)	(8,071)
Balance as at 31st March 2020	-	-	9,356	-	355	-	1,691	11,402
Carrying Amount								
As at 31st March 2020	3,432,450	500,432	864,401	48,795	92,129	-	38,087	4,976,294
As at 31st March 2019	3,432,450	514,875	893,347	63,545	117,138	-	42,756	5,064,111

Notes to the Financial Statements *Contd.*

12.3 The Capital Work In Progress represents projects in progress in home care division of the Company and a solar project at Lanka Special Steels Ltd.

12.4 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.

12.5 Property, Plant and Equipment pledged as securities in obtaining loans have been disclosed in Note 25.4 to these Financial Statements.

12.6 The cost of fully depreciated Property, Plant and Equipment of the Group, which are still in use as at 31st March 2020 is Rs.728 Million (31st March 2019 – Rs.599 Million). The cost of fully depreciated assets of the Company amounts to Rs.482 Million (31st March 2019 – Rs.414 Million).

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

12.8 IMPAIRMENT

In light of current operational and economic conditions due to the ongoing COVID-19 pandemic, the Group has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable value of CGUs exceeds its carrying values.

12.9 THE PORTFOLIO OF LANDS OWNED BY GROUP COMPANIES ARE AS FOLLOWS;

Company Name	Location	Extent Perches	Name of the Valuer	No. of Buildings	Effective Date of the Latest Revaluation	Carrying Amount of Land 31st March 2020 Rs.' 000	Level of Fair Value Hierarchy	Market Value of Land Rs.' 000	Carrying Amount of Land 31st March 2019 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	Level 3	2,925,000	2,925,000	2,925,000
Candy Delights Limited.	Ekala, Ja-Ela	160	Mr. P. B. Kalugalagedara - Chartered Valuer	-	31.03.2019	68,000	Level 3	68,000	68,000	68,000
Laxapana Batteries PLC	Homagama	577	Mr. P. P. T. Mohideen - Chartered Valuer	3	31.03.2019	439,450	Level 3	439,450	439,450	439,450

12.10 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 2020	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	439,450	43,945	(43,945)

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, and 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.

	GROUP	COMPANY
	31.03.2020	31.03.2020
Land	3,432,450	2,925,000
Total	3,432,450	2,925,000

12.11 All above revaluations are based on market values and the valuation was carried out on 31st March 2019. The Directors are of the view that market values as at 31st March 2020 have not materially changed from the values determined as at 31st March 2019.

12.12 There were no material contractual commitments for acquisitions of property plant and equipment and no idle assets as at the Reporting date.

13. INVESTMENT PROPERTY

	GROUP	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Cost		
At the beginning of the year	2,800	-
Transferred from Property, Plant and Equipment	-	2,800
At the end of the year	2,800	2,800
Accumulated Depreciation		
At the beginning of the year	-	-
Charge for the year	-	-
Carrying Amount at the end of the year	2,800	2,800

Laxapana Batteries PLC, a subsidiary of the Company, transferred a land of 0A-0R-07P to investment property during the year 2018/19, because the land was regarded as held for capital appreciation.

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

Measurement of Fair Values

(i) Fair value hierarchy

The fair value of the transferred property was determined by Mr. P. P. T. Mohideen, an external, independent property valuer, having appropriate recognised 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 Amount*	*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 categorised as level 3 fair value, based on the inputs to the valuation technique used. The revaluation is based on market values and the valuation was carried out on 31 March 2019. The Directors are of the view that market values as at 31st March 2020 have not materially changed from the values determined as at 31st March 2019.

There are no buildings on this land.

Acquisition by the Government

Land area of 27.63 perches belonging to Laxapana Batteries PLC has been gazetted to be acquired by the Government. Company made a claim on 28.04.2016 for Rs.218.6 Million, which includes 27.63 perches of land, 3,885 cubic feet of retaining wall and other miscellaneous items. No adjustment has been made in the financial statements pending finalisation of the claim.

14. RIGHT OF USE ASSETS

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Cost				
At the beginning of the year	-	-	-	-
Transferred to right-of-use asset (SLFRS 16 initial recognition)	159,976	-	278,379	-
Transferred from previously recognised lease rentals paid in advance	6,670	-	-	-
Additions during the year	9,900	-	9,900	-
At the end of the year	176,546	-	288,279	-
Accumulated Amortisation				
At the beginning of the year	-	-	-	-
Transferred from previously recognised lease rentals paid in advance	383	-	-	-
Amortisation during the year	17,459	-	14,516	-
At the end of the year	17,842	-	14,516	-
Carrying Amount	158,704	-	273,763	-

15. LEASEHOLD RIGHT TO LAND

Lease rentals paid in advance

	GROUP	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Cost		
At the beginning of the year	6,670	6,670
Transferred to right-of-use asset	(6,670)	-
At the end of the year	-	6,670
Accumulated Amortisation		
At the beginning of the year	383	250
Amortisation during the year	-	133
Transferred to right-of-use asset	(383)	-
At the end of the year	-	383
Carrying Amount at the end of the year	-	6,287

15.1.1 Leasehold Right to Land

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

Ceyflex Rubber Limited, a subsidiary of the Company, has entered into a Lease agreement with the 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 an annual ground rent of USD 5,000 per annum.

The carrying value of lease rentals paid in advance was transferred to right-of-use asset in accordance with provisions in SLFRS - 16.

16. INTANGIBLE ASSETS

		GROUP		COMPANY	
	Note	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Goodwill	16.1	189,361	189,361	-	-
Trade Mark	16.2	58,270	-	58,270	-
Software	16.3	24,817	39,990	21,512	35,843
		272,448	229,351	79,782	35,843

16.1 GOODWILL

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

	GROUP	
Name of Subsidiary	31.03.2020 Rs. '000	31.03.2019 Rs. '000
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.*

16.1.1 Recoverable values measured with reference to the value in use

Methods used in estimating recoverable amounts are given below:

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

Investee	Significant unobservable inputs	Value of the input
Muller & Phipps (Ceylon) PLC	Average Growth Rate	10.0%
	Margin	Current Margin
	Discount Rate	14.2%
	Term	5 years (terminal value thereafter)
Lanka Special Steels Limited	Average Growth Rate	10.0%
	Margin	Current Margin
	Discount Rate	12.0%
	Term	5 years (terminal value thereafter)

In light of current operational and economic conditions due to the ongoing COVID-19 pandemic, the Group has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable values of CGUs exceed its carrying values.

16.2 TRADE MARK (NOTE 16.2.1)

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Cost				
At the beginning of the year	14,150	14,150	-	-
Additions during the year	70,000	-	70,000	-
At the end of the year	84,150	14,150	70,000	-
Amortisation				
At the beginning of the year	14,150	11,624	-	-
Amortisation for the period	11,730	2,526	11,730	-
At the end of the year	25,880	14,150	11,730	-
Carrying Amount at the end of the year	58,270	-	58,270	-

16.2.1 Trade Mark

During the year 2015/2016 Darley Butler & Company Limited has purchased the agency right of Intas Pharmaceuticals Limited for Rs.13 Million which was amortised over 03 Years.

During the year 2019/2020, E.B.Creasy & Co. PLC paid an amount of Rs.70 million to Lankem Ceylon PLC to acquire Lankem brands which is amortised over 03 Years.

16.3 SOFTWARE

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Cost				
At the beginning of the year	83,369	82,866	72,145	71,747
Additions during the year	1,297	503	-	398
At the end of the year	84,666	83,369	72,145	72,145
Amortisation				
At the beginning of the year	43,379	26,835	36,302	21,813
Amortisation for the year	16,470	16,544	14,331	14,489
At the end of the year	59,849	43,379	50,633	36,302
Carrying Amount at the end of the year	24,817	39,990	21,512	35,843

17. INVESTMENTS

17.1 INVESTMENTS IN SUBSIDIARIES

	COMPANY									
	31.03.2020					31.03.2019				
	No. of Shares	Company Holding %	Group Holding %	Cost as at 31.03.2020 Rs. '000	Market Value Rs. '000	No. of Shares	Company Holding %	Group Holding %	Cost as at 31.03.2019 Rs. '000	Market Value Rs. '000
Quoted Investments										
Laxapana Batteries PLC	20,114,838	52	52	133,857	201,148	20,114,838	52	52	133,857	217,240
Muller & Phipps (Ceylon) PLC	145,061,773	51	51	189,385	116,049	145,061,773	51	51	189,385	87,037
				323,242	317,197				323,242	304,277
Unquoted Investments										
Darley Butler & Co. Limited	9,999,964	100	100	952,865	-	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 (Presently known as E.B. Creasy Ceylon (Pvt) Ltd)	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	-
				1,217,124					267,124	
Less: Provision for Fall-in Value of Investments (Note 17.1.1)				(1,612)					(1,500)	
				1,215,512					265,624	
				1,538,754					588,866	

Notes to the Financial Statements *Contd.*

17.1.1 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 in Filmpak Limited. The Company further made 100% provision during the year on the investments in Group Three Associates (Pvt) Limited and Corporate Systems Limited as they have reported losses and ceased their operations.

17.2 GROUP COMPANIES' INVESTMENT IN SUBSIDIARIES

Investor	Investee	% Holding		No. of Shares as at	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
Muller & Phipps (Ceylon) PLC	Pettah Pharmacy (Pvt) Limited	100	100	2,033,618	2,033,618

17.3 INVESTMENTS CLASSIFIED AS FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group designated the investments shown below as Investments classified as Fair Value Through Other Comprehensive Income because the Group intends to hold these investments for strategic purposes.

17.3.1 Company

	COMPANY			
	31.03.2020		31.03.2019	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
DFCC Bank PLC	15,626	1,277	11,162	781
ACME Printing & Packaging PLC	10,000	35	10,000	35
Unquoted Investments				
Imperial Hotels Ltd. (Formerly known as York Hotels (Kandy) Limited)	19,825	397	19,825	397
Total Investment		1,709		1,213

17.3.2 Group

	GROUP			
	31.03.2020		31.03.2019	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
York Arcade Holdings PLC	9,000	648	9,000	631
CM Holdings PLC	95,640	5,891	95,640	3,453
Commercial Development Company PLC	600	46	600	42
DFCC Bank PLC	15,626	1,277	11,162	781
ACME Printing & Packaging PLC	10,000	35	10,000	35
Hemas Holding PLC	161,053	11,193	161,053	12,079
Beruwala Resorts PLC	60,000	42	60,000	36
Marawila Resorts PLC	156,188	250	156,188	250
Sigiriya Village Hotels PLC	61,762	2,186	61,762	3,409
		21,568		20,716

Due to the COVID-19 outbreak and the closure of the Exchange, the fair values disclosed as at 31st March 2020 are based on closing trading prices that existed as at 28th February 2020 as recommended in the Guidance Notes on Accounting Consideration on the COVID-19 outbreak issued by the Institute of Chartered Accountants of Sri Lanka.

	GROUP			
	31.03.2020		31.03.2019	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Unquoted Investments				
Ceylon Biscuits Limited	5,041,680	321,508	5,041,680	305,326
International Manufacturers Limited	3,300	23	3,300	23
Agarapatana Plantations Limited	5,575,908	10,538	5,575,908	11,081
Imperial Hotels Ltd. (formerly known as York Hotels (Kandy) Limited)	19,825	397	19,825	397
Colombo Fort Hotels Limited (Note 17.3.2.1)	10,620,000	122,936	265,500,000	129,407
		455,402		446,234
Investment in Debentures				
Kotagala Plantations PLC (Note 17.3.2.1)	-	24,449	-	36,147
		24,449		36,147
Total		501,419		503,097

17.3.2.1 During the year 2014/15 Muller & Phipps (Ceylon) PLC subscribed to following Debentures of Kotagala Plantations PLC with a par value of Rs 100/- each and renewed the same during the year under review.

Category	No. of Debentures	Terms of Debentures	Interest Rate p. a. (payable semi annually)	Maturity
Type C	125,000	06 Years	14.75% (AER of 15.29%)	26-May-20
Type D	125,000	07 Years	15.00% (AER of 15.56%)	26-May-21

17.4 INVESTMENTS IN DEBT SECURITIES MEASURED AT AMORTISED COST

17.4.1 Investment in Debentures

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
9% Unsecured redeemable debentures of Rs.100 each (17.4.1.1)	98,500	98,500	-	-
	98,500	98,500	-	-
Impairment	(22,163)	(4,660)	-	-
	76,337	93,840	-	-

17.4.1.1 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. 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. Subsequently there were no redemptions made by LTR.

During the year under review, the Company terminated the recognition of interest income and made a provision of Rs.17.5 Million on the said investment in debentures.

17.4.2 Loans Due from Related Parties

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Term Loans (17.4.2.1)	105,000	157,000	45,000	97,000
Impairment	(16,091)	(8,196)	(2,591)	(3,395)
	88,909	148,804	42,409	93,605

17.4.2.1 Term Loans

	Note	GROUP		COMPANY	
		31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Consolidated Tea Plantations Limited	a	60,000	60,000	-	-
Lankem Ceylon PLC	b	-	72,000	-	72,000
Agarapatana Plantations Limited	c	45,000	25,000	45,000	25,000
		105,000	157,000	45,000	97,000

a) Loan Granted to Consolidated Tea Plantations Limited

Darley Butler & Co. Limited, a subsidiary of the Company, 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. The Company made a provision during the year of Rs.8.7 million on the said loan and terminated the recognition of interest income for the year under review.

b) Loan granted to Lankem Ceylon PLC

The oustanding loan balance due from Lankem Ceylon PLC was fully settled duirng the year. An Interest of 15.25% per annum was charged on the outstanding amount until the date of settlement.

c) Loan granted to Agarapatana Plantations Limited

During the year 2018/19, the Company granted a loan of Rs.25,000,000 to Agarapatana Plantations Limited and the loan will be settled on demand. During the year 2019/20, the Company granted an additional loan of Rs.20,000,000 to Agarapatana Plantations Limited and the loan will be settled on demand. An Interest of 16% per annum will be charged on the outstanding amount.

18. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

18.1 INVESTMENTS IN EQUITY ACCOUNTED INVESTEE - COST

Investment in Associates

		As at 31st March 2020			As at 31st March 2019		
Name of the Investee	Principal Business Activity	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

18.2 INVESTMENT IN EQUITY ACCOUNTED INVESTEE – EQUITY METHOD

Summarised Financial Information of Equity Accounted investee

	2020		2019	
	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	10,893,861	10,893,861	10,808,245	10,808,245
Current Assets	7,462,630	7,462,630	7,765,057	7,765,057
Total Assets	18,356,491	18,356,491	18,573,302	18,573,302
Non-Current Liabilities	(4,523,769)	(4,523,769)	(4,814,961)	(4,814,961)
Current Liabilities	(9,898,973)	(9,898,973)	(8,736,265)	(8,736,265)
Total Liabilities	(14,422,742)	(14,422,742)	(13,551,226)	(13,551,226)
Net Assets	3,933,749	3,933,749	5,022,076	5,022,076
Non-Controlling Interest	(2,597,099)	(2,597,099)	(2,793,360)	(2,793,360)
	1,336,650	1,336,650	2,228,716	2,228,716
Ownership Interest %	34.01%	34.01%	34.01%	34.01%
Investee Share of Net Assets	454,529	454,529	757,878	757,878
Goodwill	10,760	10,760	10,760	10,760
Carrying Amount of Interest	465,289	465,289	768,638	768,638
Summary of the Statement of Total Comprehensive Income				
Revenue	15,423,082	15,423,082	17,659,156	17,659,156
Depreciation and Amortisation	(491,233)	(491,233)	(457,068)	(457,068)
Interest Expenses	(1,212,126)	(1,212,126)	(1,351,328)	(1,351,328)
Expenses	(14,745,246)	(14,745,246)	(16,735,042)	(16,735,042)
Other Comprehensive Income/(Expense)	(6,552)	(6,552)	2,311,719	2,311,719
Elimination of Loss/(Profit) attributable to Non-Controlling Interest	138,263	138,263	(728,722)	(728,722)
Investees share of Loss and Other Comprehensive Income/(Expense)	(303,348)	(303,348)	237,598	237,598
Total	(303,348)	(303,348)	237,598	237,598
Share of Loss Net of Tax	(301,714)	(301,714)	(334,123)	(334,123)
Share of Other Comprehensive Income/(Expense)	(1,634)	(1,634)	571,721	571,721
	(303,348)	(303,348)	237,598	237,598
Summary of the Statement of Cash Flows				
Cash Flows used in Operating Activities	(766,962)	(766,962)	(183,815)	(183,815)
Cash Flows used in Investing Activities	(132,245)	(132,245)	(112,936)	(112,936)
Cash Flows used in Financing Activities	717,735	717,735	(7,388)	(7,388)
Net Decrease in Cash and Cash Equivalents	(181,472)	(181,472)	(304,139)	(304,139)

19. INVENTORIES

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Raw Materials	676,026	523,162	379,906	255,592
Work-in-Progress	29,498	33,130	13,323	11,044
Finished Goods	914,231	877,517	131,723	148,173
General and Others	2,910	1,687	-	-
Consumable Stocks	54,792	52,852	52,647	51,243
Goods-in-Transit	528,229	667,363	137,865	395,306
Right to Recover Returned Goods	165,922	168,433	21,255	22,695
	2,371,608	2,324,144	736,719	884,053
Impairment of Inventories	(66,820)	(85,421)	(15,383)	(54,717)
	2,304,788	2,238,723	721,336	829,336

Inventories pledged as securities in obtaining loans are disclosed in Note 25.4

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

20. AMOUNTS DUE FROM RELATED COMPANIES

		GROUP		COMPANY	
		31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 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
American Lloyd Travels Limited	Affiliate	600	600	600	600
Kotagala Plantations PLC	Affiliate	61,135	29,534	-	-
The Colombo Fort Land & Building PLC	Parent	18	-	18	-
Consolidated Tea Plantations Limited	Affiliate	33,761	33,761	-	-
Kia Motors (Lanka) Limited	Affiliate	-	412	-	-
Lankem Tea & Rubber Plantations (Pvt) Limited	Affiliate	70,012	70,012	-	-
Agarapatana Plantations Limited	Affiliate	27,150	3,342	8,475	3,342
SunAgro Life Science Limited	Affiliate	-	745	-	-
Oral Care (Pvt) Limited	Affiliate	3	3	-	-
Filmpak Limited	Subsidiary	-	4,722	4,735	4,722
Corporate Systems Limited	Subsidiary	-	-	1,116	803
E. B. Creasy Logistics Limited	Subsidiary	-	-	31,048	29,432
Pettah Pharmacy (Pvt) Limited	Subsidiary	-	-	3,648	8,912
Laxapana Batteries PLC	Subsidiary	-	-	16,089	-
Island Consumer Supplies (Pvt) Limited (Presently known as E. B. Creasy Ceylon (Private) Limited)	Subsidiary	-	-	58	-
Candy Delights Limited (Formerly known as Creasy Foods Limited)	Subsidiary	-	-	262,922	158,492
Lankem Ceylon PLC	Associate	39,453	48,077	39,453	35,012

		GROUP		COMPANY	
		31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Marawila Resorts PLC	Affiliate	262	197	-	161
Beruwala Resorts PLC	Affiliate	697	-	697	-
Sigiriya Village Hotels PLC	Affiliate	701	336	124	233
York Hotel Management Services Limited	Affiliate	142	15	22	15
Ceyflex Rubber Limited	Subsidiary	-	-	161,231	122,046
		235,451	194,436	532,916	366,450
Less: Impairment of Amounts due from Related Companies (Note 20.1)		(30,541)	(9,176)	(43,847)	(23,412)
		204,910	185,260	489,069	343,038

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

20.1 IMPAIRMENT OF AMOUNTS DUE FROM RELATED COMPANIES

Balance at the beginning of the year	9,176	3,457	23,412	8,694
Charge/(Reversals) during the year	21,365	5,719	20,435	14,718
Balance at the end of the year	30,541	9,176	43,847	23,412

21. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Trade Receivables - Others	2,002,475	2,043,124	13,754	163,737
Trade Receivable - Darley Butler & Company Limited	-	-	850,101	2,261,657
Trade Receivable - Laxapana Batteries PLC	-	-	105,252	-
Impairment of Trade Receivable (Note 21.1)	(114,875)	(70,223)	(16,716)	(27,113)
	1,887,600	1,972,901	952,391	2,398,281
Deposits and Prepayments	38,689	23,758	-	-
Employee Advances	4,658	3,060	-	-
Other Taxes Recoverables	104,632	158,888	7,172	22,240
Other Receivables	152,434	216,445	3,008	13,507
	2,188,013	2,375,052	962,571	2,434,028

21.1 IMPAIRMENT OF TRADE RECEIVABLES

Balance at the beginning of the year	70,223	73,717	27,113	29,396
Charge/(Reversals) during the year	44,652	(3,494)	(10,397)	(2,283)
Balance at the end of the year	114,875	70,223	16,716	27,113

22. CASH AND CASH EQUIVALENTS

22.1 FAVOURABLE BALANCE

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Cash in Hand	1,760	1,229	520	565
Cash at Bank	98,265	40,580	9,405	9,829
Call Deposit	-	165	-	-
Cash and Cash Equivalents in the Statement of Financial Position	100,025	41,974	9,925	10,394

22.2 UNFAVOURABLE BALANCE

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Bank Overdraft used for Cash Management Purposes	(1,136,036)	(908,915)	(479,812)	(450,815)
Cash and Cash Equivalents in the Statement of Cash Flows	(1,036,011)	(866,941)	(469,887)	(440,421)

22.2.1 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.36.2 Million over land & building situated at No. 98, Sri Sangaraja Mawatha, Colombo 10.
2. Existing tertiary mortgage bond totaling to Rs.100 Million 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 favour 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.

23. STATED CAPITAL

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 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.

24. CAPITAL RESERVES AND GENERAL RESERVES

24.1 GENERAL RESERVE

General reserve is the reserve set aside for general purposes.

24.2 REVALUATION RESERVE

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

25. INTEREST-BEARING LOANS AND BORROWINGS

25.1 AMOUNTS PAYABLE AFTER ONE YEAR

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Long-Term Loans (Note 25.3)	320,800	454,798	129,328	241,505
Lease Liabilities (Note 25.5)	205,994	-	265,027	-
	526,794	454,798	394,355	241,505

25.2 AMOUNTS PAYABLE WITHIN ONE YEAR

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Short-Term Loans	891,617	1,205,804	760,094	930,188
Current portion of Long Term Loans (Note 25.3)	274,366	356,760	144,654	248,846
Current portion of Lease Liabilities (Note 25.5)	28,255	-	28,340	-
Trust Receipt Loans (Note 25.6)	1,126,875	1,050,045	480,710	408,507
Loan from Lanka Special Steels Limited (Note a)	-	-	42,094	56,500
	2,321,113	2,612,609	1,455,892	1,644,041

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%.

25.3 LONG TERM LOANS

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
At the beginning of the year	811,558	785,057	490,351	464,516
Obtained during the year	144,040	383,245	29,040	291,456
Repayment during the year	(360,432)	(356,744)	(245,409)	(265,621)
Balance at the end of the year	595,166	811,558	273,982	490,351
Loan Repayable within one year	274,366	356,760	144,654	248,846
Loan Repayable after one year	320,800	454,798	129,328	241,505

25.4 GROUP

E. B. Creasy & Company PLC and its subsidiaries have Obtained following Long Term Loans:

Company	Lender	31.03.2020 Rs. Million	31.03.2019 Rs. Million	Repayment	Security
E. B. Creasy & Company PLC	Hatton National Bank PLC	-	29.66	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	69.57	56.90	Each sub loan to be paid in 60 monthly installments along with interest.	Loan agreement for respective sub loan amounts and mortgage over respective machinery imported and installed at the factory premises at Millewa estate Millewa.
	Loan 2	5.45	6.74	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	12 equal monthly installments of Rs.1,830,000/- each and a final installment of Rs.1,993,164/-	Primary Mortgage Bond for Rs.100 Million over industrial machinery imported through the Bank for the expansion of the personal care unit and installed at Millewa, Padukka.
	Loan 2	14.83	34.87	25 equal monthly installments of Rs.1,670,000/- each and a final installment Rs.1,470,000/-	Primary Mortgage Bond for Rs.100 Million over the machinery.
	Loan 3	64.80	93.00	44 equal monthly installment of Rs.2,350,000/- each and a final installment Rs.1,350,000/-	Primary Mortgage Bond for Rs.140 Million over machinery.
	Nations Trust Bank PLC				
	Loan 1	4.15	49.99	30 equal monthly installments of Rs.4,167,000/- each and a final capital installment of Rs.4,151,000/-	Loan Agreement for Rs.200 Million.
	Loan 2	3.70	25.15	32 equal monthly installments of Rs.1,950,000/- each and a final capital installment of Rs.1,750,000/-	Term loan agreement for Rs.70 Million.

Company	Lender	31.03.2020 Rs. Million	31.03.2019 Rs. Million	Repayment	Security
	Loan 3	11.48	18.13	46 equal monthly installments of Rs.702,000/- and a final installment of Rs.708,000/-	Term loan agreement for Rs.33 Million.
	DFCC Bank PLC				
	Loan 1	100.00	161.11	36 equal monthly installments after a grace period of 01 month From the date of first disbursement.	A promissory note for Rs.200 Million.
		273.98	490.35		
Candy Delights Limited	Hatton National Bank PLC				
	Loan 1	44.16	58.13	48 equal monthly installments of Rs.1.25 Million each	Primary Floating Mortgage Bond for Rs.60 Million over movable machinery and equipment imported at a cost of Rs.82 Million and installed at Candy Delights Ltd., Unit 3, Industrial Estate, Ekala.
	Loan 2	65.12	87.06	48 equal monthly installments of Rs.1.875 Million each	Registered Primary Floating Mortage Bond for Rs.120 Million over land, immovable machinery situated at No. 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, fittings, services and such other rights attached or appertaining.
		109.28	145.19		
Lanka Special Steels Limited	Nation Trust Bank PLC	-	31.25	48 equal monthly installments of Rs.3,125,000/- each.	Secondary mortgage over plant & machinery of the Company.
	Commercial Bank of Ceylon PLC	71.90	90.26	59 equal monthly installments of Rs.1,530,000/- and a final installment of Rs.1,519,145/-.	Primary mortgage bond for Rs.91.8 Million over wire drawing plant with accessories.
	DFCC Bank PLC	19.79	-	24 equal monthly installments of Rs.1,041,667/- each	Primary mortgage bond for Rs.25 Million over movable machinery in the plant & a mortgage for Rs.300 Million over stocks in the plant.
		91.69	121.51		

Company	Lender	31.03.2020 Rs. Million	31.03.2019 Rs. Million	Repayment	Security
Ceyflex Rubber Limited	Nation Trust Bank PLC	27.68	42.24	47 equal monthly installments of Rs.2,700,000/- each and a final installment of Rs.3,100,000/- after a grace period of 6 months	Primary mortgage bond for Rs.150 Million over Rights under the Board of Investments Agreement No.28 dated 12/05/2016, Buildings and Machinery on the project property at Horana Export Processing Zone. Simple lodgment of 100,000 Nos (unquoted) shares of Ceyflex Rubber Limited owned by E. B. Creasy & Company PLC
		27.68	42.24		
E. B. Creasy Logistics Limited	Sampath Bank PLC				
	Loan 1	5.49	8.04	48 equal monthly installments of Rs.307,604/-	Mortgage over movable machinery and racking equipment imported under the facility
	Loan 2	1.79	2.49	48 equal monthly installments of Rs.88,510/-	
	Loan 3	1.22	1.74	48 equal monthly installments of Rs.65,201/-	
		8.50	12.27		
Muller & Phipps (Ceylon) PLC	Hatton National Bank PLC	84.04	-	24 equal monthly installments of Rs.3.75 Million each.	Letter of awareness from Muller & Phipps (Ceylon) PLC
		84.04	-		
		595.17	811.56		

25.5 LEASE LIABILITIES

	GROUP		COMPANY	
	31.03.2020 Rs.'000	31.03.2019 Rs.'000	31.03.2020 Rs.'000	31.03.2019 Rs.'000
At the beginning of the year	-	-	-	-
Initial Recognition of SLFRS 16	234,871	-	289,090	-
Leases acquired during the year	8,009	-	8,009	-
Interest charged during the year	27,565	-	34,022	-
Payments made during the year	(37,425)	-	(37,754)	-
Exchange Fluctuation	1,229	-	-	-
Balance at the end of the year	234,249	-	293,367	-
Repayable within one year	28,255	-	28,340	-
Repayable after one year	205,994	-	265,027	-

25.6 TRUST RECEIPT LOANS

The Company and its subsidiaries have obtained following Trust Receipt Loans.

	GROUP	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000
E. B. Creasy & Company PLC	480,710	408,507
Darley Butler & Company Limited	439,567	160,835
Laxapana Batteries PLC	63,657	92,379
Candy Delights Limited	4,473	5,234
Pettah Pharmacy (Pvt) Limited	138,468	383,090
	1,126,875	1,050,045

Company

The Company's trust receipt loans are secured by existing mortgage bonds to banks over the property situated at No. 98, Sri Sangaraja Mawatha, Colombo 10 and stocks in trade and assignments of book debts.

Group

25.6.1 Darley Butler & Company Limited

Trust receipt loans are secured by existing mortgage bonds to banks over the property situated at No. 98, Sri Sangaraja Mawatha, Colombo 10 and stocks in trade and assignments of book debts.

25.6.2 Laxapana Batteries PLC

Trust receipt loans are secured by existing mortgage bonds to banks over the property situated at Panagoda, Homagama and stocks in trade and assignments of book debts.

25.6.3 Candy Delights Limited

Trust receipt loans are secured by floating charge on inventories at Unit Three, Industrial Estate, Ekala, Ja-Ela. and book debts.

25.6.4 Pettah Pharmacy (Pvt) Limited

Trust receipt loans are secured by existing mortgage bonds to banks over pharmaceutical stocks in trade and assignments of book debts.

26. DEFERRED INCOME AND CAPITAL GRANTS

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
At the beginning of the year	4,788	5,048	4,788	5,048
Amortised during the year	(260)	(260)	(260)	(260)
At the end of the year	4,528	4,788	4,528	4,788
Non-Current	4,528	4,788	4,528	4,788
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 a solar roof top power project on net metering basis under ADB funded clean energy and network efficiency improvement projects.

27. DEFERRED TAX ASSETS/(LIABILITIES)

27.1 DEFERRED TAX ASSETS

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000 Restated	31.03.2020 Rs. '000	31.03.2019 Rs. '000
At the beginning of the year	331,223	188,734	-	-
Prior Year Adjustments	-	23,902	-	-
Adjusted balance at the beginning of the year	331,223	212,636	-	-
Transferred to Deferred Tax Liabilities	(15,897)	-	-	-
Amount recognised in changes in equity due to initial application of SLFRS 16	1,775	-	-	-
Recognised in the profit or loss	72,751	130,592	-	-
Recognised / (Reversed) in other comprehensive income	2,908	(12,005)	-	-
At the end of the year	392,760	331,223	-	-

27.2 DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000 Restated	31.03.2020 Rs. '000	31.03.2019 Rs. '000 Restated
At the beginning of the year	930,239	174,667	761,550	109,931
Prior Year Adjustments	-	(6,403)	-	(20,571)
Adjusted balance at the beginning of the year	930,239	168,264	761,550	89,360
Transferred from Deferred Tax Assets	(15,897)	-	-	-
Amount recognised in changes in equity due to initial application of SLFRS 16	(630)	-	(2,999)	-
Recognised/ (reversed) in the Profit or Loss	16,613	(28,831)	(21,551)	(23,748)
Recognised in other comprehensive income	8,206	790,806	7,969	695,938
At the end of the year	938,531	930,239	744,969	761,550

27.3 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax liability has been recognised 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 2019/2020. The subsidiaries which are liable for income tax at reduced rates (below the standard rate) for the year of assessment 2019/2020 have computed the deferred tax at the reduced rates.

Group

	31.03.2020		31.03.2019	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000 Restated	Tax Effect Rs.'000 Restated
Deferred Tax Liabilities				
Property, Plant and Equipment	814,571	205,278	864,964	213,432
Defined Benefit Obligations	(547,498)	(151,707)	(492,982)	(136,762)
Tax Loss Carried Forward	-	-	(15,058)	(4,216)
Revaluation surplus of land	3,118,163	873,086	3,118,163	873,086
Impairment of debtors and amount due from related companies	54,782	4,594	(19,850)	(5,558)
Provision of warranty	(27,365)	(7,662)	(19,369)	(5,423)
Inventories	(26,244)	(7,153)	(14,314)	(4,008)
Lease Liabilities	152,791	32,613	-	-
Right-of-Use Assets	(65,486)	(12,857)	-	-
Right to recover returned goods	(13,352)	(3,738)	1,567	439
Refund liability	50,555	6,077	(2,681)	(751)
	3,510,917	938,531	3,420,440	930,239
Deferred Tax Assets				
Property, Plant and Equipment	202	56	(190,700)	(53,396)
Defined Benefit Obligations	174,254	48,791	155,808	43,626
Impairment of debtors and amount due from related companies	129,324	36,210	64,750	18,132
Tax Loss Carried Forward	1,002,530	280,709	1,125,033	315,009
Revaluation surplus of land	-	-	(36,000)	(10,080)
Inventories	22,851	6,398	13,634	3,817
Impairment of Financial Assets	35,663	9,986	9,461	2,649
Right-of-Use Assets	93,218	26,101	-	-
Lease Liabilities	(81,458)	(22,808)	-	-
Right to recover returned goods	(130,158)	(36,444)	(138,331)	(38,733)
Refund liability	156,288	43,761	179,283	50,199
	1,402,714	392,760	1,182,938	331,223

Company

	31.03.2020		31.03.2019	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000 Restated	Tax Effect Rs.'000 Restated
Property, Plant and Equipment	513,981	143,915	490,655	137,383
Retirement Benefit Obligations	(521,349)	(145,978)	(469,742)	(131,528)
Revaluation surplus of freehold land	2,777,588	777,725	2,777,588	777,725
Impairment of Inventories	(15,383)	(4,307)	(4,355)	(1,219)
Provision for warranty	(1,894)	(530)	(4,290)	(1,201)
Impairment of financial assets	(63,154)	(17,684)	(53,920)	(15,098)
Lease liabilities	(293,367)	(82,143)	-	-
Right of Use Assets	273,763	76,654	-	-
Right to recover returned goods	21,255	5,951	22,695	6,354
Refund liability	(30,835)	(8,634)	(38,808)	(10,866)
	2,660,605	744,969	2,719,823	761,550

27.4 UNRECOGNISED DEFERRED TAX ASSETS

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

	GROUP			
	31.03.2020 Rs.'000		31.03.2019 Rs.'000	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Tax Losses	129,551	36,274	204,423	57,238

28. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Present value of Defined Benefit Obligations (Note 28.1)	745,785	648,790	521,349	469,742
	745,785	648,790	521,349	469,742

28.1 MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
At the beginning of the year	648,790	580,901	469,742	421,119
Current service cost recognised in Profit or Loss	58,213	52,554	34,815	31,122
Interest cost recognised in Profit or Loss	72,041	62,858	54,020	46,323
Remeasurement of Retirement Benefit Obligations recognised in OCI	(16,899)	(18,607)	(28,460)	(13,492)
Payments during the year	(16,360)	(28,916)	(8,768)	(15,330)
At the end of the year	745,785	648,790	521,349	469,742

28.2 THE KEY ACTUARIAL ASSUMPTIONS

(a) Company

An actuarial valuation has been carried out as at 31st March 2020 by Messrs. Piyal. S. Goonathilake & Associates (Actuarial Valuer) as required by the Sri Lanka Accounting Standard LKAS 19 - 'Employee Benefits'.

The key assumptions used by the Actuary include the following:

(a) Discount Rate	10% p.a.
(b) Rate of increase of Salaries	Executive - 10% Non-Executive - 10%
(c) Retirement Age	55 Years

The actuarial present value of the accrued benefit as at 31st March, 2020 is Rs.521.35 Million. This item is grouped under retirement benefit obligation in the Statement of Financial Position. The liability is not externally funded.

(b) Group

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 made in arriving at the retirement benefit obligation as at 31st March 2020 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 31.03.2020 Rs.'000
E. B. Creasy & Co. PLC	10%	10%	55	521,349
Darley Butler & Company Limited	10%	10%	55	174,254
Candy Delights Limited	10%	10%	55	13,257
E. B. Creasy Logistics Limited	10%	10%	55	1,843
Laxapana Batteries PLC	10%	10%	55	4,482
Pettah Pharmacy (Pvt) Limited	10%	10%	55	10,778
Lanka Special Steels Limited	10%	10%	55	19,705
Ceyflex Rubber Limited	10%	10%	55	117

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

28.3 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:

	GROUP		COMPANY	
	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Effect on the defined benefit obligation:				
Increase by one percentage point in discount rate	(34,639)	(24,010)	(18,187)	(11,247)
Decrease by one percentage point in discount rate	40,281	27,569	21,211	12,901
Increase by one percentage point in salary increment rate	38,678	26,790	20,353	12,500
Decrease by one percentage point in salary increment rate	(33,975)	(23,817)	(17,835)	(11,123)

29. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Trade Payables	622,180	748,129	292,669	360,813
Unclaimed Dividend	4,298	4,300	1,666	1,666
Bills Payable	994,477	758,043	137,865	395,306
Refund Liability	215,327	232,378	30,835	38,807
Other Taxes Payable	38,526	58,624	16,918	37,309
Deposits from Dealers	77,562	80,580	-	-
Warranty Provision	27,365	21,459	1,894	4,290
Accrued Expenses and Other Payables	221,686	178,412	69,853	54,725
Provision for advertisement expense	83,234	20,528	83,234	20,528
Interest expense payable	22,371	3,785	21,789	3,785
	2,307,026	2,106,238	656,723	917,229

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

30. AMOUNTS DUE TO RELATED COMPANIES

		GROUP		COMPANY	
	Relationship	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Carplan Limited	Affiliate	-	367	-	-
Muller & Phipps (Ceylon) PLC	Subsidiary	-	-	38,839	49,369
Island Consumer Supplies (Pvt) Limited (Presently known as E. B. Creasy Ceylon (Private) Limited)	Subsidiary	-	-	-	6,138
Group Three Associates (Pvt) Limited	Subsidiary	-	-	880	980
Agarapathana Plantations Limited	Affiliate	-	12	-	-
Corporate Managers and Secretaries (Pvt) Ltd	Affiliate	60	2,618	-	2,618
Colombo Fort Group Services (Private) Limited	Affiliate	1,175	-	1,175	-
Lanka Special Steels Limited	Subsidiary	-	-	-	5,778
Laxapana Batteries PLC	Subsidiary	-	-	16,215	20,432
Beruwala Resorts PLC	Affiliate	-	220	-	-
Lankem Ceylon PLC	Associate	7,871	3,814	-	-
Marawila Resorts PLC	Affiliate	-	368	-	-
Sigiriya Village Hotels PLC	Affiliate	-	332	-	-
BOT Hotel Services (Pvt) Limited	Affiliate	-	280	-	-
		9,106	8,011	57,109	85,315

31. IMPACT OF CORRECTION OF ERRORS

During the year the Company discovered that, on the adoption of New accounting standards SLRFS 15 and SLFRS 9 in 2019, the entity had not recognized deferred tax arising there on. The omission for the purpose of accounting was an oversight and therefore in accordance with Sri Lanka Accounting Standard (LKAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors" has accounted for this impact as a "prior period error" and corrected these amounts retrospectively in the financial statements for the year 31st March 2019. The impact relating to each year is given below.

Company

Impact on statement of changes in equity due to initial application	As previously reported 2019	Impact due to error correction	Restated balance 2019
Retained earnings	1,742,306	19,610	1,761,916

Impact on statement of profit or loss and other comprehensive income	As previously reported 2019	Impact due to error correction	Restated balance 2019
Profit for the year	101,141	(962)	100,179
Income tax expense	38,073	962	39,035
Other comprehensive income	1,789,007	-	1,789,007
Total comprehensive income/(loss)	1,890,148	(962)	1,889,186

Notes to the Financial Statements *Contd.*

Impact on statement on financial position	As previously reported 2019	Impact due to error correction	Restated balance 2019
Non-current assets			
Property, plant and equipment	3,621,344	-	3,621,344
Intangible assets	35,843	-	35,843
Investments in Subsidiaries	588,866	-	588,866
Investment in equity accounted investee	261,321	-	261,321
Other financial assets	1,213	-	1,213
Deferred tax Assets	-	-	-
Total non-current assets	4,508,587	-	4,508,587
Total current assets	3,710,401	-	3,710,401
Total assets	8,218,988	-	8,218,988
Equity			
Stated Capital	25,731	-	25,731
General Reserves	9,548	-	9,548
Revaluation Reserve	1,779,840	-	1,779,840
Retained Earnings	1,742,306	19,610	1,761,916
Total equity	3,557,425	19,610	3,577,035
Total non-current liabilities	1,497,195	(19,610)	1,477,585
Total current liabilities	3,164,368	-	3,164,368
Total liabilities	4,661,563	(19,610)	4,641,953
Total equity and liabilities	8,218,988	-	8,218,988

Group

Impact on statement of changes in equity due to initial application	As previously reported 2019	Impact due to error correction	Restated balance 2019
Retained earnings	1,269,588	37,148	1,306,736

Impact on statement of profit or loss	As previously reported 2019	Impact due to error correction	Restated balance 2019
Loss for the year	(749,262)	6,842	(742,420)
Income tax reversal	80,124	(6,842)	86,966
Other comprehensive income	2,670,651	-	2,670,651
Total comprehensive income/(loss)	1,921,389	6,842	1,928,231

Impact on statement on financial position	As previously reported 2019	Impact due to error correction	Restated balance 2019
Non-current assets			
Property, plant and equipment	5,064,111	-	5,064,111
Investment Property	2,800	-	2,800
Leasehold Right to Land	6,287	-	6,287
Intangible assets	229,351	-	229,351
Investment in equity accounted investee	768,638	-	768,638
Other financial assets	596,937	-	596,937
Deferred tax Assets	299,515	31,708	331,223
Total non-current assets	6,967,639	31,708	6,999,347
Total current assets	4,989,813	-	4,989,813
Total assets	11,957,452	31,708	11,989,160
Equity			
Stated Capital	25,731	-	25,731
General Reserves	9,548	-	9,548
Revaluation Reserve	2,622,695	-	2,622,695
Retained Earnings	1,269,588	37,148	1,306,736
Non-Controlling Interest	279,133	-	279,133
Total equity	4,206,695	37,148	4,243,843
Deferred tax liabilities	935,681	(5,440)	930,239
Total non-current liabilities	1,108,376	-	1,108,376
Total current liabilities	5,706,702	-	5,706,702
Total liabilities	7,750,759	(5,440)	7,745,317
Total equity and liabilities	11,957,452	31,708	11,989,160

There is no material impact on the basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows of the Company/Group for the year ended 31st March 2019.

32. FINANCIAL INSTRUMENTS

32.1 FINANCIAL INSTRUMENTS - STATEMENT OF FINANCIAL POSITION (SOFP)

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

		GROUP		COMPANY	
	Note	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Financial Assets					
Investments Classified as Fair Value through OCI					
Quoted Investments	17.3	21,568	20,716	1,312	816
Unquoted Investments	17.3	479,851	482,381	397	397
Total		501,419	503,097	1,709	1,213
Investments Classified as Fair Value through Profit or Loss					
Unquoted Debentures	17.4.1	76,337	93,840	-	-
Total		76,337	93,840	-	-
Current Assets					
Trade and Other Receivables	21	2,044,692	2,192,406	955,399	2,411,788
Loans Due from Related Parties	17.4.2	88,909	148,804	42,409	93,605
Amounts due from Related Companies	20	204,910	185,260	489,069	343,038
Derivative Financial Assets		8,655	-	-	-
Total		2,347,166	2,526,470	1,494,049	2,870,671
Cash and Cash Equivalents	22.1	100,025	41,974	9,925	10,394
Total Financial Assets		3,024,947	3,165,381	1,498,511	2,882,278

		GROUP		COMPANY	
	Note	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Financial Liabilities					
Non-Current Liabilities					
Interest-Bearing Borrowings	25.1	526,794	454,798	394,355	241,505
Current Liabilities					
Interest-Bearing Borrowings	25.2	2,321,113	2,612,609	1,455,892	1,644,041
Trade and Other Payables	29	1,804,122	1,615,365	537,223	782,098
Amounts due to Related Companies	30	9,106	8,011	57,109	85,315
Derivative Financial Liabilities		-	1,932	-	-
Bank Overdrafts	22.2	1,136,036	908,915	479,812	450,815
Total Financial Liabilities		5,797,171	5,601,630	2,924,391	3,203,774

32.2 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 Group's exposure to each of the above risks, the Group's objectives, policies and procedures for measuring and managing risk.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks 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.

32.2.1 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 recognised in profit or loss were as follows.

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Impairment loss on trade receivables and related party receivables	66,017	2,225	10,038	12,435
Impairment loss on debt securities at amortised cost	25,398	9,394	(805)	3,395
Impairment loss on debt securities at FVOCI	8,099	6,077	-	-
	99,514	17,696	9,233	15,830

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows;

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Balance at the beginning	70,223	73,717	27,113	29,396
Net remeasurement of loss allowance	44,652	(3,494)	(10,397)	(2,283)
Balance at the end	114,875	70,223	16,716	27,113

The movement in the allowance for impairment in respect of amounts due from related parties during the year was as follows.

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Balance at the beginning	9,176	3,457	23,412	8,694
Net remeasurement of loss allowance	21,365	5,719	20,435	14,718
Balance at the end	30,541	9,176	43,847	23,412

Debt Securities

The exposure to credit risk for debt securities at amortised cost, and FVOCI at the reporting date was as follows,

	GROUP		COMPANY	
	31.03.2020 Rs. '000	31.03.2019 Rs. '000	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Financial assets at Fair Value through Other Comprehensive Income	501,419	503,097	1,709	1,213
Investments in Debentures	76,337	93,840	-	-
Investments in Debt Securities	88,909	148,804	42,409	93,605
Total	666,665	745,741	44,118	94,818

The movement in the allowance for impairment for debt securities at amortised cost during the year was as follows.

	GROUP		COMPANY	
	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Balance at the beginning	12,856	3,462	3,395	-
Net remeasurement of loss allowance	25,398	9,394	(804)	3,395
Balance at the end	38,254	12,856	2,591	3,395

The movement in the allowance for impairment for debt securities at Fair Value through Other Comprehensive Income during the year was as follows.

	GROUP		COMPANY	
	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Balance at the beginning	4,674	6,077	-	-
Net remeasurement of loss allowance	8,749	(19)	-	-
Financial assets derecognised	(1,452)	(1,384)	-	-
Balance at the end	11,971	4,674	-	-

32.2.2 Liquidity Risk

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

The following are the contractual maturities of financial liabilities, excluding of netting agreements.

GROUP

	31.03.2020				31.03.2019			
	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
Temporary Loans Bank Loans/ Interest-Bearing Borrowings	2,847,907	2,847,907	2,321,113	526,794	3,067,407	3,067,407	2,612,609	454,798
Amount Due to Related Companies	9,106	9,106	9,106	-	8,011	8,011	8,011	-
Other Financial Liabilities/Trade & Other Payables	1,804,122	1,804,122	1,804,122	-	1,615,365	1,615,365	1,615,365	-
Bank Overdrafts	1,136,036	1,136,036	1,136,036	-	908,915	908,915	908,915	-
Total	5,797,171	5,797,171	5,270,377	526,794	5,599,698	5,599,698	5,144,900	454,798

COMPANY

	31.03.2020				31.03.2019			
	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
Temporary Loans/ Bank Loans/ Interest-Bearing Borrowings	1,850,247	1,850,247	1,455,892	394,355	1,885,546	1,885,546	1,644,041	241,505
Amount Due to Related Companies	57,109	57,109	57,109	-	85,315	85,315	85,315	-
Other Financial Liabilities/ Trade & Other Payables	537,223	537,223	537,223	-	782,098	782,098	782,098	-
Bank Overdrafts	479,812	479,812	479,812	-	450,815	450,815	450,815	-
Total	2,924,391	2,924,391	2,530,036	394,355	3,338,905	3,338,905	3,097,400	241,505

32.2.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. which 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 optimising the returns.

32.2.3.1 Currency Risk

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

Sensitivity Analysis

A strengthening or weakening of Sri Lankan Rupee, as indicated below, against the USD 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/LKR	Effect on Profit Before Tax	
	2020 Rs.'000	2019 Rs.'000
+ 10%	(58,785)	(58,328)
- 10%	58,785	58,328

32.2.3.2 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates 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 obligations 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 result in a material interest rate risk.

The Group utilises various financial instruments to manage exposure to interest rate risks arising from financial instruments.

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

	Effect on Profit Before Tax	
	2020 Rs.'000	2019 Rs.'000
Variable rate instrument (1% decrease)	50,298	46,023
Variable rate instrument (1% Increase)	(50,298)	(46,023)

32.2.4 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.

33. RELATED PARTY TRANSACTIONS

33. (a) PARENT AND ULTIMATE CONTROLLING PARTY

The Company's Parent Company is The Colombo Fort Land & Building PLC.

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

	Transactions with Group		Transactions with Company	
	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Transactions with Subsidiary Companies Listed in Note 17.1				
Sale of Goods	-	-	4,393,808	4,374,616
Fund Transfers and Settlements	-	-	5,862,510	4,517,312
Incurred Reimbursable Expenses	-	-	517,088	534,960
Service Charges	-	-	116,346	-
Guarantee Commission Income on Corporate Guarantee	-	-	6,152	-
Interest Charge	-	-	10,144	11,330
Loans Obtained During the Year	-	-	3,000	152,207
Loans Recovered During the Year	-	-	7,000	-
Purchases	-	-	2,216	2,676
Rent Income	-	-	8,530	1,862
Rent Expense	-	-	51,992	43,499
WHT Receivable on Rent	-	-	612	288
WHT Payable on Rent			2,245	-
Asset Disposal	-	-	-	66,587
Transactions with Associates				
Loans Granted During the Year	-	150,000	-	150,000
Sale of Goods	-	8,904	-	8,904
Fund Transfers and Settlements	11,762	34,141	11,762	34,141
Recovery of loans	72,000	78,000	72,000	78,000
Interest (Expenses) / Income	20,117	11,823	20,117	11,823
Commission on Corporate Guarantee	11,413	289	11,413	289
Transactions with The Colombo Fort Land and Building PLC (Ultimate Parent Company)				
Loan Interest Income & Expenses	-	1,366	-	1,366
Sale of Goods	18	-	18	-
Settlements of Loans, Current Account & Expenses	-	28,855	-	28,855
Transactions with Other Related Companies				
Sale of Goods	556	2,048	556	-
Settlement of Clearing Invoices & Agency Fees	-	5,469	-	-
Fund Transfers & Settlements	160	691	161	-
Incurred Reimbursement of Expenses	-	7,778	-	-
Interest on Loans	5,133	3,342	5,133	-
Purchases	457	4,245	457	-
Loans Obtained during the Year	20,000	3,342	20,000	-
Short term loans granted during the year	33,000	-	-	-

Notes to the Financial Statements *Contd.*

33. (b) i. RELATED PARTY TRANSACTIONS DISCLOSURE

The non-recurrent related party transactions entered into by the Company in respect of the financial year ended 31st March 2020, 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 2020 are detailed below.

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 Company	382,000,000	10.94% of Equity 3.25% of Total Assets	Providing a Corporate Guarantee for a 2% commission per annum	To enable Lankem Ceylon PLC to restructure/ enhance its banking facilities
Darley Butler & Company Limited	Subsidiary	950,000,000	27.21% of Equity 8.08% of Total Assets	Investment in 5,000,000 ordinary shares of Darley Butler & Company Limited at a price of Rs.190/- per share	Further infusion of capital to strengthen the net assets position of Darley Butler & Company Limited
Darley Butler & Company Limited	Subsidiary	330,000,000	9.45% of Equity 2.81% of Total Assets	Providing a Corporate Guarantees for a 2% commission per annum	To enable Darley Butler & Company Limited to restructure/obtain new 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 Limited	Subsidiary	Sale of Goods (without turnover related taxes)	3,754,958	34%	On Credit
		Settlements	5,950,322	53%	On Credit

33. (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 (Presently known as E. B. Creasy Ceylon (Private) Limited)		√	√	√	√	√						√
Group Three Associates (Pvt) Limited		√	√	√	√							√
Lanka Special Steels Limited		√	√	√	√	√						√
Laxapana Batteries PLC		√	√	√	√	√	√	√	√			√
Lankem Ceylon PLC		√	√			√					√	
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		√		√			√					
Imperial Hotels 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.

- Agarapatana Plantations Limited and Kotagala Plantations PLC with effect from 30.09.2019
- Lankem Developments PLC with effect from 20.06.2019.

Mr. R.N. Bopearatchy retired from the Board of Lankem Ceylon PLC with effect from 31.07.2020.

The above Notes should be read in conjunction with Note No. 6, 20, 21 and 33 to the Financial Statement.

33. (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

	2019/20 Rs. '000	2018/19 Rs. '000
Short term Employee Benefits	243,455	229,414
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 33 (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

	2019/20 Rs. '000	2018/19 Rs. '000
Salaries/Other Employee Benefits	271,130	247,576
Post-Employment Benefit	-	-
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 33 (d) to these Financial Statements.

34. OPERATING SEGMENTS

	Trading Consumer Products		Trading Industrial Products		Others		Total	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000 Restated
External Revenue	8,493,588	8,025,239	2,562,392	2,568,366	130,321	200,174	11,186,301	10,793,779
Inter Segment Revenue	4,619,511	4,750,432	-	-	86,039	72,958	4,705,550	4,823,389
Total Revenue for Reportable Segments	13,113,099	12,775,670	2,562,392	2,568,366	216,360	273,132	15,891,851	15,617,168
Interest Income	27,737	41,588	10,660	7,500	-	-	38,397	49,088
Interest Expenses	555,837	590,723	67,832	75,240	-	-	623,669	655,963
Depreciation and Amortisation	208,319	199,355	29,485	24,208	21,062	18,670	258,866	242,233
Profit/(Loss) before Income Tax	(434,693)	(812,069)	116,328	29,315	(48,545)	(46,632)	(366,910)	(829,386)
Total Assets	10,270,288	10,680,688	1,244,682	1,018,389	249,022	258,375	11,763,992	11,989,160
Total Liabilities	6,737,832	6,705,177	1,007,890	809,703	279,931	235,927	8,025,653	7,745,317
Capital Expenditure	112,239	132,315	14,823	79,020	1,099	7,889	127,161	219,224

34.1 SEGMENTS

Segmentation has been determined based on the operating activities of the Company 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

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

Revenue

	2019/20 Rs.	2018/19 Rs.
Total revenue for reportable segments	15,891,851	15,617,168
Elimination of Inter Segment revenue	(4,705,550)	(4,823,389)
Consolidated revenue	11,186,301	10,793,779

Profit/(Loss) before tax

	2019/20 Rs.	2018/19 Rs.
Total Profit/(Loss) before Tax for reportable segments	(366,910)	(829,386)

Notes to the Financial Statements *Contd.*

Assets

	31.03.2020 Rs. '000	31.03.2019 Rs. '000 Restated
Total assets for reportable segments	11,298,703	11,220,522
Investment in equity accounted investee	465,289	768,638
	11,763,992	11,989,160

Liabilities

	31.03.2020 Rs. '000	31.03.2019 Rs. '000 Restated
Total Liabilities for reportable segments	8,025,653	7,745,317

Other material items

	2019/20 Rs.	2018/19 Rs.
Interest Income	38,397	49,088
Interest Expenses	623,669	655,963
Capital expenditure	127,161	219,224
Depreciation and amortisation	258,866	242,233

35. CAPITAL EXPENDITURE AND COMMITMENTS

35.1 COMPANY

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

35.2 GROUP

There were no material capital commitments as at the date of the Statement of Financial Position.

36. CONTINGENT LIABILITIES

36.1 COMPANY

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

Contingent liabilities 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, were as follows:

	31.03.2020 Rs. '000	31.03.2019 Rs. '000
Darley Butler & Co. Limited	460,000	130,000
Ceyflex Rubber Limited	64,353	64,353
Lankem Ceylon PLC	832,000	250,000
	1,356,353	444,353

36.2 GROUP

36.2.1 Lanka Special Steels Limited

Lanka Special Steels Limited has given a guarantee of Rs.15,500,000/- to Sri Lanka Customs and USD 10,000/- to Bureau of Indian Standards, which were outstanding as at 31st March 2020.

37. EVENTS OCCURRING AFTER THE REPORTING DATE

The Directors have recommended the payment of a First and Final dividend of Rs.18.00 per share for the year ended at 31st March, 2020 which will be declared at the Annual General Meeting to be held on 30th December 2020. 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 2020.

Subsequent to the reporting period no circumstances have arisen that would require adjustments to, or disclosure in the Financial Statements other than those disclosed above.

38. IMPACT OF COVID-19 ON THE BUSINESS OPERATION

The Group's businesses mainly comprise of sale of consumer goods, pharmaceutical items, confectionery products, batteries, CFL and LED bulbs, manufacture of steel related products and value added latex sports bands.

The COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment. Curfew restrictions imposed as a measure to control the spread of the pandemic caused disruptions to the business operations and delays in recovery of debts as at the year end. However, the Group's overall business was not significantly impacted. No significant increase in credit risk was identified in respect of receivables.

As the situation is evolving, the effect of the outbreak is subject to uncertainty, with the full range of possible effects currently unknown. However, the management is vigilant on social and economic variables, and will continue to monitor and assess the impact and likelihood of both risks and opportunities.

39. GOING CONCERN – GROUP

The Group recorded a loss Rs.424.5 Million during the year ended 31st March 2020, and as that date, the Current Liabilities of the Group exceeded its Current Assets by Rs.892.0 Million. However, the Group undertook initiatives focusing on the core-business of the loss-making business units and thereby expected to result in significant improvement in the financial results in the ensuing financial year. The significant loss-making business units recorded profits in the six-month period ended 30th September 2020.

Thus, the Directors are of the view that the Group is able to continue as going concern in foreseeable future and accordingly, the consolidated financial statements are prepared on going concern basis.

Notes to the Financial Statements *Contd.*

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 31st March 2020 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 payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecasted EBITDA, the amount to be paid under each scenario and the probability of each scenario.	Forecast EBITDA margin 15% (2019:15%) Risk-adjusted discount rate 16.1% (2019: 22.82%)	The estimated fair value would increase (decrease), if the EBITDA margin was higher (lower); or the risk-adjusted discount rate was 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 15% (2019:15%)	The estimated fair value would increase (decrease), if the EBITDA margin was higher (lower). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
Corporate debt Securities	Market comparison/discounted cash flows: 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 liquidity factor.	Not applicable	Not applicable

FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

Group

	Level I		Level II		Level III		Total	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Investments Classified as Fair Value through OCI	21,568	20,716	24,449	36,147	455,402	446,234	501,419	503,097
Total	21,568	20,716	24,449	36,147	455,402	446,234	501,419	503,097

FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

Company

	Level I		Level II		Level III		Total	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Investments Classified as Fair Value through OCI	1,709	1,213	-	-	-	-	1,709	1,213
Total	1,709	1,213	-	-	-	-	1,709	1,213

Share Information

1. MARKET VALUE

The market value of the Company's ordinary shares was

	2020 Rs.	2019 Rs.
Highest	1,450.00	1,740.00
Lowest	813.00	1,010.10
Close	816.90	1,490.00

2. PUBLIC HOLDING

The Percentage of shares held by the public as at 31st March 2020 was 25.78 %. (31st March 2019 - 25.78%)

The applicable option under CSE Rule 7.13.1 on minimum public holding is option 5 and the Float Adjusted Market Capitalisation as of 31.03.2020 was Rs.533,959,392.

PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2020 was 615. (31st March 2019 - 581).

3. DISTRIBUTION OF ORDINARY SHARES

No. of Shares Held	31st March 2020			31st March 2019		
	No. of Shareholders	Total Holding	% of Total Shares	No. of Shareholders	Total Holding	% of Total Shares
1 - 1,000	596	55,919	2.20	564	56,062	2.21
1,001 - 10,000	25	68,270	2.70	22	57,461	2.27
10,001 - 100,000	6	311,864	12.30	7	326,752	12.89
100,001 - 1,000,000	3	756,210	29.82	3	752,013	29.66
Over - 1,000,000	1	1,343,195	52.98	1	1,343,170	52.97
	631	2,535,458	100.00	597	2,535,458	100.00

CATEGORIES OF SHAREHOLDERS

	31st March 2020			31st March 2019		
	No. of Shareholders	Total Holding	% of Total Shares	No. of Shareholders	Total Holding	% of Total Shares
Individuals	579	181,726	7.17	545	192,125	7.58
Institutions	52	2,353,732	92.83	52	2,343,333	92.42
	631	2,535,458	100.00	597	2,535,458	100.00

4. TOP 20 SHAREHOLDERS

Position	Name	31st March 2020 No. of Shares	31st March 2020 %	31st March 2019 No. of Shares	31st March 2019 %
1.	The Colombo Fort Land and Building PLC	1,343,195	52.98%	1,343,170	52.98%
2.	Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd	429,394	16.94%	-	-
3.	Union Investments (Pvt) 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.	Tranz Dominion, L.L.C.	7,001	0.28%	7,001	0.28%
12.	Photokina Ltd	6,804	0.27%	6,804	0.27%
13.	Sisira Investors Limited	6,138	0.24%	6,138	0.24%
14.	Sampath Bank PLC/Dr. T. Senthilverl	4,100	0.16%	4,100	0.16%
15.	Mr. Senthilverl Senthi Aathavan	3,852	0.15%	-	-
16.	Mr. Mohamed Hussain Mohammed Sanoon	3,500	0.14%	3,500	0.14%
17.	Life Insurance Corporation (Lanka) Ltd	3,425	0.14%	-	-
18.	T. R. L. Holdings (Pvt) Limited	3,345	0.13%	78	-
19.	People's Leasing & Finance PLC/ Mr. M. A. N. Yoosufali	3,100	0.12%	3,100	0.12%
20.	The Incorporated Trustees of the Church of Ceylon	2,828	0.11%	2,828	0.11%
	Total	2,455,362	96.84%	2,015,399	79.48%

Group Financial Summary

	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000 Restated	2016/17 Rs. '000 Restated	2017/18 Rs. '000	2018/19 Rs. '000 Restated	2019/20 Rs. '000
Trading Results										
Revenue	28,250,587	27,904,133	29,093,808	20,477,356	20,386,004	24,924,382	26,346,879	15,486,226	10,793,779	11,186,301
Profit/(Loss) before Tax	2,404,908	1,102,231	991,960	182,043	255,456	452,664	(301,647)	88,372	(829,386)	(366,910)
Income Tax Expense	(286,167)	(304,784)	(247,347)	(162,248)	(212,297)	(209,780)	(162,247)	(90,887)	86,966	(57,598)
Profit/(Loss) for the Year	2,118,741	797,447	744,613	19,795	43,159	242,884	(463,894)	(642,921)	(742,420)	(424,508)
Non-controlling Interest	1,413,960	561,336	466,358	(18,073)	(45,941)	129,821	(275,231)	(244,096)	98,709	(27,400)
Equity Holders of the Parent	704,781	236,111	278,255	37,868	89,100	113,063	(188,663)	(512,060)	1,829,522	(368,817)
Assets Employed Property, Plant & Equipment	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	4,976,294
Investments	203,537	273,294	269,492	640,012	536,601	514,319	544,274	482,258	596,937	577,756
Biological Assets	622,142	588,650	703,816	-	-	-	-	-	-	-
Intangible Assets	334,373	533,258	532,880	441,206	594,108	623,848	694,396	247,918	229,351	272,448
Investment in Associate	-	-	-	646,521	420,499	315,163	279,056	540,159	768,638	465,289
Other Non-Current Assets	127,792	143,195	164,420	199,672	138,312	342,512	423,006	353,654	340,310	554,264
Net Current Assets/(Liabilities)	1,751,280	751,015	133,929	76,355	(1,009,914)	(1,133,153)	(1,148,749)	(99,087)	(716,889)	(892,074)
	13,430,264	14,018,238	16,226,700	8,867,077	8,964,785	9,006,935	9,123,765	3,792,643	6,282,458	5,953,977
Equity										
Stated Capital	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731
Reserves	148,394	148,394	148,394	148,394	148,394	148,394	148,394	9,548	2,632,243	2,639,586
Retained Earnings	2,445,098	2,806,384	3,079,617	3,040,809	2,807,692	2,889,054	2,456,197	2,325,961	1,306,736	826,010
Non-controlling										
Non-controlling Interest	5,212,440	5,337,819	5,621,908	3,388,168	3,196,767	3,272,389	2,635,145	176,990	279,133	247,012
	7,831,663	8,318,328	8,875,650	6,603,102	6,178,584	6,335,568	5,265,467	2,538,230	4,243,843	3,738,339
Long-Term Liabilities	3,462,827	3,347,236	4,809,011	1,608,661	2,134,221	1,811,521	2,964,046	1,079,746	1,103,588	1,272,579
Deferred Liabilities	2,135,774	2,352,674	2,509,023	655,314	651,980	859,846	894,252	174,667	935,027	943,059
	5,598,601	5,699,910	7,318,034	2,263,975	2,786,201	2,671,367	3,858,298	1,254,413	2,038,615	2,215,638
	13,430,264	14,018,238	16,226,700	8,867,077	8,964,785	9,006,935	9,123,765	3,792,643	6,282,458	5,953,977

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 Seventh Annual General Meeting of the Company to be held on 30th December 2020 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 2020 with the Report of the Auditors thereon		
02. To declare a First and Final Dividend 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 authorise the Directors to determine contributions to charities		
11. To reappoint as Auditors KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.		
12. Special Business To amend the Articles of Association of the Company as set out in the Notice of Meeting.		

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 Twenty.

....

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.

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 Authorised 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 (EBC PLC)

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 and installation of solar power systems

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)
E. B. Creasy Ceylon (Private) Limited (Formely Island Consumer Supplies (Pvt) Limited) (EBCC)
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

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