

E. B. Creasy & Company PLC

Annual Report 2016/17

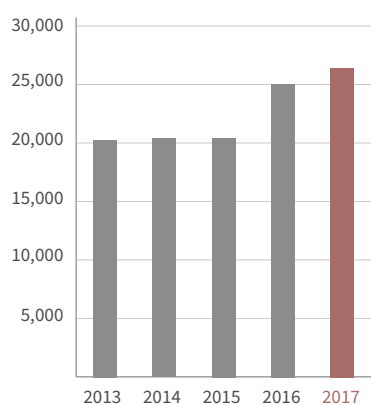
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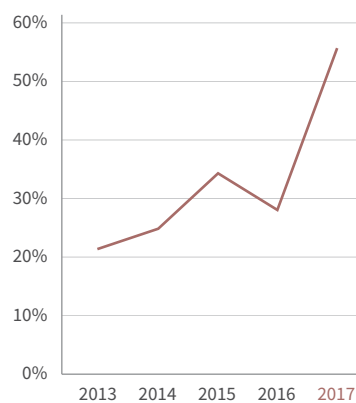
Financial Highlights

	2016/17 Rs. '000	2015/16 Rs. '000 Restated
Group Turnover	26,346,879	24,924,382
Group Profit / (Loss) Before Tax	(301,647)	452,664
Group Profit / (Loss) after Taxation	(463,894)	242,884
Profit / (Loss) Attributable to Equity Holders of the Parent	(188,163)	113,063
Value Added	4,898,963	4,347,348
Shareholder's Fund	2,630,322	3,063,179
Earnings / (Loss) per Share (Rs.)	(74.42)	44.60
Net Assets per Share (Rs.)	1,037.60	1,208.35
Market Value per Share (Rs.)	1,447.90	1,335.60
Dividend per Share (Rs.)	66.00	20.00

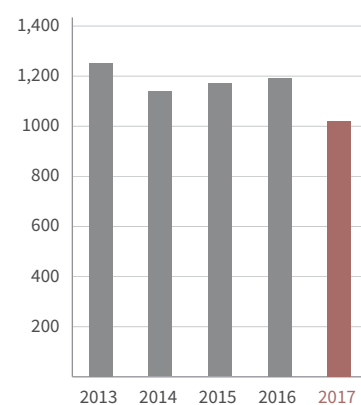
Group Turnover
(Rs. '000)



Debt to Equity - Group
(%)



Net Assets per Share
(Rs. '000)



Notice of Meeting

Notice is hereby given that the Eighty Fourth Annual General Meeting of E. B. Creasy & Company PLC will be held at the Grand Oriental Hotel, No. 2, York Street, Colombo 1, on 30th August 2017, at 3.30 p.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March, 2017 with the Report of the Auditors' thereon.
2. To re-elect as a Director Dr. A.M. Mubarak who retires in accordance with Articles 84 and 85 of the Articles of Association.
3. To reappoint Mr. R. N. Bopearatchy who is over seventy years of age as a Director.
Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 4)
4. To reappoint Mr. A. Rajaratnam who is over seventy years of age as a Director.
Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 5)
5. To reappoint Mr. A. M de S. Jayaratne who is over seventy years of age as a Director.
Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 6)
6. To reappoint Mr. R. Seevaratnam who is over seventy years of age as a Director.
Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 7)
7. To reappoint Mr. A. R. Rasiah who is over seventy years of age as a Director.
Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 8)
8. To reappoint Mr. S. N. P. Paliheena who has attained the age of seventy years 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)
9. To authorize the Directors to determine contributions to charities.
10. To reappoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited

Secretaries

Colombo

01st August 2017

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty-eight hours before the time fixed for the meeting.
4. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved -
"That Mr. R.N. Bopearatchy who is seventy six years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. R.N. Bopearatchy."
5. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.
Resolved -
"That Mr. A. Rajaratnam who is seventy six years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A. Rajaratnam."
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.
Resolved -
"That Mr. A. M. de S. Jayaratne who is seventy 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. A. M de S. Jayaratne."
7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved -
"That Mr. R. Seevaratnam who 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. R. Seevaratnam."
8. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved -
"That Mr. A. R. Rasiah who is seventy one years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A. R. Rasiah."
9. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved -
"That Mr. S. N. P. Paliheena who is seventy 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. Paliheena."

Chairman's Review

I take great pleasure in welcoming you to the Company's 84th Annual General Meeting, and in presenting the Annual Report and Audited Financial Statements of your Company and its subsidiaries for the year ended 31st March, 2017. During the year under review the Sri Lankan Economy grew at the rate of 4.4% which is lower than the 4.8% growth recorded for the previous year. A range of reasons contributed to the downturn in the rate of growth, among them were the unfavorable weather conditions, microeconomic challenges, inflationary pressures and the upward movement in interest rates. Despite these challenging circumstances, your Company was able to make satisfactory progress during the year.

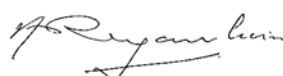
During the current financial year, the turnover of the Company increased by 14% to Rs. 4.1 Billion, mainly driven by the growth of our FMCG businesses. Due to the increase in the market interest rates and the investment in working capital, the net finance costs of the Company increased by 53%, to Rs. 193.8 Million. Despite the increase in finance cost, the Company reported a profit before tax of Rs. 393 Million, an 18% increase over last year's profit of Rs. 332 Million. The profit after tax increased by 45% over the last year, to Rs. 383.9 Million.

At the Group level the consolidated turnover was Rs. 26.3 Billion for the year under review with a loss before tax of Rs. 302 Million, against a comparable profit before tax of Rs. 453 Million achieved in the previous year. The decrease in profitability in the Group was mainly due to the loss made in our Industrial Products and Leisure segments.

The Company paid an interim dividend of Rs. 36.00 per share, which will also be the final dividend for the year under review. Shareholders will note that this dividend is a 20% increase on the dividend paid for the previous year. In the new financial year the Company and the Group finds itself in a challenging environment due to the slow growth of the economy and a multitude of other issues facing the economy. Notwithstanding these challenges, I am confident that the Company and the Group's performance will witness stable growth.

In the year under consideration the Company made an investment of Rs. 70 Million in Duramedical (Lanka) Limited, which will be engaged in the manufacture and export of latex related products. We also invested over Rs. 261 Million in capital expenditure, primarily in expanding our FMCG production facilities. It is worthy of note that our Personal Care Factory was awarded platinum status by the Green Building Council of Sri Lanka, the first time a platinum award was given to any company in Sri Lanka.

All our employees throughout the Group worked with dedication and commitment and were vital to achieving the year's progress. I extend my thanks and appreciation to all of them. I also wish to thank all our shareholders for their trust and confidence in the Group, and to my colleagues on the Board for their valuable support and counsel at all times.



A Rajaratnam
Chairman

Board of Directors

A. Rajaratnam - FCA *Chairman*

Mr. A. Rajaratnam joined the Board in 1988 and was appointed Chairman in the year 2003. He 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.

S.D.R. Arudpragasam - FCMA (UK) *Managing Director*

Mr. S.D.R. Arudpragasam was appointed to the Board in 1988 and as Managing Director in 1989. He serves as Chairman of several subsidiaries of The Colombo Fort Land & Building PLC. He holds the position of Deputy Chairman on the Boards of The Colombo Fort Land & Building PLC (CFLB) and Lankem Ceylon PLC 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.)

S. Rajaratnam - B.Sc. - CA *Deputy Managing Director*

Mr. S. Rajaratnam was appointed to the Board and as Deputy Managing Director in the year 2006 and serves on the Boards of certain subsidiaries of the E. B. Creasy Group. He 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. He also serves on the Board of The Colombo Fort Land & Building PLC (CFLB) and holds several other Directorship in the CFLB Group.

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 Colombo Fort Land & Building Group.

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

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

the Plant Pathology Division of the Tea Research Institute and subsequently joined Chemical Industries Colombo Limited and was appointed to its Board. He also served on the Boards of Crop Management Services (Pvt) Limited the managing agents for Mathurata Plantations Limited, CIC Fertilizers Limited and Cisco Speciality Packaging (Pvt) Limited. He has held office as the Chairman of the Pesticide Association of Sri Lanka, the Toxicological Society of Sri Lanka and the International Mosquito Spiral Manufacturers Association (IMSMA). Mr. R.N. Bopearatchy serves as a Director in several Companies in The Colombo Fort Land & Building Group.

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

P. M. A. Sirimane - FCA, MBA *Director*

Mr. P. M. A. Sirimane joined the E.B. Creasy Group in October, 2009 and was appointed to the Board in November, 2009. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Limited, Group Finance Director of United Tractor & Equipment Limited, Chief Financial Officer, Sri Lanka Telecom Limited and Director SLT Hong Kong Limited. 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.

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. 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, Ceylon Cold Stores PLC, Hela Clothing Co. Limited and MTD Walkers PLC.

Board of Directors *Contd.*

He is a former (retired) Finance Director of Nestle (Lanka) PLC. He has been a visiting lecturer on Finance and Accounts for Nestle SA for Africa-Asian and Oceanic Regions. Mr. Rasiah is the Chairman of Ceylon Pencil Company Limited and a past lecturer for MBA students on Finance at the Post Graduate Institute of Management (PIM). He is a former President of the Benevolent Society of the Institute of Chartered Accountants of Sri Lanka and Vice President 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. 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 Post Graduate Diploma in Business and Financial Administration. In addition to serving on the Board of E. B. Creasy & Company PLC and some of its subsidiaries he also serves on the Board of a subsidiary of The Colombo Fort Land & Building PLC.

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.

**Dr. A. M. Mubarak - B.Sc. (Hons.) (Cey), Ph.D. (Cantab)
Director**

Dr. Mubarak was appointed to the Board as an Independent Non-Executive Director in September, 2013. He is a former Director and Chief Executive Officer of the Industrial Technology Institute and has more than 25 years of experience in Research & Development.

Dr. Mubarak graduated from the University of Colombo with first class honours in Chemistry and holds a Ph. D. from the University of Cambridge U.K. He did his Post-doctoral research at the University of Maryland, College Park Campus and Royal Institute of Technology, Stockholm. Dr. Mubarak a Commonwealth Scholar is a former President of the Institute of Chemistry, Ceylon a past General President of the Sri Lanka Association for the Advancement of Science and the current President of the National Academy of Sciences, Sri Lanka.

Dr. Mubarak had served in many Presidential and Ministerial Task Forces dealing with Science & Technology and had been an active member of Sri Lanka Delegation in several bilateral discussions with India on S&T co-operation.

He has served on the Boards/Councils of the University of Colombo, Post Graduate Institute of Science, Sri Lanka Institute of Advance Technological Education, National Engineering Research & Development Centre, Sri Lanka Accreditation Board, National Science and Technology Commission and National Authority, Chemical Weapons Convention. Currently he is on the Board of Rehabilitation of Persons, Properties and Industries Authority (REPPA).

**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.

**R. Seevaratnam - B.Sc. (Lond.), FCA (Eng. and Wales),
FCA (ICASL)
Director**

Mr. R. Seevaratnam was appointed to the Board as an Independent Non-Executive Director in April, 2014. 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.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 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 to formulating trading in chemicals and hoteliering.

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 stockists.

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

E. B. Creasy Logistics Limited

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

Creasy Foods Limited

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

Laxapana Batteries PLC

The company was incorporated as a public limited liability company in 1956. Carried on business under the name of Elephant Lite Corporation Limited. previously. It was quoted on the Colombo Stock Exchange in 1982. The Company markets Zinc Chloride and Alkaline type batteries and CFL bulbs. The Company has also introduced GLS Bulbs and Safety Wax Matches under Laxapana brand name.

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, wholesale and distribution of pharmaceuticals.

Lanka Special Steels Limited

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

Lankem Ceylon PLC

The business areas comprise of Agri-Inputs, Paints, Chemicals, Bitumen, Consumer and PEST control and Packaging.

The Agrochemicals Division formulates, packs and distributes a well-accepted range of insecticides, herbicides, fungicides and foliar nutrients. This Division is long established and trusted by the rural community as the 'Farmers' Friend'.

The product portfolio of Lankem Paints comprises of Decorative Coatings, Auto Refinish, Wood Coatings, Epoxy Coatings, Nc-based Coatings and the Epoxy Adhesive Segments.

Group Profile *Contd.*

The Bitumen Division Supplies produces road construction materials and is also involved in water proofing.

Lankem Consumer produces and distributes household and personal care products.

Lankem Chemicals comprises of three Sectors namely Industrial Chemicals, Thinners and Feed Ingredients.

Sigiriya Village Hotels PLC

The Company is the owner of "Sigiriya Village" which has elegantly-designed cottages, decorated with themes symbolic of village life. The Hotel is situated in close proximity to the Sigiriya 'lion rock' which stands out majestically overlooking the lush green surroundings. The gardens of Sigiriya Village have been landscaped to merge with the natural environment, complimenting the scenic beauty and enhancing the peaceful aura of a rural village. The Hotel strategically located in the heartland of the Cultural Triangle enables guests to visit other historical cities and see original works of art, archaeological treasures.

Beruwala Resorts PLC

Colombo Fort Hotels Limited. is the holding Company of Beruwala Resorts PLC, which owns newly furnished 'The Palms' located by the side of the southern coast of Sri Lanka.

Galle Fort Hotel (Pvt) Limited

Colombo Fort Hotels Limited. is the holding company of the Galle Fort Hotel (Pvt) Limited. Galle Fort Hotel is a boutique property.

Marawila Resorts PLC

This Company owns the Club Palm Bay Hotel situated in a beautifully-landscaped site of around 21 acres at Marawila, with clusters of cabanas located towards the water front. It is run on the Club Concept on an all inclusive basis. It offers a range of facilities including sports, discotheque, air-conditioned bar and specialty restaurants. Its banquet hall could cater to a wide spectrum of functions.

C. W. Mackie PLC

Main activities of the Company are export and sale locally of thick pale crepe rubber (TPC), ribbed smoked sheet rubber (RSS) and desiccated coconut. Import and wholesale distribution of sugar to industrial users. Import and sale of welding equipment and consumables and light engineering products, refrigeration and air-conditioning components and marine paints and protective coatings. Marketing and selling of branded consumer products manufacturing and bottling of 'Sunquick' range of fruit squashes and bottling of drinking water under 'Scan' brand for internal distribution.

Enterprise Governance

Corporate Governance

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

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

1. The Board of Directors

Board, Composition and Meetings

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

Names of Directors

Mr. A. Rajaratnam (Chairman)	- Executive
Mr. S.D. R. Arudpragasam (Managing Director)	- Executive
Mr. S. Rajaratnam (Deputy Managing Director)	- Executive
Mr. R.N. Bopearatchy	- Non- 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. R. Seevaratnam	- 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. The Board met twice during the year under review.

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.
- Ensuring succession arrangements of the Board and top management are focused on and determining remuneration of senior executives.
- 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.

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 Judgement

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

Financial Acumen

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

Board Balance

The Board comprises of six Non- Executive Directors of whom five are Independent and six Executive Directors.

Enterprise Governance *Contd.*

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

Mr. A.R. Rasiah, 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. 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. 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 on the Board of a subsidiary of the Company, 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. 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, 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

The Company's Articles of Association require any Director appointed by the Board excluding Executive Directors to hold office until the next Annual General Meeting at which he seeks re-election by the Shareholders.

The Articles of Association require one third or a number nearest to one third of the Directors in office (excluding Executive Directors) to retire at each Annual General Meeting. The Directors to retire in each year 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 12. 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 27(d) to the Financial Statements on page 86.

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 16 to 19 in this Report. The Auditor's Report on the Financial Statements is given on page 22 and 23 of this Annual Report. Financial Information of business segments are given on pages 87 to 88.

Going Concern

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

Internal Control

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

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

Audit Committee

The Audit Committee Report is set out on pages 13 to 14 of this Report.

Related Party Transactions Review Committee

The Related Party Transactions are disclosed in Note 27 to the Financial Statements.

The Report of the Related Party Transactions Review Committee appear on page 15.

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
01st August 2017

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 - EBCPLC)
Mr. A.M. De S.	-	Member (Independent Non-Executive Director - EBCPLC)
Mr. S.N.P. Palihena	-	Member (Independent Non-Executive Director - EBCPLC)

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

Brief profiles of each member are given on pages 5 and 6 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 recognized the adequacy of the content and the quality of routine management information and reports forwarded to its members.

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. 7 of 2007 in relation to appointment, reappointment and removal of the External Auditors. The Committee makes recommendations to the Board as appropriate. The External Auditors are duly appointed by the shareholders at the Annual General Meeting of each year. Further, the Audit Committee reviewed the management letter issued by the External Auditors and the management comments.

Meetings and Attendance

The Audit Committee has met on four occasions during the financial year ended 31st March, 2017 and the attendance of the Committee was as follows:

Mr. A.R. Rasiah	-	(4/4)
Mr. A.M. De S. Jayaratne	-	(4/4)
Mr. S.N.P. Palihena	-	(4/4)

Audit Committee Report *Contd.*

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, 2018 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
01st August 2017

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee 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 three occasions during the financial year ended 31st March, 2017 and the attendance of the Committee was as follows:

Mr. R. Seevaratnam	- (3/3)
Mr. A. M. De S. Jayaratne	- (3/3)
Mr. A. R. Rasiah	- (2/3)
Mr. P. M. A. Sirimane	- (3/3)

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 will be 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 no recurrent or non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules and that the Company has complied with the requirements of the Listing Rules on Related Party Transactions.



R. Seevaratnam
Chairman

Related Party Transactions Review Committee,
01st August 2017

Annual Report of the Board of Directors

The Board of Directors of E. B. Creasy & Company PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March, 2017.

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 24 to 97.

Auditors' Report

The Auditors' Report on the Financial Statements is given on pages 22 and 23.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 29 to 43. and these accounting policies have been consistently applied to all the years presented in these Financial Statements.

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 27(b) & (c) to the Financial Statements on pages 84 and 85.

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 31.03.2017	No. of Shares as at 31.03.2016
Mr. S.D.R. Arudpragasam	2,000	2,000

Directors' remuneration in respect of the Group for the financial year 2016/17 is given in Note 27(d) to the Financial Statements on page 86 (2015/16- Rs. 351.28) and in respect of the Company for the financial year 2016/17 is Rs. 259.81 million (2015/16 - Rs. 173.28).

Corporate Donations

Donations made by the Group amounted to Rs. 3.7 million (2015/16 – Rs 2.7 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 5 and 6.

Mr. A. Rajaratnam	Chairman
Mr. S.D.R. Arudpragasam	Managing Director
Mr. S. Rajaratnam	Deputy Managing Director
Mr. R.N. Bopearatchy	Director
Mr. R.C.A. Welikala	Director
Mr. P.M.A. Sirimane	Director/Chief Financial Officer
Mr. A.R. Rasiah	Director
Mr. S.N.P. Palihena	Director
Dr. A. M. Mubarak	Director
Mr. A. M. De S. Jayaratne	Director
Mr. R. Seevaratnam	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. Boppearatchy 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 has attained the age of seventy years retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Auditors

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

The Auditors, KPMG were paid Rs. 14.60 million during the year under review (2015/16 - Rs. 13.77 million) as audit fees and fees for audit-related services by the Group. In addition, they were paid Rs. 2.8 million (2015/16 - Rs. 4.5 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. 2.9 million during the year under review (2015/16 - Rs. 3.3 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. 26,346.88 million (2015/16 - Rs. 24,924.38 million).

Results

The Group made a loss before tax of Rs. 301.65 million (2015/16 Profit before tax of -Rs. 452.66 million). The detailed results are given in the Statement of Comprehensive Income and other Profit or Loss on page 24.

Dividends

An Interim Dividend of Rs. 36.00 per share was paid on 30th March, 2017. The Board of Directors confirmed that the Company satisfied the Solvency Test requirement under Section 56 of the Companies Act No. 7 of 2007 and obtained a Solvency Certificate from the Auditors in respect of the above Dividend.

Investments

Investments made by the Group are given in Notes 12.2.2 and 12.3 on pages 58 to 59.

Property, Plant & Equipment

During 2016/17, the Group invested Rs. 987.31 million in Property, Plant & Equipment (2015/16 - Rs. 826.60 million). Further, your Directors are of the opinion that the net amounts at which land and other Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market value as at 31st March, 2017.

Further, the Company invested Rs. 70.6 million in one of the world's most renowned Enterprise Resource Planning (ERP) software which in turn will further streamline the processes within the Group and enhance the quality of information and productivity.

Annual Report of the Board of Directors *Contd.*

Stated Capital

The stated capital of the Company as at 31st March, 2017 was Rs. 25.73 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, 2017 comprised of capital reserves on consolidation of Rs. 126.72 million, general reserve of Rs. 21.68 million and retained earnings of Rs. 2,456.20 million whereas the total Group reserves as at 31st March, 2016 comprised of capital reserve on consolidation of Rs. 126.72 million, general reserves of Rs. 21.68 million and retained earnings of Rs. 2,889.05 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. 10 of 2006 and subsequent amendments thereto.

Income Tax and other taxes paid and liable by the Group are disclosed in Notes 5 and 22 on pages 46, 47 and 73.

Related Party Transactions

During the financial year there were no recurrent or non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules and the Company has complied with the requirements of Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 27(b) from page 84.

Share Information

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 99 and 100.

Events Occurring after the Reporting Date

Events occurring after the Reporting date that would require adjustments to or disclosures are disclosed in Note 32 on page 91.

Capital Commitments and Contingent Liabilities

Capital commitments and contingent liabilities as at the Reporting date are disclosed in Note 29 and 30 on pages 89.

Employment Policy

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

Shareholders

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

Statutory Payments

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

Environmental Protection

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

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

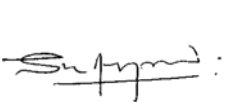
Internal Control

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

Going Concern

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

For and on behalf of the Board,



S.D.R. Arudpragasam
Managing Director



R.C.A. Welikala
Director

By Order of the Board,



Corporate Managers
& Secretaries (Private) Limited
Secretaries

01st August 2017

Financial Reports

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Independent Auditors' Report



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

Report on the Financial Statements

We have audited the accompanying 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 March 31, 2017, 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 a summary of significant accounting policies and other explanatory information, set out on pages 24 to 95 of the annual report.

Board’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries dealt with thereby as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Emphasis of Matters

Going Concern

We draw attention to note 34 to the financial statements regarding the events and conditions that may cast significant doubt that SunAgro Foods Limited, a subsidiary company will be able to continue as a going concern. Our opinion is not modified in respect of this matter.

Restatement

Further we draw attention to note 33.1 to the financial statements, which states that the comparative information presented as at and for the year ended March 31, 2016 has been restated. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - The financial statements of the Company give a true and fair view of its financial position as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The financial statement of the Company and the Group comply with the requirement of sections 151 and 153 of the Companies Act No. 07 of 2007.



CHARTERED ACCOUNTANTS

Colombo
01st August 2017

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

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

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA
Ms. C.T.K.N. Perera ACA

Statement of Profit or Loss and Other Comprehensive Income

	Note	GROUP		COMPANY	
		2017 Rs. '000	2016 Rs. '000 Restated	2017 Rs. '000	2016 Rs. '000
<i>For the Year ended 31st March,</i>					
Revenue	1	26,346,879	24,924,382	4,146,834	3,646,678
Cost of Sales		(19,347,411)	(18,161,143)	(2,655,481)	(2,321,037)
Gross Profit		6,999,468	6,763,239	1,491,353	1,325,641
Other Income	2	249,978	206,713	155,757	50,590
Share of Results of Equity Accounted Investees		(67,386)	(166,391)	-	-
Selling and Distribution Expenses		(2,571,374)	(2,705,631)	(609,799)	(591,849)
Administrative Expenses		(3,605,175)	(2,781,918)	(450,497)	(325,765)
Other Expenses		(86,732)	(69,090)	-	-
Gain from a Bargain Purchase		-	128	-	-
Impairment of Goodwill	11.1.2	-	-	-	-
Net Finance Expenses	3	(1,220,426)	(794,386)	(193,841)	(126,547)
Profit / (Loss) before Taxation	4	(301,647)	452,664	392,973	332,070
Tax Expenses	5	(162,247)	(209,780)	(9,107)	(67,732)
Profit / (Loss) for the Year		(463,894)	242,884	383,866	264,338
Other Comprehensive Income/ (Expense)					
Items that will not be reclassified to profit or loss					
Remeasurement of Retirement Benefit Obligation		54,548	(122,155)	(1,922)	(112,532)
Deferred Tax on Remeasurement of Retirement Benefit Obligation		(43,108)	33,746	(30,971)	30,126
Share of Other Comprehensive Income of Equity Accounted Investees (Net of Tax)		31,281	61,057	-	-
Items that are or may be reclassified subsequently to profit or loss					
Net Change in Fair Value of Available-for-Sale Financial Assets		29,955	9,817	(261)	(734)
Other Comprehensive Income/ (Expense) for the Year Net of Tax		72,676	(17,535)	(33,154)	(83,140)
Total Comprehensive Income/ (Expense) for the Year		(391,218)	225,349	350,712	181,198
Profit/ (Loss) Attributable to:					
Equity Holders of the Parent		(188,663)	113,063	383,866	264,338
Non-controlling Interest		(275,231)	129,821	-	-
Profit/ (Loss) for the Year		(463,894)	242,884	383,866	264,338
Total Comprehensive Income/ (Expense) Attributable to:					
Equity Holders of the Parent		(149,649)	100,810	350,712	181,198
Non-controlling Interest		(241,569)	124,539	-	-
Total Comprehensive Income/ (Expense) for the Year		(391,218)	225,349	350,712	181,198
Basic Earnings / (Losses) Per Share (Rs.)	6	(74.42)	44.60	151.43	104.27
Dividend Per Share (Rs.)	7	66.00	20.00	66.00	20.00

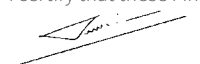
The Accounting Policies and Notes on pages 29 to 97 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March,	Note	GROUP			COMPANY	
		2017 Rs. '000	2016 Rs. '000 Restated	2015 Rs. '000 Restated	2017 Rs. '000	2016 Rs. '000 Restated
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	8	8,331,782	8,344,246	8,285,179	1,325,510	1,330,315
Investment Property	9	190,723	195,522	67,574	-	-
Leasehold Right to Land	10.1	6,553	-	-	-	-
Biological Assets	10.2	-	-	-	-	-
Intangible Assets	11	694,396	623,848	594,108	63,882	460
Investments in Subsidiaries	12.1	-	-	-	850,583	780,583
Financial Assets Available-for-Sale	12.2	544,274	514,319	536,601	1,321	1,582
Investment in Equity Accounted Investees	13.2	279,056	315,163	420,499	-	-
Deferred Tax Asset	22.1	225,730	146,990	70,738	-	-
		10,272,514	10,140,088	9,974,699	2,241,296	2,112,940
Current Assets						
Inventories	14	4,705,110	4,094,119	3,310,453	757,061	659,478
Amount Due from Related Companies	15	394,410	337,369	338,768	1,376,448	983,604
Trade and Other Receivables	16	6,237,352	5,931,078	5,171,337	240,778	232,041
Investment Classified as Fair Value through Profit or Loss	12.3	127,038	127,660	197,246	-	-
Investment Classified as Held to Maturity		4,116	-	-	-	-
Investment Classified as Assets Held for Sales	31	207,956	-	-	-	-
Cash & Cash Equivalents	17.1	655,266	487,598	618,355	109,525	67,851
		12,331,248	10,977,824	9,636,159	2,483,812	1,942,974
Total Assets		22,603,762	21,117,912	19,610,858	4,725,108	4,055,914
EQUITY AND LIABILITIES						
Equity						
Stated Capital	18	25,731	25,731	25,731	25,731	25,731
Capital Reserves	19.1	126,715	126,715	126,715	-	-
General Reserves	19.2	21,679	21,679	21,679	9,548	9,548
Retained Earnings		2,456,197	2,889,054	2,807,692	1,664,104	1,480,732
Equity Attributable to Equity Holders of the Company		2,630,322	3,063,179	2,981,817	1,699,383	1,516,011
Non-Controlling Interest		2,635,145	3,272,389	3,196,767	-	-
Total Equity		5,265,467	6,335,568	6,178,584	1,699,383	1,516,011
Non-Current Liabilities						
Interest-Bearing Loans and Borrowings	20.1	2,946,454	1,791,581	2,111,533	317,595	311,204
Deferred Income and Capital Grants	21	17,592	19,940	22,688	-	-
Deferred Tax Liability	22.2	244,682	237,636	268,894	30,285	24,340
Retirement Benefit Obligations	23	649,570	622,210	383,086	347,951	300,269
		3,858,298	2,671,367	2,786,201	695,831	635,813
Current Liabilities						
Interest-Bearing Loans and Borrowings	20.2	6,209,331	5,883,852	4,998,354	1,166,930	1,022,083
Current Taxation Payable		176,682	192,716	119,144	32,208	61,301
Trade and Other Payables	24	4,450,581	3,414,735	3,449,837	541,713	575,400
Amount Due to Related Companies	25	748,089	678,420	647,989	67,885	60,499
Deferred Income and Capital Grants	21	75	-	-	-	-
Bank Overdrafts	17.2	1,895,239	1,941,254	1,430,749	521,158	184,807
Total Current Liabilities		13,479,997	12,110,977	10,646,073	2,329,894	1,904,090
Total Equity and Liabilities		22,603,762	21,117,912	19,610,858	4,725,108	4,055,914

The Accounting Policies and Notes on pages 29 to 97 form an integral part of these Financial Statements.

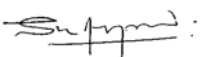
I certify that these Financial Statements are prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



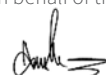
P.M.A. Sirimane
Chief Financial Officer

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

Statement of Changes in Equity

GROUP

	Attributable to Equity Holders or Parent					Non-Controlling Interest Rs. '000	Total Rs. '000
	Stated Capital	Capital Reserves on Consolidation	General Reserve	Retained Earnings	Total		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Balance as at 1st April 2015 (as previously reported)	25,731	126,715	21,679	2,783,972	2,958,097	3,196,767	6,154,864
Effect on Restatement - Note 33.1	-	-	-	23,720	23,720	-	23,720
Restated balance as at 01st April 2015	25,731	126,715	21,679	2,807,692	2,981,817	3,196,767	6,178,584
Re Classification of Preference Share of Subsidiary	-	-	-	(451)	(451)	(1839)	(2,290)
Adjustment Due to Change in Holding	-	-	-	31,712	31,712	(76,388)	(44,676)
Dividend Payment - Ordinary Shares	-	-	-	(50,709)	(50,709)	(95,162)	(145,871)
Acquisition of Subsidiary	-	-	-	-	-	(2,252)	(2,252)
Purchase of Subsidiary Shares from Non-controlling Interest	-	-	-	-	-	(118)	(118)
Right Issue of Ordinary Shares	-	-	-	-	-	126,842	126,842
Total Comprehensive Income for the Year							
Profit for the Year	-	-	-	113,063	113,063	129,821	242,884
Other Comprehensive Income for the Year	-	-	-	(12,253)	(12,253)	(5,282)	(17,535)
Balance as at 31st March 2016	25,731	126,715	21,679	2,889,054	3,063,179	3,272,389	6,335,568
Adjustment Due to Change in Holding	-	-	-	(115,868)	(115,868)	(243,524)	(359,392)
Final Dividend Paid - 2015/16	-	-	-	(76,050)	(76,050)	(152,151)	(228,201)
Interim Dividend paid - 2016/17	-	-	-	(91,290)	(91,290)	-	(91,290)
Total Comprehensive Income for the Year							
Profit / (Loss) for the Year	-	-	-	(188,663)	(188,663)	(275,231)	(463,894)
Other Comprehensive Income/ (Expense) for the Year	-	-	-	39,014	39,014	33,662	72,676
Balance as at 31st March 2017	25,731	126,715	21,679	2,456,197	2,630,322	2,635,145	5,265,467

Company

	Stated Capital Rs. '000	General Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 2015	25,731	9,548	1,350,243	1,385,522
Total Comprehensive Income				
Profit for the Year	-	-	264,338	264,338
Other Comprehensive Income/ (Expense) for the Year	-	-	(83,140)	(83,140)
Dividend for the Year	-	-	(50,709)	(50,709)
Balance as at 31st March 2016	25,731	9,548	1,480,732	1,516,011
Total Comprehensive Income				
Profit for the Year	-	-	383,866	383,866
Other Comprehensive Income/ (Expense) for the Year	-	-	(33,154)	(33,154)
Final Dividend Paid - 2015/16	-	-	(76,050)	(76,050)
Interim Dividend paid - 2016/17	-	-	(91,290)	(91,290)
Balance as at 31st March 2017	25,731	9,548	1,664,104	1,699,383

The Accounting Policies and Notes on pages 29 to 97 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flow

	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000 Restated	2017 Rs. '000	2016 Rs. '000 Restated
<i>For the Year ended 31st March,</i>				
A. Cash Generated from Operations				
Profit/(Loss) Before Tax	(301,647)	452,664	392,973	332,070
Adjustments for:				
Depreciation on Property, Plant and Equipment	631,084	484,068	116,587	101,824
Provision for Impairment on Property Plant & Equipment	-	97	-	-
Profit on Disposal of Property, Plant & Equipment	(30,332)	(25,555)	(9,220)	(2,627)
Depreciation on Investment Property	4,799	4,879	-	-
Gain / (Loss) on Translation of Foreign Currency	31,604	21,720	-	-
Share of Results of Equity	67,386	166,391	-	-
Profit on Disposal of Investments	-	(137)	-	-
Provision / (Reversal) for Bad and Doubtful Debts	59,046	(41,192)	-	-
Provision for Bad and Doubtful Related Party	734	3,410	-	393
Provision for Obsolete Inventories	45,144	63,579	9,127	4,368
Provision for Retiring Benefit Obligation	130,243	128,184	56,696	53,795
Amortization of Deferred Income and Capital Grants	(2,748)	(2,748)	-	-
Interest Income	(53,319)	(52,830)	(1,483)	(706)
Dividend Received	(44,365)	(16,554)	(139,496)	(36,223)
Interest Expenses	1,287,651	759,933	194,966	129,445
Fair Value through Profit & Loss Financial Assets	622	65,563	-	33
Amortization of Software & Trade Mark	13,935	2,224	7,202	92
Amortization of Leasehold Right to Land	117	-	-	-
Gain from bargaining purchases	-	(128)	-	-
	1,839,954	2,013,568	627,352	582,464
(Increase)/Decrease in Inventories	(656,135)	(846,282)	(106,710)	(80,678)
(Increase)/Decrease in Trade and other Receivables	(365,320)	(919,391)	(8,737)	(76,930)
(Increase)/Decrease in Related Party Receivables	(57,775)	(2,011)	(392,844)	(357,540)
Increase/(Decrease) in Related Party Payables	69,669	30,431	7,386	(19,482)
Increase/(Decrease) in Trade and other Payables	1,035,846	(54,226)	(33,687)	66,097
	1,866,239	222,089	92,760	113,931
Cash Flows from Operating Activities				
Cash generated from operations (Note A)	1,866,239	222,089	92,760	113,931
Gratuity paid (Net)	(48,335)	(11,518)	(10,936)	(9,761)
Interest Paid	(1,285,613)	(770,870)	(194,862)	(128,885)
Income Taxes Paid	(293,083)	(209,975)	(63,230)	-
Net Cash Flows from operating Activities	239,208	(770,274)	(176,268)	(24,715)

Statement of Cash Flow

For the Year ended 31st March,	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000 Restated	2017 Rs. '000	2016 Rs. '000 Restated
Cash Flows from Investing Activities				
Purchase and construction of Property, Plant & Equipment	(855,960)	(656,716)	(111,782)	(251,002)
Proceeds on Disposal of Property, Plant & Equipment	52,966	122,728	9,220	2,627
Investment in Software	(77,733)	(14,066)	(70,624)	(552)
Acquisition of Subsidiary (Note 31)	-	(15,560)	-	-
Proceeds from sale of Investments	-	16,625	-	-
Purchase of Lease hold Right to Land	(6,670)	-	-	-
Investment in Subsidiary	-	-	(70,000)	-
Investmet in Held to Maturity Investments	(4,116)	-	-	-
Share Buy Back	-	-	-	276,936
Dividend Received	44,365	16,554	139,496	36,223
Interest Received	53,319	52,830	1,483	707
Net payments to Minority Share Holders	(511,541)	(274)	-	-
Net Cash flows from Investing Activities	(1,305,370)	(477,879)	(102,207)	64,939
Cash flows from financing activities				
Lease Rental Paid	(10,790)	(83,648)	(2,672)	(5,367)
Long-Term loans Obtained during the Year	2,846,065	723,130	140,000	399,001
Payments of Long Term Loan	(1,327,855)	(1,181,527)	(185,629)	(604,784)
Net movement in Short-Term Loans	139,290	1,349,645	199,439	276,365
Debenture paid	(200,000)	(150,000)	-	-
Capital Grant Received	475	-	-	-
Dividends paid	(167,340)	(50,709)	(167,340)	(50,709)
Net Cash flows from Financing Activities	1,279,845	606,891	(16,202)	14,506
Net Increase /(Decrease) in Cash & Cash Equivalents	213,683	(641,262)	(294,677)	54,730
Cash & Cash Equivalents at the Beginning of the Year	(1,453,656)	(812,394)	(116,956)	(171,686)
Cash & Cash Equivalents at the End of Period (note B)	(1,239,973)	(1,453,656)	(411,633)	(116,956)
B. Analysis of Cash & Cash Equivalents				
Bank Borrowings	(1,895,239)	(1,941,254)	(521,158)	(184,807)
Cash in Hand & at Banks	655,266	487,598	109,525	67,851
	(1,239,973)	(1,453,656)	(411,633)	(116,956)

The Accounting Policies and Notes on pages 29 to 97 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Accounting Policies

1. Reporting Entity

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

The Consolidated Financial Statements of E. B. Creasy & Company PLC, as at and for the year ended 31st March, 2017 comprises the Company and its subsidiaries (together referred to as the 'Group'). The principal activities of the Company are manufacturing of consumer products, marketing hardware and automotive accessories and freight forwarding.

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

2. Basis of Preparation

2.1 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.

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

The Consolidated Financial Statements for the year ended 31st March, 2017 were authorized for issue by the Directors on 01st August 2017.

2.2 Basis of Measurement

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

- Derivative financial instruments are measured at fair value
- Non-Derivative financial instruments at fair value through profit or loss are measured at fair value.

- Available for sale financial assets are measured at fair value
- Defined benefit asset is recognized as plan assets plus unrecognized past service cost less the present value of the defined benefit obligation.

2.3 Functional and Presentation Currency

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

Monetary assets and liabilities denominated in foreign currencies have been translated into local currency as per the exchange rate at the date of the Statement of Financial Position while all non-monetary items are reported at the rate prevailing at the time transactions were affected.

2.4 Use of Estimates and Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgments, estimates and assumptions in applying accounting policies that could have a significant effect on the Financial Statements are mentioned below:

Accounting Policies *Contd.*

	Policy No.
Measurement of Intangible Assets	3.3.2
Measurement of Fair Value of Financial Instruments	3.3.5
Impairment	3.3.7
Valuation of Employee Benefit Liabilities	3.4.2
Provisions, Contingent Assets & Liabilities	3.4.3
Deferred Tax Assets & Liabilities	3.5.3.2

3. Significant Accounting Policies

The accounting policies set out below have been consistently applied to all periods presented in these Financial Statements and the accounting policies have been applied consistently by the Group.

Comparative information has where necessary been reclassified to conform to the current year's presentation. The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future, and they do not foresee a need for liquidation or cessation of trading.

3.1 Basis of Consolidation

The Consolidated Financial Statements (referred to as the 'Group') comprise the Financial Statements of the Company, its Subsidiaries and the Group's interest in equity accounted investees (Associates).

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, the group derecognised assets and liabilities of the subsidiary, any non-controlling interest and the other components of entity related to the subsidiary. Any surplus or deficit arising on the loss of controls is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control was lost. Subsequently it is accounted as an Equity Accounted Investee or as AFS Financial Assets depending on the level of influence retained.

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

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

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

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

3.1.1 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, 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 investee. 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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that 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 12.4 of the Financial Statements.

The following companies in which the Group's effective holding is less than 50% have been consolidated as the group has the practical ability to direct the relevant activities of these entities, unilaterally.

Company Name	Holding %
Lankem Ceylon PLC	47.96
Lankem Paints Limited	47.96
Lankem Consumer Products Limited	47.96
Lankem Chemicals Limited	47.96
Lankem Exports (Pvt) Limited	47.96
Sun Agro Life Science Limited	47.96
Sun Agro Farms Limited	47.96
Sun Agro Foods Limited	47.96
Lankem Research Limited	47.96
Associated Farms Limited	47.96
Ceylon Tapes (Pvt) Limited	47.96
JF Packaging (Pvt) Limited	34.77
Colombo Fort Hotels Limited	40.87
Galle Fort Hotels (Pvt) Limited	42.07
Sigiriya Village Hotels PLC	28.42
Marawila Resorts PLC	22.75
Beruwala Resorts PLC	30.56
BOT Hotel Services (Pvt) Limited	32.17
York Hotels (Kandy) Limited	25.89
C.W.Mackie PLC	26.54
Lankem Technology Services Limited	47.96
Sherwood Holidays Limited	42.07
Lak Kraft (Pvt) Limited	40.87
Nature's Link Limited	47.96

3.1.2 Investments in Associates

An Associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in joint venture. 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 recognized as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of associates are incorporated in the Consolidated Financial Statements using the equity method of accounting. Under the

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

3.1.3 Acquisitions of Entities Under Common Control

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

3.1.4 Transactions Eliminated on Consolidation

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

3.1.5 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.

Accounting Policies *Contd.*

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

3.1.6 Loss of Control

On the Loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.2 Foreign Currency

3.2.1 Foreign Currency Transactions

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date.

Non-monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items measured at historical cost are translated at the rates prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognized in other comprehensive income.

3.3 Assets and Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle of the Company's business,

or within one year from reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.3.1 Property, Plant and Equipment

3.3.1.1 Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

3.3.1.2 Owned Assets

The cost of an item of property, plant & 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 capitalized as part of the equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within other income in profit or loss.

3.3.1.3 Leased Assets

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

3.3.1.3.1 Operating leases

Leases, where the lessor effectively retains substantially all of the risks and benefits of ownership over the term of the lease, are classified as operating leases. Lease payments are recognised as an expense in the Statement of Profit or Loss over the term of the lease and not recognised in the Statement of Financial Position.

3.3.1.4 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized in accordance with the derecognition policy given below.

The costs of the day-to-day servicing of property, plant and equipment are recognized in the Income Statement as incurred.

3.3.1.5 Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognized in the Statement of Profit or Loss and gains are not classified as revenue.

3.3.1.6 Depreciation

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

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

The estimated useful lives 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 & Machinery	5-20 years
Motor Vehicles	3.3-10 years
Furniture & Fittings	5-20 years
Computers	4-6 years
Lab Equipment	4-10years

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 derecognized.

The appropriateness of useful lives of the asset and the depreciation rates are assessed annually.

3.3.2 Intangible Assets

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

3.3.2.1 Goodwill

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

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

3.3.2.2 Software

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

Accounting Policies *Contd.*

3.3.2.3 Other Intangible Assets

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

3.3.2.4 Amortization

Amortization is calculated over the cost of the asset or other amount substituted for cost less its residual value.

Amortization is recognized in the Income Statement for the year on straight-line basis over the estimated useful lives of intangible assets other than goodwill from the date the assets are available-for-use.

3.3.2.5 Subsequent Expenditure

Expenditure incurred on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the Income Statement for the year as incurred.

3.3.3 Investment Property

Investment property is property held to either earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at its cost including related transaction cost and is therefore carried at its cost less any accumulated depreciation and any accumulated impairment losses.

3.3.4 Inventories

Inventories have been valued at the lower of the cost and the net realizable value. Net realizable 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. In general, cost is determined on a FIFO basis and includes all the expenditure incurred in bringing the inventories to a saleable condition. In the case of finished products, cost includes all direct expenditures and production overheads based on a normal level of activity. Inventories other than produce stocks are valued at lower of cost and estimated net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which stocks can be sold in the normal course of business after allowing for cost of realization and /or cost of conversion from their existing state to saleable condition.

3.3.5 Financial Instruments

3.3.5.1 Financial Assets

(a) Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, unquoted equity instruments and derivative financial instruments.

(b) Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss includes financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in finance income or finance costs in the Statement of Profit or Loss. The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss. The Group evaluates its financial assets held-for-trading, other than derivatives, to determine whether the intention to sell them in the near term

is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognized in the Statement of Comprehensive Income in finance costs.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognized in the Statement of Comprehensive Income in finance costs.

Available-for-Sale Financial Investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available - for - sale are those, which are neither classified as held - for - trading nor designated at fair value through profit or loss. Debt securities in this category are those which

are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the Statement of Comprehensive Income in finance costs and removed from the available - for - sale reserve. Interest income on available - for - sale debt securities is calculated using the effective interest method and is recognized in profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

(c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired.

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred

Accounting Policies *Contd.*

nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(d) Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

3.3.5.2 Financial Liabilities

(a) Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, transaction costs that are directly attributable to the acquisition or issue of such financial liability. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

(b) Subsequent Measurement

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Gains or losses on liabilities held-for-trading are recognized in the Statement of Comprehensive Income.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Statement of Comprehensive Income when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit or Loss.

(c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3.3.5.3 Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

3.3.5.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis

or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 26.

3.3.5.5 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.3.6 Cash & Cash Equivalents

Cash & cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's Cash Management are included as a component of cash & cash equivalents for the purpose of the Statement of Cash Flows.

3.3.7 Impairment

3.3.7.1 Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss including an interest in an equity-accounted investee is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3.3.7.2 Financial assets measured at amortized cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and hold to-maturity financial assets) at both a specific asset and collective level. All individually

significant assets are assessed for specific impairment. Those found not to be specifically impaired are, then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are, collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

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

3.3.7.3 Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

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An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

3.3.7.4 Non-financial assets

The carrying amounts of the Group's Non-financial assets, investment property and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. An impairment Loss in respect of Goodwill is not reversed.

3.4 Retirement Benefit Obligation

3.4.1 Defined Contribution Plans

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

3.4.2 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized 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 recognized in the Statement of Other Comprehensive Income.

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

3.4.2.1 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 recognized as an expense in the Income Statement when incurred.

3.4.3 Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the date of Statement of Financial Position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote. Contingent assets are disclosed in the notes, where inflow of economic benefit is probable.

3.4.4 Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed at the related service is provided.

3.5 Statement of Profit or Loss

3.5.1 Revenue

3.5.1.1 Revenue Recognition

Revenue principally is recognized on an accrual basis in terms of LKAS 18. Revenue from sale of goods is recognized in the profit and loss for the year when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognized in the Income Statement on completion of service. Interest income is accounted in the profit and loss for the year on the accrual basis. Dividend income is accounted when the shareholders' right to receive payment is established.

The profit earned by the Company before taxation as shown in the Statement of Comprehensive Income is after making provision for all known liabilities and for depreciation of property, plant & equipment.

Gains and losses of revenue nature on the disposal of property, plant & equipment have been accounted for in the profit or loss for the year.

3.5.1.2 Net Financing Income/Costs

Net financing costs comprise of interest payable on borrowings and interest receivable on funds invested. Interest income is recognized in the profit or loss for the year as it accrues, taking into account the effective yield on the asset. All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing cost.

3.5.1.3 Other Income

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

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

3.5.2 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.

3.5.2.1 Borrowing Costs

Borrowing costs are recognized as an expense in profit and loss in the period in which they are incurred, except to the extent that they are attributable to the acquisition, construction or production of a qualifying

asset, in which case they are capitalized as part of the cost of that asset. The amount of borrowing costs to be capitalized is determined in accordance with the allowed alternative treatment in LKAS 23 - Borrowing Costs.

3.5.2.2 Operating Lease payment

Where the company has the use of assets under operating leases, payments made under the leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense over the term of the lease. Contingent rentals are charged to the Statement of Comprehensive Income in the accounting period in which they are incurred

3.5.2.3 Finance Costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and losses on disposal of available for sale financial assets, fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

3.5.3 Taxation

3.5.3.1 Current Taxes

Current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position date.

The provision for income tax on Sri Lankan operation is based on the elements of income and expenditures reported in the Financial Statements and computed with in accordance with the provisions of the Inland Revenue Act.

Income tax has been provided on overseas operations in accordance with the relevant statutes in force in the countries in which operations are carried out.

The relevant details are disclosed in the respective Notes to the Financial Statements.

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3.5.3.2 *Deferred Taxation*

Deferred taxation is provided, based on the liability method, on temporary differences at the Statement of Financial Position date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The balance in the deferred taxation account represents income tax applicable to the difference between the written down values for tax purposes of the assets on which tax depreciation has been claimed and the net book values of such assets, offset by the provision for retirement benefit which is deductible for income tax purposes only on payment.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

The carrying amount of deferred tax assets and deferred tax liabilities are reviewed at each Statement of Financial Position date.

3.6 Policies Specific to Hotel Sector

Following accounting policies of the hotel companies differ from that of the Group since the nature of the operations of the hotel companies are significantly different from that of the Group.

3.6.1 Property, Plant and Equipment

3.6.1.1 *Recognition and Measurement*

Items of Property, Plant & Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing cost. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of Property, Plant & Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant & Equipment.

3.6.1.2 *Gains and Losses on Disposal*

Gains and losses on disposal of an item of Property, Plant & Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant & Equipment, and are recognized net within 'other income/other expenses' in profit or loss.

3.6.1.3 *Subsequent Costs*

The cost of replacing a part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of Property, Plant & Equipment are recognized in profit or loss as incurred.

3.6.1.4 *Derecognition*

The carrying amount of an item of Property, Plant & Equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of Property, Plant & Equipment is included in profit or loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of Property, Plant & Equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

3.6.1.5 *Depreciation*

Items of Property, Plant & Equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write-off the cost of items of Property, Plant & Equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the

Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

Type of Asset	No. of Years
Building on Freehold Land	40
Plant & Machinery	10
Equipment	06
Furniture & Fittings	08
Motor Vehicles	04
Software	05
Computer Equipment	05

Depreciation has not been provided on freehold land.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3.6.1.6 Capital Work-in-Progress

Capital expenses incurred during the year which are not completed as at the Balance Sheet date are shown as capital work-in-progress, while the capital assets which have been completed during the year and put to use are transferred to Property, Plant & Equipment.

3.6.2 Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition. The cost of each category of inventory is determined on the following basis:

Food and Beverages

At actual cost on weighted average basis.

Maintenance and Others

At actual cost on weighted average basis.

3.6.3 Revenue and Expenditure Recognition

Revenue represents the amounts derived from the provision of goods and services, which fall within the Company's ordinary activities, net of trade discounts and revenue related criteria are applied.

3.6.3.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

3.6.3.2 Income from Hotel

Apartment revenue is recognized on the rooms occupied on a daily basis and food and beverage and other hotel related sales are recognized at the point of sale. All revenue are recognized on an accrual basis and matched with the related expenditure.

3.6.3.3 Others

Other income is recognized on an accrual basis. Gains and losses on the disposal of Property, Plant & Equipment have been accounted for in Statement of Comprehensive Income.

3.6.3.4 Expenditure Recognition

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to revenue in arriving at the profit/(loss) for the year.

3.7 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.

3.8 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

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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.

3.9 Cash Flow Statement

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 Cash Flow Statement which has been prepared using the 'Indirect Method'.

3.10 General

3.10.1 Stated Capital

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.

3.10.2 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.

3.10.3 Movement of Reserves

Movements of reserves are disclosed in the Statement of Changes in Equity.

3.11 Comparative Figures

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

3.12 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the Financial Statements.

3.13 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.

3.14 Financial Risk Management Policies

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's Senior Management monitors these risks. The Group's Senior Management is supported by an audit committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Audit Committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

4. New Accounting Standards Issued But Not Yet Effective

Standard issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards is those that the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

(a) SLFRS 9 – Financial Instruments

SLFRS9 as issued reflects the replacement of LKAS39 and applies to the classification and measurement of financial assets and financial liabilities as defined in LKAS 39. This standard becomes effective for annual periods beginning on or after January 01st, 2018. The adoption of SLFRS 9 will have an impact on classification and measurement of Company's financial assets.

(b) SLFRS 15 – Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition contracts. SLFRS 15 is effective for annual periods beginning on or after 01st January 2018.

The Group is currently in the process of evaluating the potential effect of these standards on its financial statements and the impacts of the adoption of these standards have not been quantified as at the reporting date.

(c) SLFRS 16 Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a lease contract. SLFRS 16 is effective for annual reporting period beginning on or after 1 January 2019., with early adoption permitted. The Group is assessing the potential impact on its financial statements resulting from the application of SLFRS 16.

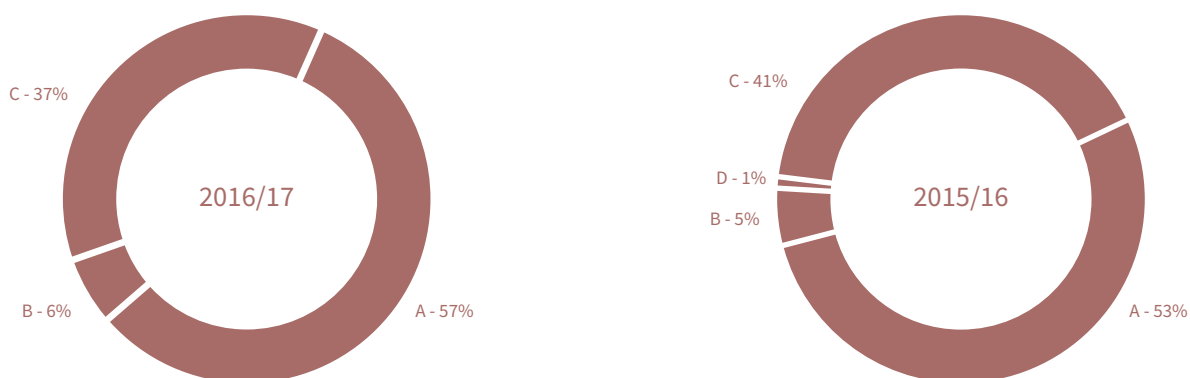
Notes to the Financial Statements *Contd.*

1. Revenue

For the Year ended 31st March,	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Revenue from Sale of Goods	32,634,453	31,639,293	4,769,927	4,107,658
Revenue from Rendering of Services	1,556,192	2,000	-	-
	34,190,645	31,641,293	4,769,927	4,107,658
Less : Turnover Related Taxes	(2,697,412)	(1,611,099)	(623,093)	(460,980)
Net Revenue	31,493,233	30,030,194	4,146,834	3,646,678
Less : Intra Group Sales	(5,146,354)	(5,105,812)	-	-
	26,346,879	24,924,382	4,146,834	3,646,678

Reportable Segment Revenue

Refer note 28 for the details of the operating segments



A - Trading Consumer Products B - Leisure C - Trading Industrial Products D - Other

2. Other Income

For the year ended 31st March	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Profit on Disposal of Property, Plant & Equipment	30,332	25,555	9,220	2,627
Rental Income	101,759	93,537	7,113	7,113
Dividend Income	44,365	16,554	139,496	36,223
Commission Income	15,965	26,996	-	-
Profit on Disposal of Investment	-	137	-	-
Amortisation of Deferred Income and Capital Grants	2,748	2,748	-	-
Creditors Not Payable Written Back	1,901	1,729	-	-
Reversal of Impairment on Trade Receivables	11,116	380	-	-
Sundry Income / (Expenses)	41,792	39,077	(72)	4,627
	249,978	206,713	155,757	50,590

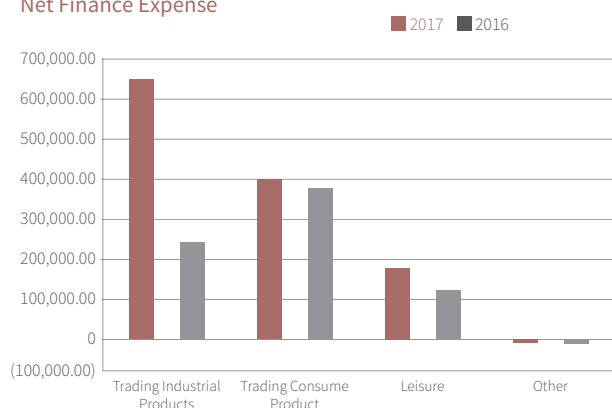
3. Net Finance Expenses

For the year ended 31st March	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Interest Income	35,265	25,013	1,483	706
Interest from Related Companies				
Debenture interest income	16,159	16,735	-	-
Guarantee Commission on Corporate Guarantees	1,895	11,082	6,900	6,900
Gain on Translation of Foreign Currency	64,143	-	-	-
Finance Expense (Note 3.1)	(1,337,888)	(847,216)	(202,224)	(134,153)
	(1,220,426)	(794,386)	(193,841)	(126,547)

3.1 Finance Expenses

For the year ended 31st March	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Interest on Overdrafts and Trust Receipt Loans	278,853	137,074	142,936	76,747
Interest on Term Loans	621,895	347,322	46,577	46,789
Interest on Finance Lease obligations	2,038	10,783	104	560
Guarantee Commission on Corporate Guarantees	5,349	5,349	5,349	5,349
Debenture Interest	447	25,653	-	-
Financial Assets at Fair Value through Profit or Loss - Net Change in Fair Value	622	65,563	-	-
Loss on Translation of Foreign Currency	49,615	21,720	7,258	4,708
Interest on Other Borrowings	379,069	233,752	-	-
	1,337,888	847,216	202,224	134,153

Net Finance Expense



Notes to the Financial Statements *Contd.*

4. Profit/ (Loss) Before Taxation

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

<i>For the Year ended 31st March,</i>	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Auditors Remuneration				
KPMG	14,599	13,771	2,700	2,464
Other Auditors	2,902	3,352	-	-
Fee Paid to Auditors for Non-Audit Services				
KPMG	2,817	4,568	452	205
Other Auditors	3,240	992	-	-
Depreciation on Property, Plant & Equipment	631,084	484,068	116,587	101,824
Provision for Impairment on Property, Plant & Equipment	-	97	-	-
Depreciation on Investment Property	4,799	4,879	-	-
Amortization of Intangible Assets	13,935	2,224	7,202	92
Provision / (Reversal) for Bad & Doubtful Debts	59,046	(41,192)	-	-
Provision for Doubtful Amounts				
Due from Related Parties	734	3,410	-	392
Provision / (Reversal) for Fall in Value of Inventory	45,144	63,579	9,127	4,367
Donations	3,702	2,721	659	382
Staff Cost (Note 4.1)	2,577,491	2,344,063	476,696	353,680

4.1 Staff Cost

<i>For the year ended 31st March</i>	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Wages and Salaries	2,049,326	1,860,241	289,001	224,606
Defined Contribution Plan Cost - EPF/ETF	267,404	235,715	41,944	36,357
Defined Benefit Plan Cost - Retiring Gratuity	130,243	128,184	56,696	53,795
Other Staff Cost	4,864	47,360	-	-
Bonus	125,654	72,563	89,055	38,922
	2,577,491	2,344,063	476,696	353,680

5. Income Tax Expense

<i>For the Year ended 31st March,</i>	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Income Tax on Profit for the year	243,176	288,853	41,017	61,577
Transferred to / (from) Deferred Tax (Note 22)	(114,802)	(73,769)	(25,026)	6,147
Dividend Tax on Subsidiary Dividend	32,725	-	-	-
Under Provision of Current Tax of previous year	1,148	(5,304)	(6,884)	8
	162,247	209,780	9,107	67,732

5.1 Reconciliation of Accounting Profit to Income

For the Year ended 31st March,	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000 Restated	2017 Rs. '000	2016 Rs. '000
Profit / (Loss) Before Tax	(301,647)	452,664	392,973	332,070
Intra-Group Eliminations	267,283	125,408	-	-
Share of Results of Equity Accounted Investees	67,386	166,391	-	-
	33,022	744,463	392,973	332,070
Disallowable Expenses	1,332,234	2,319,876	286,188	303,057
Tax Deductible Expenses	(231,145)	(1,144,593)	(370,026)	(266,781)
Statutory Income from Business	1,134,111	1,919,746	309,135	368,346
Statutory Income Exempt Under Relocation Undertakings	-	(89,982)	-	-
Exempt Under Section 13 (ddd)	(11,457)	(6,122)	-	-
Statutory Income	1,122,654	1,823,642	309,135	368,346
Add: Other Source of Income	175,244	106,709	8,382	7,528
Total Statutory Income	1,297,898	1,930,351	317,517	375,874
Deductions under Section 32	(24,292)	(6,601)	-	-
Qualifying Payments	(108,952)	(154,698)	(44,067)	(44,067)
Tax Exempt Income	-	(323,280)	-	-
Tax Loss Claimed during the year	(80,576)	(173,586)	-	-
Taxable Income	1,084,078	1,272,186	273,450	331,807
Income Tax @ 28%	173,196	236,129	-	44,172
Income Tax @ 20%	14,785	11,852	-	-
Income Tax @ 15%	41,017	-	41,017	-
Income Tax @ 12%	14,178	23,467	-	-
Income Tax @ 10%	-	17,405	-	17,405
Income Tax Expense	243,176	288,853	41,017	61,577

5.1.1 Reconciliation of Tax Losses

For the Year ended 31st March,	GROUP		COMPANY	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Balance at the beginning of the year	3,017,025	2,213,970	-	-
Adjustments to opening balance	(224,842)	38,089	-	-
Tax Loss utilized during the year	(80,576)	(173,586)	-	-
Tax Loss for the year	1,056,851	938,552	-	-
Balance at the end of the year	3,768,458	3,017,025	-	-

5.2 Taxation Rates

Corporate income taxes of the companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto.

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

Notes to the Financial Statements *Contd.*

- The Company's profit/income (other than any profit and income from the sale of any capital assets) earned in the factory located in Millewa is exempted from income tax for each year of assessment within a period of five years commencing on 01st April 2009 as per the Section 21A of Inland Revenue (Amendment) Act No. 10 of 2006.

This exemption was expired during the financial year ended 31st March 2014 and the Company's profit/income earned in the factory located in Millewa during the year ended 31st March 2017 is taxed at 15%.

- In accordance with the Section 21 of Inland Revenue Act No. 10 of 2006, the profit and income from relocated activities (Lankem Ceylon PLC has relocated its agro chemical and agro seeds operation to Pannala) is exempted from income tax for a period of five years commencing from year of assessment 2010/2011, under GAMATA KARMANTHA PROJECT. The relocated activities are liable for income tax at 10% on its taxable income for the year of assesment 2016/2017.
- Lankem Technology Services Limited., Associated Farms Limited. and Lankem Agro Chemicals Limited. were non-operating during the year.
- In accordance with the agreement entered into with the Board of Investments of Sri Lanka under Section 17 of the G.C.E.C. Law No.4 of 1978, profits of York Hotels (Kandy) Limited are exempted from income tax for a period of ten years from the year in which the company commences to make profits or within five years from the year the company commenced commercial operations, which ever is earlier. The company is also entitled to a concessionary rate of tax at 2% of its turnover for 15 years immediately after the expiry of said 10 years tax holiday. Other income is liable to income tax at 28%.

However, Board of Investment has given a notice of cancellation and termination of all rights, privileges and benefits conferred on the enterprise under the conduct and operation of the project with effect from 23rd November 2002.

- In accordance with the powers conferred on the Board of Investments (BOI) of Sri Lanka under Section 17 (2) of the BOI Law No. 04 of 1978 and in terms of the Agreement Registration Number 368-29-6-92 between BOI and Marawila Resorts PLC, the Company was not liable for tax on profits from business for a period of 10 years commencing from the year of assessment 2001/02. Accordingly the Company's tax holiday has expired as of 31st March 2011 and currently the Company is liable for income tax at the rate of 12% on profit from business and 28% on other income.
- In accordance with the Section 22 (1) and 22 (2) of the Inland Revenue Act No. 10 of 2006, the profits and income of Lankem Research Limited was exempted from Income Tax for a period of five years commencing from the year of assessment 2006/07. The said tax exemption provision expired and the Company is liable for income tax at 10% on its taxable income for the year of assessment 2012/13, and thereafter 12% as per the Section 48 of the Inland Revenue Act No. 10 of 2006.
- Income arising from hotel operations of Sigiriya Village Hotels PLC, Galle Fort Hotel (Pvt) Limited, B.O.T. Hotel Services (Pvt) Ltd, Lak Kraft (Pvt) Ltd, Sherwood Holiday Ltd and Beruwala Resorts PLC, are liable for taxation at the rate of 12%. The income earned from other than the ordinary activities are liable to income tax at the rate of 28%.
- In accordance with the agreement entered in to with the Board of Investment (BOI) of Sri Lanka under section 17 of the G.C.E.C. Law No. 04 of 1978, profit of Sun Agro Farms Limited. are exempted from income tax for a period of 10 years with effect from 31st May 2008.
- C.W. Mackie PLC and its subsidiaries are liable for income tax at 12% on taxable profits on non-traditional exports and 28% on other profits in accordance with the provisions of Inland Revenue Act No. 10 of 2006 and subsequent amendments there to.
- 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.

6. Basic Earnings / (Losses) Per Share

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

	GROUP		COMPANY	
	2017	2016 Restated	2017	2016
Profit / (Loss) Attributable to Equity Holders of the Parent (Rs. '000)	(188,663)	113,063	383,866	264,338
Weighted Average Number of Ordinary Shares (No. '000)	2,535	2,535	2,535	2,535
Basic Earnings / (Losses) per Share (Rs.)	(74.42)	44.60	151.43	104.27

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

7. Dividend Per Share

	GROUP		COMPANY	
	2017	2016	2017	2016
Final Dividend Paid - 2015/16 (Rs. '000)	76,050	50,709	76,050	50,709
Interim Dividend Paid - 2016/17 (Rs. '000)	91,290	-	91,290	-
Total Dividend Paid (Rs. '000)	167,340	50,709	167,340	50,709
Number of Ordinary Shares (No. '000)	2,535	2,535	2,535	2,535
Dividend per Share (Rs.)	66.00	20.00	66.00	20.00

Notes to the Financial Statements *Contd.*

8. Property, Plant & Equipment

8.1 Company

Cost	Freehold							Leasehold			Total	
	Land	Buildings	Plant & Machinery	Motor Vehicles	Factory Equipment	Office Equipment	Lab Equipment	Computer	Furniture & Fittings	Plant & Machinery		Work-In Progress
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2016	453,000	424,300	856,802	94,770	14,558	32,258	10,282	30,281	20,623	17,106	93,437	2,047,417
Additions	-	5,835	63,494	31,300	6,186	1,452	224	43,247	1,058	-	44,351	197,147
Disposals/Transfers	-	-	-	(13,500)	-	440	-	-	(440)	-	(85,365)	(98,865)
Balance as at 31st March 2017	453,000	430,135	920,296	112,570	20,744	34,150	10,506	73,528	21,241	17,106	52,423	2,145,699
Accumulated Depreciation												
Balance as at 1st April 2016	-	96,405	457,788	66,528	6,453	27,566	6,972	21,341	16,401	8,169	-	707,623
Depreciation Charge for the Year	-	21,677	54,793	24,043	1,724	775	1,806	9,420	638	1,711	-	116,587
Disposal/Transfers	-	-	-	(13,500)	-	440	-	-	(440)	-	-	(13,500)
Balance as at 31st March 2017	-	118,082	512,581	77,071	8,177	28,781	8,778	30,761	16,599	9,880	-	810,710
Provision for Impairment												
Balance as at 01st April 2016	-	-	1,408	-	-	-	-	-	-	-	8,071	9,479
Balance as at 31st March 2017	-	-	1,408	-	-	-	-	-	-	-	8,071	9,479
Carrying Amount												
As at 31st March, 2017	453,000	312,053	406,307	35,499	12,567	5,369	1,728	42,767	4,642	7,226	44,352	1,325,510
As at 31st March, 2016	453,000	327,895	397,606	28,242	8,105	4,692	3,310	8,940	4,222	8,937	85,366	1,330,315

Company

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

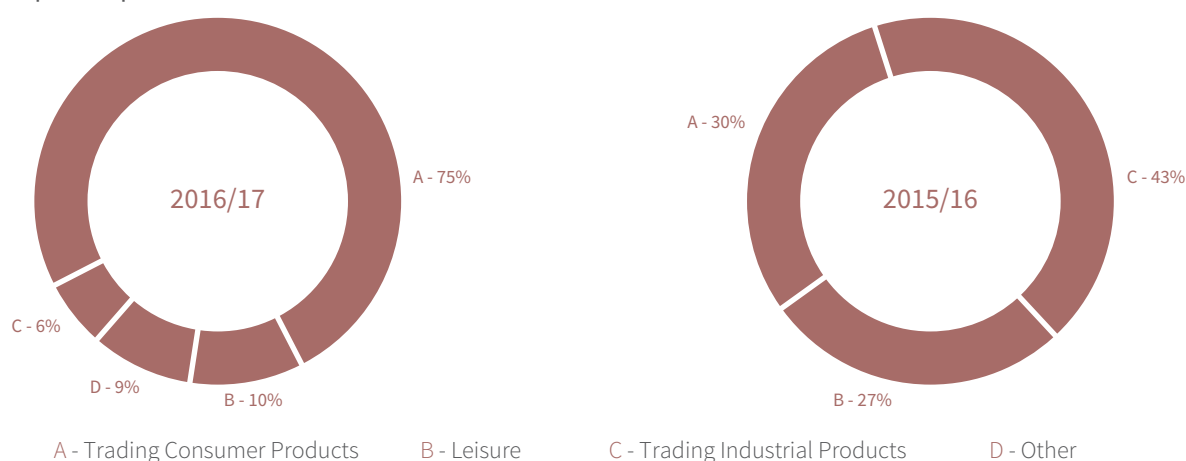
Impairment Loss

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

8.2 Group

	Freehold					Leasehold				Work - In-Progress	Total
	Land	Buildings	Plant & Machinery	Motor Vehicles	Furniture & Fittings	Immovable Lease Assets	Plant & Machinery	Motor Vehicles	Furniture & Fittings		
Cost	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2016	3,107,081	3,685,141	2,908,562	642,739	1,242,752	56,020	15,893	37,983	9,081	331,821	12,037,073
Additions	124,547	45,163	304,686	84,634	244,415	-	-	-	-	183,867	987,312
Disposals / Transfers	(2,050)	(15,121)	(33,295)	(47,866)	(7,069)	-	-	(2,756)	-	(131,352)	(239,509)
Transfer to assets held for sale	(139,499)	(77,211)	(114,354)	(15,278)	(6,206)	-	-	-	-	-	(352,548)
Balance as at 31st March 2017	3,090,079	3,637,972	3,065,599	664,229	1,473,892	56,020	15,893	35,227	9,081	384,336	12,432,328
Accumulated Depreciation											
Balance as at 1st April 2016	-	821,108	1,522,369	428,961	765,981	24,844	4,105	27,138	4,528	-	3,599,034
Depreciation charge for the year	-	141,662	250,034	85,140	144,320	4,263	1,711	3,954	-	-	631,084
Disposal / Transfers	-	-	(20,307)	(43,549)	(14,917)	-	-	-	-	-	(78,773)
Transfer to assets held for sale	-	(13,596)	(111,418)	(14,758)	(4,820)	-	-	-	-	-	(144,592)
Balance as at 31st March 2017	-	949,174	1,640,678	455,794	890,564	29,107	5,816	31,092	4,528	-	4,006,753
Provision for Impairment											
Balance as at 1st April 2016	-	-	4,152	-	1,381	-	-	-	-	88,260	93,793
Balance as at 31st March 2017	-	-	4,152	-	1,381	-	-	-	-	88,260	93,793
Carrying Amount											
As at 31st March 2017	3,090,079	2,688,798	1,420,769	208,435	581,947	26,913	10,077	4,135	4,553	296,076	8,331,782
As at 31st March 2016	3,107,081	2,864,033	1,382,041	213,778	475,390	31,176	11,788	10,845	4,553	243,561	8,344,246

Capital Expenditures



8.3 Provision for Impairment on Capital work in Progress

Provision for impairment on capital work in progress include impairment provision of Rs.80 million made by York Hotels (Kandy) Limited based on a valuation carried out by Messers R.S.Wijesuriya, an independent valuer.

8.4 C.W. Mackie PLC

Leasehold Immovable asset include Land & Building of C.W. Mackie PLC, a subsidiary of the Company, which has premises No. 34 and 36, D.R. Wijewardena Mawatha, Colombo 10, and has been leased for a period of 60 years, 8 months and 10 days (being the residue of the unexpired term under indenture of lease by the Crown dated 10th June, 1925 granting

Notes to the Financial Statements *Contd.*

the Company a 99 year lease of the premises from the said date) in terms of the Grants to the Company dated 22nd September, 1964 under the Crown Lands Ordinance. At the time of handing over the possession of the premises, the Company is not entitled to any compensation in respect of the land, buildings or improvements thereon.

8.5 Beruwala Resorts PLC

Beruwala Resorts PLC., a subsidiary of the Company, have constructed a building on a land which was leased out from Sri Lanka Tourism Development Authority for 30 years commencing from 1st August, 2007. The lease period will expire on 31st July, 2037. The Company has paid Rs. 1,836,000/- as lease rent during the year during 2016/2017 (2015/2016 - Rs. 1,832,940/-).

8.6 Sigiriya Village Hotels PLC

Sigiriya Village Hotels PLC, a subsidiary have constructed building on a land which was leased out from Sri Lanka Tourism Development Authority for 30 years commencing from 2nd September 2009. The Company has paid Rs. 2,317,476/- in year 2016/17 (2015/16 - Rs. 1,805,572/-) The Lease period will expire on 1st Sep 2039.

8.7 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.

8.8 Property, Plant & Equipment pledged as securities in obtaining loans have been disclosed in Note 20.6 to these Financial Statements.

8.9 The gross carrying amount of fully depreciated Property, Plant and Equipment of the Group, which are still in use as at 31st March 2017 is Rs. 1,325 Mn. (31st March 2016 - Rs. 1,188 Mn). The cost of fully depreciated assets of the Company amounts to Rs. 382 million. (31st March 2016 - Rs. 378 million).

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

8.11 Property, Plant & Equipment Extent

Details of Group's land and buildings consist of the following;

Company Name	Location	Extent Perches	No. of Buildings	Effective Date of the Latest Revaluation	Carrying Amount of Land 31st March 2017 Rs.' 000	Market Value of Land Rs.' 000
E. B. Creasy & Company PLC	Sri Sanagaraja Mawatha, Colombo 10	238	2	31.03.2016	453,000	994,650
Creasy Foods Limited.	Ekala, Ja- Ela	160	-	31.03.2016	32,000	48,000
Laxapana Batteries PLC	Homagama	584	3	31.03.2016	101,675	203,700
Lankem Ceylon PLC	St. Anthony's Road, Ekala Kuriduwa	480	11	31.03.2016	33,600	108,000
	Maithree Mawatha, Ekala	400	4	31.03.2016	27,000	100,000
	Maguruwila Road, Gonawala	874	8	31.03.2016	43,198	152,863
	Kandathoduwa, Puttlam	4,056	-	31.03.2016	7,350	9,332
	Nawam Mawatha, Colombo 02	40	1	31.03.2016	302,570	400,000
Marawila Resorts PLC	Marawila	4,714	50	31.03.2016	880,948	1,620,560
Sigiriya Village Hotels PLC	Freehold : Mankani Trincomalee	1,362	-	31.03.2016	176,244	204,000
Galle Fort Hotel (Pvt) Limited.	Galle Fort, Galle	78	8	31.03.2016	336,676	775,460
B. O. T. Hotel Services (Pvt) Limited.	Kapparathota Road Weligama	491	2	31.03.2016	361,805	412,447
Beruwala Resorts PLC	Moragalla Beruwala	1,265	50	31.03.2016	267	1,112
JF Packaging (Pvt) Limited	Minuwangoda Road, Kotugoda.	350	4	31.03.2016	39,800	270,000
Ceylon Tapes (Pvt) Limited	Samagi Mawatha, Ja-Ela	45	3	31.03.2016	11,250	12,375
	Franslyn Estate, Andimulla.	460	1	16.11.2015	25,197	46,000
C. W. Mackie PLC	Scan Bottling Plant Munagama, Horana*	924	13			There are no Significant changes in the market value of land compared to the book value as at 31st March 2017.
	Ceymac Rubber Company Limited, Industrial Estate Aramanagolla, Horana.	800	11			
	Ceymac Rubber Company Limited, Thebuwana, Narthupana	850	8	31.03.2011	257,500	
	Kelani Valley Canneries Limited Kaluaggala-Hanwellla	355	7			

* Sunquick Factory Land (602 Perches) and four building (4) are classified as assets held for sale as at 31st March 2017.

9. Investment Property

	GROUP	
	31.03. 2017 Rs. '000	31.03. 2016 Rs. '000
Cost		
At the beginning of the year	219,489	86,863
Transferred from Property, Plant & Equipment	-	157,145
Reclassified to Property, Plant & Equipment	-	(24,519)
At the end of the year	219,489	219,489
Accumulated Depreciation		
At the beginning of the year	23,967	19,289
Charge for the year	4,799	4,879
Reclassified to Property, Plant & Equipment	-	(201)
At the end of the year	28,766	23,967
Carrying Amount	190,723	195,522

The investment property consists of investment property held by C.W. Mackie PLC.

9.1 C. W. Mackie PLC

The Company has rented out a part of C. W. Mackie PLC Building Complex and the value of Land, Buildings of that portion has been classified as 'Investment Property' and accounted on 'Cost Model' as required by LKAS 40 - 'Investment Property'.

As per the valuation carried out on 31st March 2016, by Mr. K. T. D. Tissera, an Independent professional Valuer J. P. U. M. Diploma in Valuation (Sri Lanka), F. R. I. C. S (Eng). F. I. V. (Sri Lanka), Chartered Valuation Surveyor, fair value of the investment property as at 31st March 2016 is Rs. 49 million. These properties were valued on an open market value for existing use basis.

9.2 York Hotel Kandy Limited

As a result of change in the company's business plan, Land recognised as Property, Plant and Equipment previously has been classified as Investment Property and accounted on "Cost Model" as required by LKAS 40 - Investment Property. The company intends to hold the land for capital appreciation. The above investment property is situated at Halloluwa, Katugastota and the extent of the land is 6 A, 1 R & 36 P, The carrying amount of the Investment Property as at 31st March, amounted to Rs. 157.1 Mn

As per the valuation carried out on 31 st March 2016, by Mr. R. S. Wijesuriya, an independent incorporated valuer, fair value of Investment Property as at 31st March 2016 is Rs. 374 Mn.

Rent income is included in the Statement of Profit or Loss and Other Comprehensive Income as follows:

	GROUP	
	2017 Rs.' 000	2016 Rs.' 000
<i>For the year ended 31st March</i>		
Rent income	99,011	93,537
Direct operating expenses arising from investment property that generated rental income during the year	19,839	18,597

Notes to the Financial Statements *Contd.*

Location	Extent	No. of Building
No. 56, DR Wijewardane Mw, Colombo 10	52,923	2

10.1 Leasehold Right to Land

	GROUP	
	31.03. 2017 Rs. '000	31.03. 2016 Rs. '000
Cost		
At the beginning of the year	2,555	2,555
Additional during the year	6,670	-
At the end of the year	9,225	2,555
Accumulated Amortization		
At the beginning of the year	330	330
Amortization during the year	117	-
At the end of the year	447	330
Accumulated Impairment Loss		
At the beginning of the year	2,225	2,225
At the end of the year	2,225	2,225
Carrying Amount	6,553	-

a) Sunagro Farms Limited

Sun Agro Farms Limited, a subsidiary of the Company, acquired an agricultural land on 21st June, 2010 on a 29 year lease from the Department of Buddhist Affairs is amortized over the period of lease. However, the balance was impaired as at 31st March 2014.

b) Duramedical (Lanka) Limited

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

10.2 Biological Assets

	GROUP			
	Mature Plantations Rs.'000	Immature Plantations Rs.'000	Total 31.03.2017 Rs.'000	Total 31.03.2016 Rs.'000
Cost				
At the beginning of the year	3,020	20,460	23,480	23,480
At the end of the year	3,020	20,460	23,480	23,480
Accumulated Depreciation				
At the beginning of the year	3,020	-	3,020	3,020
At the end of the year	3,020	-	3,020	3,020
Accumulated Impairment Loss				
At the beginning of the year	-	20,460	20,460	20,460
At the end of the year	-	20,460	20,460	20,460
Carrying amount	-	-	-	-

11. Intangible Assets

		GROUP		COMPANY	
		31.03. 2017 Rs. '000	31.03. 2016 Rs. '000	31.03. 2017 Rs. '000	31.03. 2016 Rs. '000
Goodwill	Note 11.1	610,993	610,993	-	-
Trade Mark	Note 11.2	6,860	11,194	-	-
Software	Note 11.3	76,543	1,661	63,882	460
		694,396	623,848	63,882	460

11.1 Goodwill (Note 11.1.1)

	GROUP		COMPANY	
	31.03. 2017 Rs. '000	31.03. 2016 Rs. '000	31.03. 2017 Rs. '000	31.03. 2016 Rs. '000
At the beginning of the year	610,993	593,095	-	-
Acquisition through Business Combination	-	17,898	-	-
Provision for Impairment (Note 11.1.2)	-	-	-	-
At the end of the year	610,993	610,993	-	-

11.2 Trade Mark (Note 11.2.1)

	GROUP		COMPANY	
	31.03. 2017 Rs. '000	31.03. 2016 Rs. '000	31.03. 2017 Rs. '000	31.03. 2016 Rs. '000
Cost				
At the beginning of the year	14,150	1,150	-	-
Additions during the year	-	13,000	-	-
At the end of the year	14,150	14,150	-	-
Amortization				
At the beginning of the year	2,956	1,150	-	-
Amortization for the period	4,334	1,806	-	-
At the end of the year	7,290	2,956	-	-
Carrying Amount	6,860	11,194	-	-

11.3 Software

	GROUP		COMPANY	
	31.03. 2017 Rs. '000	31.03. 2016 Rs. '000	31.03. 2017 Rs. '000	31.03. 2016 Rs. '000
Cost				
At the beginning of the year	4,114	3,048	552	-
Additions during the year	77,733	1,066	70,624	552
Transfer from capital work-in-progress	6,750	-	-	-
At the end of the year	88,597	4,114	71,176	552
Amortization				
At the beginning of the year	2,453	2,035	92	-
Amortized during the year	9,601	418	7,202	92
At the end of the year	12,054	2,453	7,294	92
Carrying Amount	76,543	1,661	63,882	460

Notes to the Financial Statements *Contd.*

11.1.1 Goodwill

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

Cost	GROUP	
	31st March 2017 Rs. '000	31st March 2016 Rs.'000
Name of the Subsidiary		
Muller and Phipps (Ceylon) PLC	146,628	146,628
Laxapana Batteries PLC	6,605	6,605
Lankem Ceylon PLC	10,760	10,760
C. W. Mackie PLC	68,815	68,815
Galle Fort Hotel (Pvt) Limited	183,569	183,569
Ceylon Tapes (Pvt) Limited	11,267	11,267
J.F.Packaging (Pvt) Limited	129,323	129,323
Lanka Special Steels Limited	36,128	36,128
Sherwood Holidays Limited	17,898	17,898
	610,993	610,993

11.1.2 Impairment of Goodwill

Based on the impairment assessment, the following goodwill were impaired during the 2014 / 2015 year.

	GROUP Rs. '000
Island Consumer Supplies (Pvt) Limited	1,507
Marawila Resorts PLC	3,197
Muller & Phipps (Agencies) Limited	2,053
Sigiriya Village Hotels PLC	2,054
York Hotels (Kandy) Limited	15,733
	24,544

Methods used in estimating recoverable amounts are given below:

The recoverable value of C. W. Mackie PLC was based on fair value less cost to sell and the others were based on value in use. Value in use is determined by discounting the future cash flows generated from the investment. Key assumptions used are given below:

- (i) Business Growth - Based on historical growth rate and business plan
- (ii) Inflation - Based on current inflation and the percentage of the total cost subjected to the inflation
- (iii) Discount Rate - Average market borrowing rate adjusted for risk premium
- (iv) Margin - Based on current margin and business plan

11.2.1 Trade Mark

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

During the previous year the company has purchased the agency right of Intas Pharmaceuticals Limited for Rs. 13 million which is amortized over 03 Years.

12. Investments

12.1 Investments in Subsidiaries

	COMPANY									
	31.03.2017					31.03.2016				
	No. of Shares	Company Holding %	Group Holding %	Cost as at 31.03.2017 Rs. '000	Market Value Rs. '000	No. of Shares	Company Holding %	Group Holding %	Cost as at 31.03.2016 Rs. '000	Market Value Rs. '000
Investee										
Quoted Investments										
Lankem Ceylon PLC	10,974,635	46	48	261,321	482,884	10,974,635	46	48	261,321	877,971
Laxapana Batteries PLC	20,114,838	52	52	133,857	231,321	20,114,838	52	52	133,857	936,999
Muller & Phipps (Ceylon) PLC	145,061,773	51	51	189,385	159,568	145,061,773	51	51	189,385	227,262
				584,563	873,773				584,563	2,042,232
Unquoted Investments										
Darley Butler & Co. Limited	4,999,964	100	100	2,865	-	4,999,964	100	100	2,865	-
Creasy Foods Limited	570,000	100	100	21,333	-	570,000	100	100	21,333	-
Filmpak Limited	150,000	100	100	1,500	-	150,000	100	100	1,500	-
Group Three Associates (Pvt) Limited	1,200	100	100	12	-	1,200	100	100	12	-
Island Consumer Supplies (Pvt) Limited	120,000	100	100	4,967	-	120,000	100	100	4,967	-
Corporate Systems Limited	10,000	100	100	100	-	10,000	100	100	100	-
E. B. Creasy Logistics Limited	50,000	100	100	500	-	50,000	100	100	500	-
York Hotels (Kandy) Limited.	19,825	0.18	26	396	-	396,493	0.18	26	396	-
Lanka Special Steels Limited	1,823,074	100	100	164,847	-	1,823,074	100	100	164,847	-
Duramedical (Lanka) Limited	7,100,000	100	100	71,000	-	100,000	100	100	1,000	-
				267,520	-				197,520	-
Less: Provision for Fall-in Value of Investment (Note 12.1.1)				(1,500)					(1,500)	-
				266,020					196,020	-
				850,583					780,583	-

12.1.1 Provision for fall in value in Investments

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

12.2 Financial Assets Available - for - Sale

12.2.1 Company

	COMPANY			
	31.03.2017		31.03.2016	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
DFCC Bank PLC	11,162	1,272	11,162	1,529
ACME Printing & Packaging PLC	10,000	49	10,000	53
Total Investment		1,321		1,582

Notes to the Financial Statements *Contd.*

12.2.2 Group

	GROUP			
	31.03.2017		31.03.2016	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
Hunas Falls Hotels PLC	400	19	400	20
Pegasus Resorts PLC	960	30	960	30
York Arcade Holdings PLC	90,000	1,224	90,000	1,163
CM Holdings PLC	95,640	7,163	95,640	8,608
Commercial Development Company PLC	600	40	600	52
DFCC Bank PLC	11,162	1,272	11,162	1,529
Renuka City Hotels PLC	525	155	525	170
Lankem Developments PLC	903,680	2,350	903,680	3,615
Kotagala Plantations PLC	615,841	6,220	615,841	9,299
Royal Palms Beach Hotels PLC	375	8	375	11
Nation Trust Bank PLC	6,365	471	6,365	472
Chevron Lubricants Lanka PLC	12,000	2,040	6,000	1,830
National Development Bank PLC	5,724	799	5,514	931
Ceylon Hospitals PLC	130	12	130	12
ACME Printing & Packaging PLC	10,000	49	10,000	53
Access Engineering PLC	400,000	9,520	400,000	8,320
Hemas Holding PLC	155,355	16,887	155,355	12,522
Others	-	9,424	-	1,633
		57,683		50,270
Unquoted Investments				
Ceylon Biscuits Limited - Ordinary	5,041,680	251,328	5,041,680	214,279
International Manufacturers Limited	3,300	23	3,300	23
Sri Lanka Institute of Nano Technology (Pvt) Limited	3,810,182	17,463	3,810,182	17,463
Asia Pasific Golf Courses Limited	2,500	250	2,500	250
Lankem Tea & Rubber Plantation (Pvt) Limited	8,342	1,998	8,342	1,998
Other	-	-	-	10,408
		271,062		244,421
Unit Trusts				
National Equity Fund (NAMAL)	378,908	12,429	378,908	11,128
	-	12,429		11,128
Investment in Debentures				
Kotagala Plantations PLC	-	44,600		50,000
Lankem Tea & Rubber Plantations (Pvt) Limited	-	98,500		98,500
	-	143,100		148,500
Loans and Receivable				
Lankem Plantation Holdings Limited	-	60,000		60,000
Total	-	544,274		514,319

12.3 Investments Classified as Fair Value through Profit or Loss

	GROUP			
	31.03.2017		31.03.2016	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Nations Trust Bank PLC	44,600	3,300	44,600	3,309
Tokyo Cement Company (Lanka) PLC (Non-Voting)	103,290	5,474	103,290	3,336
Tokyo Cement Company (Lanka) PLC (Voting)	314,490	19,184	314,490	11,636
CM Holdings PLC	338,547	25,357	338,547	30,469
Orient Garments PLC	610,320	4,272	610,320	4,272
Union Bank of Colombo PLC	384,000	5,453	384,000	6,374
MTD Walkers PLC	87,960	3,079	87,960	2,931
Serendib Engineering Group PLC	3,897,859	22,997	3,897,859	26,505
Colombo Trust Finance PLC	3,432,465	34,322	3,432,465	34,668
Renuka Agri Foods PLC	200,000	3,600	-	-
Coco Lanka PLC	-	-	200,000	4,160
Total		127,038		127,660

12.4 Group Companies Investment in Subsidiaries

Investor	Investee	% Holding		No. of Shares as at	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
Darley Butler & Company Limited	Laxapana Batteries PLC	0.00	0.00	6	6
	Lankem Ceylon PLC	2.24	2.24	536,614	536,614
	Marawila Resorts PLC	0.00	0.00	188	188
Creasy Foods Limited	Lankem Ceylon PLC	0.10	0.10	23,337	23,337
Island Consumer Supplies (Pvt) Limited	Marawila Resorts PLC	0.06	0.06	156,000	156,000
	Sigiriya Village Hotels PLC	0.69	0.69	62,162	62,162
	Beruwala Resorts PLC	0.01	0.01	30,000	30,000
	Lankem Ceylon PLC	0.00	0.00	536	536
	Colombo Fort Hotels Limited	6.91	6.91	233,620,000	233,620,000
	Creasy Plantation Management Limited	41.00	41.00	122,993	122,993
Lankem Ceylon PLC	Sigiriya Village Hotels PLC	23.15	23.15	2,083,760	2,083,760
	Colombo Fort Hotels Limited	68.84	68.84	2,329,326,024	2,329,326,024
	Lankem Plantation Services Limited	60.00	60.00	179,993	179,993
	Beruwala Resorts PLC	0.01	0.01	83,965	83,965
	Lankem Exports (Pvt) Limited	100.00	100.00	10,000	10,000
	Marawila Resorts PLC	13.63	13.63	16,700,919	16,700,919
	Lankem Paints Limited	100.00	100.00	2,000,000	2,000,000
	Lankem Consumer Products Limited	100.00	100.00	2,000,000	2,000,000
	Lankem Chemicals Limited	100.00	100.00	2,000,000	2,000,000
Lankem Research Limited	100.00	100.00	250,000	250,000	

Notes to the Financial Statements *Contd.*

Investor	Investee	% Holding		No. of Shares as at	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
	SunAgro LifeScience Limited	100.00	100.00	199,993	199,993
	SunAgro Farms Limited	100.00	100.00	1,199,996	1,199,996
	SunAgro Foods Limited	100.00	100.00	4,999,994	4,999,994
	Associated Farms Limited	99.99	99.99	55,398	55,398
	Lankem Technology Services Limited	100.00	100.00	5,000,000	5,000,000
	C. W. Mackie PLC	55.34	39.03	19,916,811	14,046,811
	Ceylon Tapes (Pvt) Limited	100.00	100.00	820,000	820,000
	J.F. Packaging (Pvt) Limited	72.50	72.50	488,034	488,034
	Nature's Link Limited	100.00	-	5,000,000	-
Sigiriya Village Hotels PLC	Marawila Resorts PLC	7.46	7.46	17,000,000	17,000,000
	Beruwala Resorts PLC	14.23	14.23	85,384,000	85,384,000
	York Hotels (Kandy) Limited	41.70	41.70	4,500,000	90,000,000
Colombo Fort Hotels Limited	Marawila Resorts PLC	41.06	41.06	93,624,955	93,624,955
	Beruwala Resorts PLC	65.58	65.58	393,497,345	393,497,345
	Sigiriya Village Hotels PLC	41.16	41.16	3,704,274	3,704,274
	Galle Fort Hotels Limited	100.00	100.00	9,931,512	9,931,512
	York Hotels (Kandy) Limited	16.41	16.41	1,771,506	35,430,111
	Lak kraft (Pvt) Limited	100.00	100.00	222	802
	Sherwood Holidays Limited	100.00	100.00	5,700,000	100,000
	BOT Hotel Services Limited	34.97	-	18,008,162	-
Marawila Resorts PLC	Beruwala Resorts PLC	0.01	0.01	30,000	30,000
C. W. Mackie PLC	Ceymac Rubber Company Limited	98.72	98.72	3,148,551	3,148,551
	Ceytra (Pvt) Limited	62.82	62.82	1,884,600	1,884,600
	Scan Tours & Travels (Pvt) Limited	-	100.00	-	600,000
	Kelani Valley Canneries Limited	88.34	88.34	30,378,733	30,378,733
Muller & Phipps (Ceylon) PLC	Pettah Pharmacy (Pvt) Limited	100.00	100.00	1,500,000	1,500,000
Pettah Pharmacy (Pvt) Limited	Beruwala Resorts PLC	0.01	0.01	30,000	30,000
	Colombo Fort Hotels Limited	0.95	0.95	31,880,000	31,880,000
Beruwala Resorts PLC	BOT Hotel Services Limited	65.03	100.00	33,491,798	282,872

13. Investment in Equity Accounted Investees

13.1 Investment in Equity Accounted Investees -Cost

Investment in Associates

Name of the Investee	Principal Business Activity	As at 31st March 2017			As at 31st March 2016		
		Ownership interest %	Cost Rs.'000	Carrying Value Rs.'000	Ownership interest %	Cost Rs.'000	Carrying Value Rs.'000
Lankem Plantation Holdings Limited	Investing in Plantations	22.81	220,500	220,500	22.81	220,500	220,500
Waverly Power (Pvt) Limited	Generating Electricity for the National grid	20.91	102,000	102,000	20.91	102,000	102,000
Total			322,500	322,500		322,500	322,500

Lankem Plantation Holdings Limited has changed its name to "Consolidated Tea Plantations Limited" with effect from 29th June 2017.

13.2 Investment in Equity Accounted Investees -Equity Method

Summarized Financial Information of Equity Accounted investees

	2017			2016		
	Lankem Plantation Holdings Limited Rs.'000	Waverly Power (Pvt) Limited Rs.'000	Total Rs.'000	Lankem Plantation Holdings Limited Rs.'000 Restated	Waverly Power (Pvt) Limited Rs.'000	Total Rs.'000 Restated
Summary of the Statement of Financial Position						
Non- Current Assets	11,367,629	189,706	11,557,335	11,175,753	204,299	11,380,052
Current Assets	3,944,141	28,698	3,972,839	3,799,652	42,397	3,842,049
Total Assets	15,311,770	218,404	15,530,174	14,975,405	246,696	15,222,101
Non- Current Liabilities	(5,921,525)	(54,487)	(5,976,012)	(6,377,302)	(77,012)	(6,454,314)
Current Liabilities	(7,753,625)	(28,174)	(7,781,799)	(6,844,032)	(27,907)	(6,871,939)
Total Liabilities	(13,675,150)	(82,661)	(13,757,811)	(13,221,334)	(104,919)	13,326,253
Net Assets	1,636,620	135,743	1,772,363	1,754,071	141,777	1,895,848
Non- Controlling Interest	(739,128)	-	(739,128)	(703,834)	-	(703,834)
	897,492	135,743	1,033,235	1,050,237	141,777	1,192,014
Ownership Interest %	22.81%	20.91%	-	22.81%	20.91%	-
Investee Share of Net Assets	204,731	28,378	233,109	239,574	29,642	269,216
Goodwill	14,772	31,175	45,947	14,772	31,175	45,947
Carrying Amount of Interest	219,503	59,553	279,056	254,346	60,817	315,163
Summary of the Statement of total comprehensive income						
Revenue	10,795,701	39,003	10,834,704	10,228,452	82,097	10,310,549
Depreciation and Amortization	(500,518)	(13,499)	(514,017)	(428,295)	(14,766)	(443,061)
Interest Expenses	(798,708)	(10,967)	(809,675)	(830,351)	(14,260)	(844,611)
Expenses	(9,635,153)	(20,571)	(9,655,724)	(9,590,177)	(25,090)	(9,615,267)
Elimination of Loss/(Profit) attributable to Non- Controlling Interest	(14,067)	-	(14,067)	132,964	-	132,964
Investees share of Loss and Other Comprehensive Income/(Expense)	(34,843)	(1,262)	(36,105)	(111,184)	5,850	(105,334)

14. Inventories

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000 Restated	31.03.2017 Rs. '000	31.03.2016 Rs. '000 Restated
Raw Materials	1,735,573	1,270,684	519,639	371,118
Work-in-Progress	139,206	110,182	13,643	8,924
Finished Goods	2,591,482	2,399,621	184,420	168,804
General and Others	46,360	55,159	42,619	37,499
Consumable Stocks	182,573	45,312	-	-
Goods-in-Transit	200,176	358,277	33,899	101,165
	4,895,370	4,239,235	794,220	687,510
Provision for Obsolete Inventories	(190,260)	(145,116)	(37,159)	(28,032)
	4,705,110	4,094,119	757,061	659,478

Inventories pledged as securities in obtaining loan are disclosed in Note 20.6

Notes to the Financial Statements *Contd.*

15. Amount Due from Related Companies

	Relationship	GROUP		COMPANY	
		31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Lankem Developments PLC	Affiliate	38,794	32,300	1,517	1,517
E.B.C. Milk Foods Limited	Subsidiary	1,163	1,163	1,163	1,163
American Lloyd Travels Limited	Affiliate	600	600	600	600
Kotagala Plantations PLC	Affiliate	33,099	19,245	-	-
The Colombo Fort Land & Buildings PLC	Parent	128,560	118,376	-	633
Lankem Plantation Holdings Limited	Associate	22,961	17,561	-	-
Sherwood Holidays Limited	Subsidiary	-	-	2,109	2,109
York Hotel Management Services Limited	Affiliate	35,047	21,202	-	-
Kia Motors (Lanka) Limited	Affiliate	338	162	-	-
Lankem Tea & Rubber Plantations (Pvt) Limited	Affiliate	52,331	43,417	-	-
Agarapathana Plantations Limited	Affiliate	23,946	11,721	-	-
Darley Butler Food Products Limited	Affiliate	-	910	-	-
Oral Care (Pvt) Limited	Affiliate	3	-	-	-
Cosmopoly (Private) Limited	Affiliate	6,905	6,622	-	-
J.F.Barrier Films (Private) Limited	Affiliate	66,569	80,087	-	-
J.F.Lanka Hotels & Tours (Pvt) Limited	Affiliate	1,353	1,353	-	-
Filmpak Limited	Subsidiary	4,695	4,681	4,695	4,681
Corporate Systems Limited	Subsidiary	-	-	678	518
E.B. Creasy Logistics Limited	Subsidiary	-	-	31,259	10,848
Pettah Pharmacy (Pvt) Limited	Subsidiary	-	-	4,333	158
Creasy Foods Limited	Subsidiary	-	-	39,031	7,498
Darley Butter & Company Limited	Subsidiary	-	-	1,248,894	915,266
Lankem Ceylon PLC	Subsidiary	-	-	37,282	36,379
Marawila Resorts PLC	Subsidiary	-	-	112	118
Beruwala Resorts PLC	Subsidiary	-	-	75	67
Union Commodities Export (Pvt) Limited	Affiliate	3,443	1,757	-	-
Colombo Fort Group Services (Private) Limited	Affiliate	7,838	7,014	7,838	7,014
Ceylon Trading Company Limited	Affiliate	397	108	-	-
Waverly Power (Pvt) Limited	Associate	3,444	5,662	-	-
Laxapana Batteries PLC	Subsidiary	-	-	1,353	420
Sigiriya Village Hotels PLC	Subsidiary	-	-	2	48
Lankem Consumer Products Limited	Subsidiary	-	-	1	-
Lanka Special Steels Limited	Subsidiary	-	-	-	929
Ceytape (Pvt) Limited	Affiliate	230	-	-	-
York - Hotels (kandy) Limited	Subsidiary	-	-	2	-
Duramedical (Lanka) Limited	Subsidiary	-	-	1,866	-
		431,716	373,941	1,382,810	989,966
Less: Provision for bad & doubtful debts		(37,306)	(36,572)	(6,362)	(6,362)
		394,410	337,369	1,376,448	983,604

The Company do not charge interest on balance due from related companies. The terms of the recovery of the aforesaid balances had not been agreed as at the reporting date.

16. Trade and Other Receivables

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Trade Receivables	5,632,407	5,518,059	148,016	135,532
Provision for Bad and Doubtful Debts	(263,095)	(204,049)	(259)	(259)
	5,369,312	5,314,010	147,757	135,273
Other Debtors	16,975	21,260	-	-
Deposits and Prepayments	121,945	105,843	-	21,538
Employee Advances	25,745	4,707	-	-
Other Tax Recoverable	236,553	242,429	39,266	32,880
Other Receivables	466,822	242,829	53,755	42,350
	6,237,352	5,931,078	240,778	232,041

17. Cash & Cash Equivalents

17.1 Favourable Balance

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Cash In Hand	14,509	10,821	1,213	885
Cash at Bank	461,269	270,384	108,312	66,966
Fixed Deposits	179,488	206,393	-	-
Cash and Cash Equivalents in the Statement of Financial Position	655,266	487,598	109,525	67,851

17.2 Unfavourable Balance

Bank Overdrafts used for Cash Management Purpose	(1,895,239)	(1,941,254)	(521,158)	(184,807)
Cash and Cash Equivalents in the Statement of Cash Flow	(1,239,973)	(1,453,656)	(411,633)	(116,956)

Notes to the Financial Statements *Contd.*

17.2.1 Security Details Over Bank Overdraft Facilities

Company

The bank overdraft facility of Hatton National Bank PLC is secured by existing primary concurrent floating mortgage totaling to Rs. 36 million over land & building situated at No. 98, Sri Sangaraja Mawatha, Colombo 10.

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

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

The bank overdraft facility of Commercial Bank of Ceylon PLC is secured by primary mortgage for Rs. 91.8 million over the property at No. 53 1/1, 53 2/1, & 57, Sir Baron Jayatilake Mawatha, Colombo 01, belonging to Colombo Fort Land & Building PLC (Parent Company) and secondary mortgage bond for Rs. 83 Mn executed over the same.

Group

Creasy Foods Limited.

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

18. Stated Capital

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 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.

19. Capital Reserves and General Reserves

19.1 Capital Reserves

Capital reserve is the reserve arising from the consolidation.

19.2 General Reserve

General reserve is the reserve set aside for general purposes.

20. Interest-Bearing Loans and Borrowings

20.1. Amount Payable after one year

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Finance Lease Obligations (Note 20.3)	458	3,735	-	-
Long-Term Loans (Note 20.4)	2,945,996	1,787,846	317,595	311,204
Debenture (Note 20.5)	-	-	-	-
	2,946,454	1,791,581	317,595	311,204

20.2 Amount Payable within One Year

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Short-Term Loans	2,474,889	3,292,069	562,252	442,518
Finance Lease obligations (Note 20.3)	2,775	8,250	-	2,568
Long Term Loans (Note 20.4)	1,136,588	744,924	130,833	182,853
Debenture (Note 20.5)	-	200,000	-	-
Trust Receipt Loan (Note 20.7)	2,595,079	1,638,609	273,845	343,946
Loan Obtained from Lanka Special Steels Limited (Note a)	-	-	200,000	50,198
	6,209,331	5,883,852	1,166,930	1,022,083

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%.

20.3 Finance Lease Obligations

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
At the beginning of the Year	14,274	96,650	2,672	8,039
Leases obtained during the Year	-	1,272	-	-
Repayments made during the Year	(10,790)	(83,648)	(2,672)	(5,367)
At the end of the Year	3,484	14,274	-	2,672
Finance Charge Unamortized	(251)	(2,289)	-	(104)
Net Lease Obligations	3,233	11,985	-	2,568

Analysis of finance lease obligations by year of repayment.

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Net Lease Obligations Repayable within One Year from Year end				
Gross Liability	2,981	9,929	-	2,672
Finance Charge Unamortized	(206)	(1,679)	-	(104)
Net Lease Obligations Repayable within One Year from Year end	2,775	8,250	-	2,568
Finance Lease Obligation Repayable after One year from year end				
Gross liability	503	4,345	-	-
Finance Charge Unamortized	(45)	(610)	-	-
Net Lease Obligations Repayable after One Year from Year end	458	3,735	-	-

Notes to the Financial Statements *Contd.*

20.4 Long Term Loan

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
At the beginning of the Year	2,532,770	3,095,003	494,057	699,840
Obtained during the Year	2,846,065	723,130	140,000	399,001
Repayment during the Year	(1,327,855)	(1,181,527)	(185,629)	(604,784)
Exchange Fluctuation	31,604	(103,836)	-	-
Balance at the end of the Year	4,082,584	2,532,770	448,428	494,057
Loan Repayable within One Year	(1,136,588)	(744,924)	(130,833)	(182,853)
Loan Repayable after One Year	2,945,996	1,787,846	317,595	311,204

20.5 Debentures

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Unsecured Unlisted Redeemable Debentures	200,000	350,000	-	-
	200,000	350,000	-	-
Payments made during the year	(200,000)	(150,000)	-	-
Balance at end of the year	-	200,000	-	-
Payable within one year	-	(200,000)	-	-
Payable after one year	-	-	-	-

- (i) Lankem Ceylon PLC, a subsidiary of the Company, has issued Rs.200 million Rated Unsecured Unlisted Redeemable Debentures of the value of Rs.1,000/- each on 5th April 2011 to Sri Lanka Insurance Corporation Limited at the rate of AWPLR+1%. These debentures are redeemable after 5 years from the date of issue. The purpose of the issue was to fund long term working capital requirement.

20.6 Group

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

Company	Lender	31.03.2017 Rs. million	31.03.2016 Rs. million	Repayment	Security
E.B. Creasy & Company PLC	Hatton National Bank PLC	106.48	79.90	In 59 equal monthly installments of Rs. 3,340,000/- and 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	0.66	5.66	In 47 equal monthly installments of Rs. 416,666/- each and final installment of Rs. 416,698	Loan agreement for Rs.20.0 Mn & mortgage over machinery for manufacturing division of mosquito coils for Rs 20.0 Mn
	Commercial Bank of Ceylon PLC	55.78	75.83	In 59 equal monthly installment of Rs.1,670,000 each and a final installment Rs.1,470,000	Primary Mortgage Bond for Rs. 100.0 Mn over industrial machinery imported through the Bank for the expansion of the personal care unit and installed at Millewa, Padukka to be executed.
	Commercial Bank of Ceylon PLC	73.28	93.32	In 59 equal monthly installment of Rs.1,670,000 each and a final installment Rs.1,470,000	Primary Mortgage Bond for Rs. 100.0 Mn over the machinery to be imported by the Company
	Nations Trust Bank PLC	142.23	191.68	47 monthly equal capital installments of Rs.4,167,000/- and a final capital installment of Rs. 4,151,000/-	Loan Agreement for Rs. 200 Mn
	Nations Trust Bank PLC	70.00	-	Monthly installments Rs.1,950,000/-	Term loan agreement for Rs. 70 million
	Commercial Bank of Ceylon PLC "Gamata Karmantha"	-	8.30	27 equal monthly installments of Rs. 1,042,000/- and final installment, of Rs. 1,012,439/-	Primary mortgage bond No. 1134 dated 18th December, 1998 for Rs. 91.8 million and secondary mortgage bond for Rs. 83.0 million executed over the property at No. 53 1/1, 53 2/1 & 57, Sir Baron Jayatilake Mawatha, Colombo 01 belonging to Colombo Fort Land & Building PLC (Parent Company).
	Hatton National Bank PLC	-	1.87	In 48 equal monthly installments of Rs. 937,500/-	Existing Tertiary Mortgage Bond totaling Rs. 50 million, over property at No. 98, Sri Sangaraja Mawatha. Colombo -10 will secure this facility up to Rs. 10Mn (Also secures overdraft facility of Rs.25 Mn)
	National Development Bank PLC	-	37.50	In 48 equal monthly installments of Rs. 4,166,666/- and installments payable monthly on or before the last banking day of each month.	A primary mortgage over 2,777,000 ordinary shares of Lankem Ceylon PLC (owned by the borrower) and Power of Attorney together with blank Share transfer form.
		448.43	494.06		

Notes to the Financial Statements *Contd.*

Company	Lender	31.03.2017 Rs. million	31.03.2016 Rs. million	Repayment	Security
Lankem Ceylon PLC	Sampath Bank PLC				
	Loan 1	-	346.00	Payable on the 26th of each month commencing after one month of date of disbursement as follows 1st - year 12 equal installments of Rs. 2Mn 2nd - year 12 equal installments of Rs. 3Mn 3rd - year 12 equal installments of Rs. 4Mn 4th - year 12 equal installments of Rs. 6Mn 5th - year 12 equal installments of Rs. 7.5Mn 6th - year 12 equal installments of Rs. 8.3Mn Final Installment Rs. 8.7Mn	Primary Mortgage Bond for Rs. 370Mn. over the property Situated at Nawam Mawatha depicted as Lots A & B in Plan No. 482 Dated 08/05/1987 in extent of 40 perches owned by the company.
	Loan 2	-	32.80	17 equal monthly installments of Rs. 5,600,000/- and a final installment of Rs. 4,800,000/-	-
	Commercial Bank of Ceylon PLC				
	Loan 1	18.00	55.42	In 35 monthly installments of Rs. 3.4 Mn each and a final installment of Rs. 1.0 Mn	Primary Mortgage for Rs. 200 Mn. Installment over land at Ja ela and Gonawala
	Loan 2	256.40	340.40	In 57 monthly installments of Rs. 8.4 Mn each and a final installment of Rs. 4.4 Mn	-
	Loan 3	208.00		In 57 monthly installments of Rs. 4.2 Mn each and a final installment of Rs. 2.2 Mn together with interest payable monthly on reducing balance of capital.	Additional Mortgage Bond for Rs.250Mn over stocks and assignment of book debts to be executed by the Company.
	Hatton National Bank PLC	-	9.90	In 59 monthly installment of Rs. 835,000/- each and a final installments of Rs. 735,000/-	-
	National Development Bank PLC	304.25	-	Payable Quarterly on or before the last banking day of each quarter. Year 1 to Year 4-Q1-Q3 equal installments of Rs.15.25Mn and Q4-26.5Mn. Year 5-Q1-Q4 equal installments Rs.15.25Mn.	Sixteen Million Shares of C.W. Mackie PLC Shares.
	Bank of Ceylon	600.00	-	In 84 monthly installments of Rs. 7.143Mn each.	Primary Mortgage Bond for Rs. 600Mn. Over the property named Lanbil Building Situated at Nawam Mawatha depicted as Lots A & B in plan No.482 Dated 08/05/1987 in extent of 40 perches owned by the Company.
	People's Bank	802.17	-	In 47 monthly installments of Rs. 20.5 Mn together with interest payable monthly on reducing balance of capital.	Mortgage over stocks and Book debts on crystallization basis.
		2,188.82	784.52		

Company	Lender	31.03.2017 Rs. million	31.03.2016 Rs. million	Repayment	Security
Beruwala Resorts PLC	Pan Asia Banking Corporation PLC	194.97	205.67	Repayable over 102 monthly installments. Repayments to commence after a grace period of 18 months from the first draw down	Primary Mortgage over land and building of B.O.T. Hotel Services (Pvt) Limited. situated at Weligama.
	Cargills Bank PLC	25.03	23.36	Repayable over 48 monthly installments	Laundry Machine and Equipments and Mazda Car for Rs. 4.2Mn.
		220.00	229.03		
Sigiriya Village Hotels PLC	Pan Asia Banking Corporation PLC	17.36	-	Repayable over 48 monthly installments	Rs. 50 mn worth of shares of Marawila Resorts PLC has been lodged Rs. 25 Mn corporate guarantee from The Colombo Fort Land & Building PLC.
	Sampath Bank PLC	127.29	75.39	Repayable over 35 monthly installments	Lien over Beruwala Resorts PLC Shares totaling to 85,384,000 numbers lodged in Sampath Bank PLC custodian account and Rs. 17.5 million mortgage over hotel Kitchen equipment and other accessories
		144.65	75.39		
Marawila Resorts PLC	Hatton National Bank	274.61	301.58	Total of existing USD term loan outstanding is USD 1.83 mn which should be repaid in five year.	Existing secondary floating mortgage bonds totaling US\$ 5.37 million over the hotel premises at Marawila.
		274.61	301.58		
Galle Fort Hotel (Pvt) Limited	Hatton National Bank PLC	41.16	61.37	Repayable over 60 monthly installments	Corporate guarantee of Rs.0. 75 Mn from Lankem Ceylon PLC and hotel property at No. 28 Church Street, Galle.
	Commercial Bank of Ceylon PLC				
	Loan - I	-	17.37	Repayable over 35 monthly installments	Primary mortgage bond of Rs.25 Mn over the property at No. 31, Light House Street, Galle.
	Loan - II	-	70.09	Repayable over 60 monthly installments	Primary mortgage over the Property at No.31 Light House Street, Galle
	Cargills Bank PLC	72.91	-		
	Cargills Bank PLC	33.93	-		
		148.00	148.83		
Creasy Foods Limited	Hatton National Bank PLC	5.24	9.25	To be repaid in 59 equal monthly installments of Rs. 0.334 Mn each and a final installment of Rs. 0.294 Mn.	Existing registered primary floating mortgage bond for Rs. 50 Mn over Land & Buildings Situated at No.26. Agaradaguru Mawatha. EKala.
		5.24	9.25		
Sun Agro Foods Limited	Sampath Bank PLC	34.85	56.24	In 47 equal monthly installments of Rs. 2,084,000 and a final installment of Rs. 2,052,000 on 26th day of each month commencing after a grace period of 12 months. Interest to be paid during the grace period.	Corporate guarantee from Lankem Ceylon PLC amounting to Rs. 110 Mn.

Notes to the Financial Statements *Contd.*

Company	Lender	31.03.2017 Rs. million	31.03.2016 Rs. million	Repayment	Security
	Commercial Bank of Ceylon PLC	10.04	17.36	In 35 equal monthly installments of Rs.695,000 and a final installment of Rs.675,000	Corporate guarantee from Lankem Ceylon PLC amounting to for Rs. 75 Mn
		44.89	73.60		
BOT Hotel Services (Pvt) Limited.	Pan Asia Bank Corporation PLC	83.15	108.60	Loan has been obtained under two installments of Rs. 50 Mn and Rs. 75 Mn 1. Rs. 50 Mn - 30 monthly repayment 2. Rs. 75 Mn - 48 monthly repayment	Pledge of property the property of the Hotel premises which is situated in Kapparathota, Weligama for Rs.50 million Corporate guarantee from Beruwala Resorts PLC for Rs. 75 Mn
		83.15	108.60		
Ceylon Tapes (Pvt) Limited	DFCC Bank PLC	3.79	5.43	Repayable over 60 monthly installments after a grace period of 6 months from the 1st disbursement.	Land worth of Rs. 12.5 Mn and Machinery worth Rs. 0.3 Mn, have been pledged when obtaining the loan.
	Hatton national Bank PLC	2.26	4.78	Repayable over 59 monthly installments.	-
	Commercial Bank PLC	41.25	-	Repayable over 60 monthly installments.	Floating primary mortgage bond for Rs. 50Mn over the property called fralyn estate and morefully as lot A in plan No. 7221 dated 26.11.2015 made by Mr. P.A.K.J. Perera in extent of A2 : R3 : P18 : 25 to be executed by the Company.
		47.30	10.21		
J.F Packaging (Pvt) Limited	Sampath Bank PLC				
	Loan 01	-	3.11	Repayable over 5 years in 59 monthly installments of Rs.283,400/-and a final installment of Rs.279,400/-	Primary Mortgage of Property at Nivasipura, Ja-Ela depicted as lot No. P 7 plan no 2036 dated July 07,2003 and Primary mortgage of Property at Etambawela estate,Matale depicted as lot A in Plan No.6968 dated 30.11.2009
	Loan 03	0.57	1.66	Repayable over 5 years in 59 monthly installments of Rs.83,500/-and a final installment of Rs.73,500/-	
	Loan 05	2.15	4.77	Repayable over 5 years in 60 monthly installments.	
	Loan 07	-	0.45	Repayable over 3 years in 36 equal monthly installments of Rs.55,500/-	
	Loan 08	15.01	20.75	Repayable over 5 years in 60 equal monthly installments of Rs.422,000/-	
	Loan 09	6.70	9.20	Repayable over 5 years in 59 monthly installments of Rs.192,000/- and a final installments of Rs.172,000/-	
	Bank of Ceylon				
	Loan 02	27.89	41.32	Repayable over 8 years in equal monthly installments of Rs.1,032,967/-	Primary Mortgage of Land, building and machinery situated at No. 306, Minuwangoda Road, Kotugoda.

Company	Lender	31.03.2017 Rs. million	31.03.2016 Rs. million	Repayment	Security
	Loan 03	8.43	12.81	Repayable over 5 years in 60 equal monthly installments of Rs.337,079/-	
	Loan 04	-	9.17	Repayable over 5 years in 60 equal monthly installments of Rs.916,667/-	
	Loan 6	142.21	-	Repayable over 48 years monthly installments	-
	Loan 7	42.05		Repayable over 72 years monthly installments	-
	Loan 10	6.67	28.33	Repayable over 3 years in 36 equal monthly installments of Rs.1,666,667/-	
	Loan 11	14.86	20.86	Repayable over 5 years in 60 equal monthly installments of Rs.500,000/-	
	Hatton National Bank PLC				
	Loan 03	-	0.08	Repayable over 5 years in 60 equal monthly installments of Rs.28,400/-	Primary floating mortgage bond for Rs.4 Mn over immovable property at lot No.9 Depicted in plan 206 146 A dated 2006.07.30 made by EAG Edirisingha, LS Situated at Ragama. Primary Mortgage bond for Rs.16 Mn over the plastic extrusion plant and recycling plant.
	DFCC Bank PLC				
	Loan	0.54	1.46	Repayable over 4 years in 48 equal monthly installments of Rs.130,730/-	Personal guarantee of the 1) Mr.Lakshman De Fonseka 2) Mr.Rathnayake
	Sampath Bank PLC	51.33	-	Repayable over 59 years monthly installments	Hypothecation Bond for Rs. 105Mn over stocks and book debts held at factory premises at No.306, Minuwangoda Road, Kotugoda. Mortgage over drylaminating machine and related equipments.
	Loan V, Loan VI	18.83	-	Repayable over 59 years monthly installments	-
		337.24	153.97		
Lanka Special Steel Limited	Nation Trust Bank PLC	106.31	143.73	48 monthly equal capital installments of Rs. 3,125,000/-	Secondary Mortgage over plant & machinery of the company
		106.31	143.73		
Duramedical (Lanka) Limited	Nation Trust Bank PLC	33.94	-	First 06 Months - Interest to be serviced on a monthly basis (Grace period on the capital) 07th Month to 54th Month - 47 equal monthly capital installments of Rupees 2,700,000/- and a final capital installment of Rupees 3,100,000/- Interest to be serviced seperately on a monthly basis.	Primary Mortgage for Rupees 150,000,000/- over Rights under the Board of Investment Agreement No.28 dated 12/05/2016, Buildings and Machinery on the projecst property at Horana Export Processing Zone - (To be executed) (Mortgage details should be notified to the Bank and such details will be included in a separated Addendum Letter) Simple lodgment of 100,000 Nos (unquoted) shares of Duramedical (Lanka) Limited owned by E.B. Creasy and Company PLC.
		33.94	-	-	-
		4,082.58	2,532.77		

Notes to the Financial Statements *Contd.*

20.7 Trust Receipt Loan

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

	GROUP	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000
E. B. Creasy & Company PLC	273,845	343,946
Lankem Ceylon PLC	1,788,957	1,129,843
Darley Butler & Company Limited	218,845	84,521
Laxapana Batteries PLC	85,210	54,372
Creasy Foods Limited	75,907	4,677
Sun Agro Life Science Limited	152,315	21,250
	2,595,079	1,638,609

Company

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

Group

(i) Creasy Foods Limited

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

(ii) Laxapana Batteries PLC

Lender	Facility No.	Interest	Outstanding as at 31.03.2017 Rs. 000	Outstanding as at 31.03.2016 Rs. 000	Repayment Terms	Security
Sampath Bank PLC	Revolving Trust Receipt loan of Rs. 80 million	AWPLR +1.25%	82,048	54,372	Each loan to be settled within 120 days from the date of grant.	Existing Primary Mortgage bond of Rs. 66.5 million over the property situated in Panagoda, Homagama with an extent of 50,886 sq.ft.
Union Bank of Colombo PLC	Revolving Trust Receipt loan of Rs. 20 million	AWPLR +2%	3,162	-	Each loan to be settled within 120 days from the date of grant.	Primary floating Mortgage bond of Rs. 30 million over stocks at Company H/O and at Company premises in Panagoda, Homagama and assignment over book debts.
Total			85,210	54,372		

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

(iv) Marawila Resorts PLC

The Company, has obtained loans denominated in foreign currency from Hatton National Bank PLC to fund the construction of the hotel. This loan is secured by the land and other movable & immovable properties of Marawila Resort PLC.

21. Deferred Income and Capital Grants

	GROUP	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000
At the beginning of the Year	19,940	22,688
Addition during the Year	475	-
Amortized during the Year	(2,748)	(2,748)
At the end of the Year	17,667	19,940
Non-Current	17,592	19,940
Current	75	-

Sun Agro Foods Limited

Sun Agro Foods Limited has received grant from the USAID/CORE Project amounting to Rs. 27,497,000/- for the purpose of establishing an outgrower cereal cultivation with 1,000 farmers and set up a processing facility for cereal legume mixture manufacturing in the Trincomalee. The grant has been amortized over the useful life time of the assets.

Kelani Valley Canneries Limited

Kelani Valley Canneries Limited has been awarded a government grant in December 2016 from Industrial Development Board of Ceylon, amounted to Rs. 0.5 million for the acquisition of a fully automated jam cup filling machine worth Rs. 1.3 million. The government grant recognised as deferred income is amortised over the useful life of the machinery.

The Company shall not sell, assign, pledge, mortgage, gift, let or rent the machinery for a period of five years from the date of purchase of the machinery.

22. Deferred Tax Asset/(Liability)

22.1 Deferred Tax Asset

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
At the beginning of the Year	146,990	70,738	-	-
Recognized in the profit or loss	88,203	73,453	-	-
Recognized / (Reversed) in the other comprehensive income	(9,463)	2,799	-	-
At the end of the Year	225,730	146,990	-	-

Notes to the Financial Statements *Contd.*

22.2 Deferred Tax Liability

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
At the beginning of the Year	237,636	268,894	24,340	48,319
Recognized/ (Reversed) in the Profit or Loss	(26,599)	(316)	(25,026)	6,147
Recognized in the Other Comprehensive Income	33,645	(30,947)	30,971	(30,126)
On Acquisition of Subsidiary	-	5	-	-
At the end of the Year	244,682	237,636	30,285	24,340

22.3 Deferred Tax Assets/(Liabilities)

Deferred tax liability has been recognized in respect of the following and it has been calculated by applying the tax rate of 28% for the Company and subsidiaries which are liable for income tax at the standard rate for the year of assessment 2016/2017. The subsidiaries which are liable for income tax at reduced rates (below the standard rate) for the year of assessment 2016/2017 have computed the deferred tax at the reduced rates.

Group

	31.03.2017		31.03.2016	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Deferred Tax Liability				
Property, Plant & Equipment	2,109,144	462,997	2,195,078	441,301
Defined Benefit Obligation	(446,352)	(121,554)	(443,506)	(114,414)
Tax Loss Carried Forward	(537,965)	(96,223)	(556,459)	(89,251)
On Remeasurement of Retirement Benefit Obligation	(1,922)	(538)	-	-
	1,122,905	244,682	1,195,113	237,636
Deferred Tax Asset				
Property, Plant & Equipment	(259,747)	(72,639)	(282,565)	(91,405)
Defined Benefit Obligation	250,358	69,705	97,260	26,542
Impairment of Inventory	-	-	2,621	734
Impairment of Debtors	48,671	13,628	40,818	11,429
Tax Loss Carried Forward	799,866	217,419	713,169	199,690
On Remeasurement of Retirement Benefit Obligation	(8,790)	(2,383)	-	-
	830,358	225,730	571,303	146,990

Company

	31.03.2017		31.03.2016	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
On Property, Plant & Equipment	456,116	127,712	387,200	108,416
On Retirement Benefit Obligations	(346,030)	(96,889)	(187,738)	(52,567)
	110,086	30,823	199,462	55,849
On Remeasurement of Retirement Benefit Obligations	(1,922)	(538)	(112,531)	(31,509)
	108,164	30,285	86,931	24,340

Group

No provision has been made for deferred tax in the Financial Statements of York Hotels (Kandy) Limited. as no material temporary differences have arisen during the year which are expected to reverse in the future.

Unrecognized Deferred Tax Assets

No deferred tax assets have been recognised in the Financial Statements of subsidiaries, namely Sun Agro Farms Limited., Lankem Exports (Pvt) Limited., Lankem Consumer Products Limited., Lankem Research Limited., Lankem Paints Limited., Sun Agro Foods Limited., Colombo Fort Hotels Limited, Lankem Ceylon PLC, Kelani Valley Canneries Limited., Sun Agro Lifescience Limited, Ceytra Limited., Muller & Phipps (Ceylon) PLC and Lankem Chemicals Limited, because it is not probable that future taxable profit will be available against which these companies can utilise the benefit.

	31.03.2017 Rs. Million	31.03.2016 Rs. Million
Sun Agro Farms Limited	16.6	5.9
Lankem Exports (Pvt) Limited	7.8	8.1
Lankem Consumer Products Limited	53.8	53.8
Lankem Research Limited	3.4	9.5
Lankem Paints Limited	25.0	26.3
Sun Agro Foods Limited	89.1	76.1
Colombo Fort Hotels Limited	3.9	3.9
Lankem Ceylon PLC	386.0	162.6
Kelani Valley Canneries Limited	64.0	60.0
Muller & Phipps (Ceylon) PLC	26.2	26.7
Sun Agro Life Science Limited	6.9	-
Ceytra (Pvt) Limited	15.0	9.4
Lankem Chemicals Limited	0.6	9.4
	698.3	451.7

23. Retirement Benefit Obligations

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Present Value of Defined Benefit Obligation (Note 23.2)	756,950	717,748	347,951	300,269
Fair Value of Plan Assets (Note 23.1)	(107,380)	(95,538)	-	-
	649,570	622,210	347,951	300,269

Notes to the Financial Statements *Contd.*

23.1 Movement in Fair Value of Plan Assets

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Fair Value of Plan Assets at the Beginning of the Year	95,538	132,256	-	-
Contribution Paid in to the Plan	10,548	9,611	-	-
Benefits Paid by the Plan	(8,763)	(53,685)	-	-
Expected Return on Plan Assets	13,759	8,465	-	-
Actuarial Losses on Plan Assets	(3,702)	(1,109)	-	-
Fair Value of Plan Assets at the end of the Year	107,380	95,538	-	-

23.2 Movement in the Present value of Defined Benefit Obligations

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
At the Beginning of the Year	717,748	515,342	300,269	143,703
Current Service Cost	73,150	68,964	23,653	24,289
Interest Cost	70,852	67,685	33,043	29,506
On Remeasurement of Retirement Benefit Obligation	(58,250)	121,046	1,922	112,532
On Acquisition of Subsidiary	-	303	-	-
	803,500	773,340	358,887	310,030
Payments During the Year	(46,550)	(55,592)	(10,936)	(9,761)
At the end of the Year	756,950	717,748	347,951	300,269

23.3 The Amount Recognized in the Statement of Financial Position as Follows:

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Present Value of Unfunded Obligations	616,996	566,035	347,951	300,269
Present Value of Funded Obligations	139,954	151,713	-	-
Total Present Value of Obligations	756,950	717,748	347,951	300,269
Fair Value of Plan Assets	(107,380)	(95,538)	-	-
Present Value of Net Obligations	649,570	622,210	347,951	300,269
Recognized Liability for Defined Benefit Obligation	649,570	622,210	347,951	300,269

23.4 Expense Recognized in Profit or Loss

Current Service Costs	73,150	68,964	23,653	24,289
Interest on Obligations	70,852	67,685	33,043	29,506
Expected Return on Plan Assets	(13,759)	(8,465)	-	-
	130,243	128,184	56,696	53,795

23.5 The Key Actuarial Assumptions

a. Company

An actuarial valuation has been carried out as at 31st March 2017 by Messrs. Piyal. S. Goonathilake and Associates (Actuarial Valuer) as required by Sri Lanka Accounting Standard.

The key assumptions used by actuary include the following:

(a) Discount Rate	12.5% p.a.
(b) Rate of increase of Salaries	Executive 10% Non Executive 10%
(c) Retirement Age	Workers - 60 Years

The actuarial present value of the accrued benefit as at 31st March, 2017 is Rs. 347.95 million. This item is grouped under retirement benefit obligation in the Statement of Financial Position. The liability is not externally funded.

b. Group

Retirement Benefit Obligations

Present Value of the Obligations

LKAS 19 - 'Employee benefits' requires to apply Projected Unit Credit Method to make a reliable estimate of the Obligation in order to determine the present value of the retirement benefit obligation. The key assumptions were made in arriving at the retirement benefit obligation as at 31st March 2017 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 31/03/2017 Rs.'000
E.B.Creasy & Co.PLC	10%	12.5%	60	347,951
Lankem Ceylon PLC	10%	12.5%	55	75,468
Darley Butler & Company Limited	10%	12.5%	55	84,744
Creasy Foods Limited	10%	12.5%	55	10,379
SunAgro Life Science Limited	10%	12.5%	55	1,336
Lankem Consumer Products Limited	10%	12.5%	55	501
Galle Fort Hotel (Pvt) Limited	10%	12.5%	55	3,322
B.O.T Hotel Services (Pvt) Limited	7.5%	12.5%	55	3,302
E.B.Creasy Logistics Limited	10%	12.5%	55	989
SunAgro Foods Limited	10%	12.5%	55	288
Lankem Paints Limited	10%	12.5%	55	5,712
Laxapana Batteries PLC	10%	12.5%	55	4,893
Pettah Pharmacy (Pvt) Limited	10%	12.5%	55	6,917
C.W.Mackie PLC	12%	12.5%	60	42,471
Beruwala Resorts PLC	7.5%	12.5%	55	5,268
Sigiriya Village Hotels PLC	7.5%	12.5%	55	10,165
Marawilla Resorts PLC	7.5%	12.5%	55	5,995
Ceylon Tapes (Pvt) Limited	10%	12.5%	55	7,812
J. F. Packaging (Pvt) Limited	10%	12.5%	55	21,230
Lanka Special Steels Limited	10%	12.5%	55	9,470
Lak Kraft (Pvt) Limited	10%	12.5%	60	440
Sherwood Holidays Limited	10%	12.5%	60	588
SunAgro Farms Limited	10%	12.5%	55	329

Notes to the Financial Statements *Contd.*

23.6 Sensitivity Analysis

Sensitivity of assumptions used

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

(A) Company

	2017 Rs.'000	2016 Rs.'000
Effect on the defined benefit obligation liability;		
Increase by one percentage point in discount rate	(8,697)	(10,849)
Decrease by one percentage point in discount rate	10,139	12,696
Effect on the defined benefit obligation liability;		
Increase by one percentage point in salary increment rate	9,968	12,343
Decrease by one percentage point in salary increment rate	(8,702)	(10,757)

(B) Group

	2017 Rs.'000	2016 Rs.'000
Effect on the defined benefit obligation liability;		
Increase by one percentage point in discount rate	(34,862)	(59,825)
Decrease by one percentage point in discount rate	40,555	64,676
Effect on the defined benefit obligation liability;		
Increase by one percentage point in salary increment rate	42,000	64,593
Decrease by one percentage point in salary increment rate	(37,497)	(60,084)

24. Trade and Other Payables

	GROUP		COMPANY	
	31.03.2017 Rs. '000	31.03.2016 Rs. '000 Restated	31.03.2017 Rs. '000	31.03.2016 Rs. '000 Restated
Trade Payables	2,488,511	1,902,586	295,227	126,277
Unclaimed Dividend	157,542	11,516	90,875	6,102
Bills Payable	284,976	448,364	33,899	233,734
Other Taxes Payable	182,904	21,933	-	-
Deposits from Dealers	75,293	79,570	-	-
Accrued Expenses and Other Payables	1,261,355	950,766	121,712	209,287
	4,450,581	3,414,735	541,713	575,400

25. Amount Due to Related Companies

	Relationship	GROUP		COMPANY	
		31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
The Colombo Fort Land & Buildings PLC	Parent	500,889	339,607	-	-
CM Holdings PLC	Affiliate	387	15,785	-	-
York Hotel Management Services Limited	Affiliate	34,723	43,219	-	-
Carplan Limited	Affiliate	588	518	-	65
Muller & Phipps (Ceylon) PLC	Subsidiary	-	-	59,921	53,779
Island Consumer Supplies (Pvt) Limited	Subsidiary	-	-	5,222	5,270
Group Three Associates (Pvt) Limited	Subsidiary	-	-	1,010	1,128
Union Commodity Exports (Pvt) Limited	Affiliate	-	25,326	-	-
Union Commodities (Pvt) Limited	Affiliate	98,861	37,109	-	-
York Arcade Holdings PLC	Affiliate	950	3,915	-	-
Oracle Packaging (Pvt) Limited	Affiliate	1,986	1,986	-	-
L.D.F. Packaging (Pvt) Limited	Affiliate	2,438	2,438	-	-
Cosmopoly (Pvt) Limited	Affiliate	4,871	4,871	-	-
J.F.Barries Films (Pvt) Limited	Affiliate	370	370	-	-
J.F.Lanka Hotels & Tours (Pvt) Limited	Affiliate	1,750	1,750	-	-
J.F. Innovations (Pvt) Limited	Affiliate	187	187	-	-
Lankem Paints Limited	Subsidiary	-	-	-	81
Agarapathana Plantations Limited	Affiliate	12,050	10,523	-	-
Ceylon Tapes (Pvt) Limited	Subsidiary	-	-	-	59
C.W. Mackie PLC	Subsidiary	-	-	-	21
Lankem Developments PLC	Affiliate	12,896	-	-	-
Lankem Tea & Rubber Plantations (Pvt) Limited	Affiliate	50,946	50,093	-	-
Kotagala Plantations PLC	Affiliate	8,462	8,330	-	-
Kia Motors (Lanka) Limited	Affiliate	-	121,924	-	-
Lankem Consumer Products Limited	Subsidiary	-	-	-	96
Waverly Power (Pvt) Limited	Associate	11,752	10,468	-	-
Colombo Fort Group Services (Pvt) Limited	Affiliate	3,948	1	-	-
CM Holdings PLC	Affiliate	35	-	-	-
Lanka Special Steels Limited	Subsidiary	-	-	1,732	-
		748,089	678,420	67,885	60,499

Notes to the Financial Statements *Contd.*

26. Financial Instruments

26.1 Financial Instruments - Statement of Financial Position (SOFP)

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

	Note	GROUP		COMPANY	
		31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Financial Assets					
Available-for-Sale					
Financial Assets (AFS)					
Quoted Investments	12.2.2	57,683	50,270	1,321	1,582
Unquoted Investments	12.2.2	486,591	464,049	-	-
Total		544,274	514,319	1,321	1,582
Current Assets					
Trade & Other Receivables	16	6,237,352	5,931,078	240,778	232,041
Investments	12.3	127,038	127,660	-	-
Amounts due from Related Companies	15	394,410	337,369	1,376,448	983,604
Total		6,758,800	6,396,107	1,617,226	1,215,645
Cash & Cash Equivalents	17.1	655,266	487,598	109,525	67,851
Total Financial Assets		7,958,340	7,398,024	1,728,072	1,285,078

Classified as Fair Value through Profit or Loss

	Note	GROUP		COMPANY	
		31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Financial Liabilities					
Non-Current Liabilities					
Interest-Bearing Borrowings	20.1	2,946,454	1,791,581	317,595	311,204
Current Liabilities					
Interest-Bearing Borrowings	20.2	6,209,331	5,883,852	1,166,930	1,022,083
Current Taxation Payable		176,682	192,716	32,208	61,301
Trade & Other Payables	24	4,450,581	3,414,735	541,713	575,400
Amounts due to Related Companies	25	748,089	678,420	67,885	60,499
Bank Overdrafts	17.2	1,895,239	1,941,254	521,158	184,807
Total Financial Liabilities		16,426,376	13,902,558	2,647,489	2,215,294

26.2 Financial Risk Management

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

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

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

Risk Management Framework

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

26.2.1 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.

Group's credit exposure is closely monitored. Credit given is reviewed worth the predetermine approval procedures and contractual agreement made for every high value transaction.

	Note	GROUP		COMPANY	
		31.03.2017 Rs. '000	31.03.2016 Rs. '000	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Amount Due from Related Companies	15	394,410	337,369	1,376,448	983,604
Trade & Other Receivables	16	6,237,352	5,931,078	240,778	232,041
		6,631,762	6,268,447	1,617,226	1,215,645

The aging of amount due from related companies and trade and other receivable at the reporting date was:

	GROUP				COMPANY			
	Gross 31.03.2017 Rs. '000	Impairment 31.03.2017 Rs. '000	Gross 31.03.2016 Rs. '000	Impairment 31.03.2016 Rs. '000	Gross 31.03.2017 Rs. '000	Impairment 31.03.2017 Rs. '000	Gross 31.03.2016 Rs. '000	Impairment 31.03.2016 Rs. '000
Not Past Due	1,299,499	-	226,761	-	601,446	-	-	-
Past due 0-365 days	5,001,242	136,803	6,098,548	137,278	1,005,935	259	1,209,088	259
More than one year	631,422	163,598	183,759	103,343	16,466	6,362	13,178	6,362
	6,932,163	300,401	6,509,068	240,621	1,623,847	6,621	1,222,266	6,621

Investment in Debentures

Investment in debentures includes investments made in Rated, Listed, Secured, Redeemable Debentures of Kotagala Plantations PLC, amounts to Rs.50 million. The details of the maturities and interest rates of debenture investment as follow.

Category	No.of Debentures	Term of Debentures	Interest Rate (per annum payable semi annually)
Type A	125,000	4 Years	14.25% (AER of 14.76%)
Type B	125,000	5 Years	14.50% (AER of 15.03%)
Type C	125,000	6 Years	14.75% (AER of 15.29%)
Type D	125,000	7 Years	15.00% (AER of 15.56%)

Notes to the Financial Statements *Contd.*

26.2.2 Liquidity Risk

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

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

	GROUP							
	31.03.2017				31.03.2016			
	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000
Non-Derivative Financial Liabilities								
Temporary Loans/ Bank Loans/Interest-Bearing Borrowings	9,155,785	9,155,785	6,209,331	2,946,454	7,675,433	7,675,433	5,883,852	1,791,581
Amount Due to Related Companies	748,089	748,089	748,089	-	678,420	678,420	678,420	-
Other Financial Liabilities/ Trade & Other Payables	4,627,338	4,627,338	4,627,338	-	3,607,451	3,607,451	3,607,451	-
Bank Overdrafts	1,895,239	1,895,239	1,895,239	-	1,941,254	1,941,254	1,941,254	-
Total	16,426,451	16,426,451	13,479,997	2,946,454	13,902,558	13,902,558	12,110,977	1,791,581

	COMPANY							
	31.03.2017				31.03.2016			
	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000
Non-Derivative Financial Liabilities								
Temporary Loans/ Bank Loans/Interest-Bearing Borrowings	1,484,525	1,484,525	1,166,930	317,595	1,333,287	1,333,287	1,022,083	311,204
Amount Due to Related Companies	67,885	67,885	67,885	-	60,499	60,499	60,499	-
Other Financial Liabilities/ Trade & Other Payables	573,891	573,891	573,891	-	636,701	636,701	636,701	-
Bank Overdrafts	521,158	521,158	521,158	-	184,807	184,807	184,807	-
Total	2,647,459	2,647,459	2,329,864	317,595	2,215,294	2,215,294	1,904,090	311,204

26.2.3 Market Risk

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

26.2.3.1 Currency Risk

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

Sensitivity Analysis

A strengthening or weakening of Sri Lankan Rupee, as indicated below, against the USD at 31st March 2016 would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Increase/(Decrease) in Exchange rate USD	Effect on Profit Before Tax	
	2017 Rs.'000	2016 Rs.'000
+ 10%	(156,207)	(270,900)
- 10%	(156,207)	270,900

26.2.3.2 Interest Rate Risk

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

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

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

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

As at 31 March	Effect on Profit Before Tax	
	2017 Rs.'000	2016 Rs.'000
Variable rate instrument (1% decrease)	61,296	16,705
Variable rate instrument (1% Increase)	(61,296)	(16,705)

Notes to the Financial Statements *Contd.*

27. Related Party Transactions

(a) Parent and Ultimate Controlling Party

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

(b) Details of significant related party transactions are given below:

	Transaction with Group		Transaction with Company	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Transaction with Subsidiary Companies Listed in Note 12.4				
Sales of Goods	-	-	4,361,337	3,689,156
Incurred Reimbursable Expenses	-	-	256,832	106,417
Service Charges	-	-	8,167	5,975
Guarantee Commission Income on Corporate Guarantee	-	-	7,999	7,812
Office Rent	-	-	8,247	8,053
Interest Charge	-	-	11,797	-
Transactions with Associates				
(Receipt) / Payment of Outstanding Balances	(4,300)	(1,923)	(4,300)	(1,923)
Interest (Expenses) / Income	7,159	6,332	8,510	7,305
(Reimbursement) / Charging of Expenses	34	323	34	323
The Transaction with The Colombo Fort Land and Building PLC (Ultimate Parent Company)				
Guarantee Commission	5,574	(7,206)	5,574	5,937
Loan Interest Income & Expenses	-	7,803	-	-
Rent Expenses	1,205	1,285	1,205	1,285
Incurred Reimbursable Expenses	-	-	-	9,817
Settlements of Loans, Current Account & Expenses	6,146	9,818	6,146	-
The Transaction with Other Related Companies				
Agency Fees	-	3,271	-	-
Settlement of Clearing Invoices & Agency Fees	3,082	5,389	-	-
Amount Paid from/ to Gratuity Fund	-	(117)	-	-
Fund Transfers & Settlements	3,026	18,980	-	-
Incurred Reimbursement of expenses	823	57,050	-	-
Interest on Loan	9,724	12,901	-	-

There were no non - recurrent related party transaction entered in to by the company during the financial year, the value of which exceeded 10% of shareholders equity or 5% of the total assets of the group or recurrent related party transaction other than exempted related party transaction, the value of which exceeded 10% of gross revenue of the group during the year ended 31st March 2017.

(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.Jayarathne	R.Seevaratnam	S.W.Gunawardena
E.B Creasy & Company PLC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate Systems Limited		✓	✓	✓	✓	✓						✓
Filmpak Limited		✓	✓	✓	✓	✓						
E.B. Creasy Logistics Limited		✓	✓	✓	✓	✓						✓
Muller & Phipps (Ceylon) PLC		✓	✓		✓	✓	✓	✓	✓			
Muller & Phipps (Agencies) Limited		✓										
Pettah Pharmacy (Pvt) Limited		✓	✓		✓	✓	✓	✓	✓			
Darley Butler & Co. Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Creasy Foods Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Island Consumer Supplies (Pvt) 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	✓	✓		✓			✓					
York Hotels (Kandy) Limited		✓		✓								
Lankem Plantation Holdings 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	✓	✓								✓		
Ceymac Rubber (Pvt) Limited												
Ceyetra (Pvt) Limited												
Scan Travels & Tours Limited												
The Colombo Fort Land & Building PLC	✓	✓								✓	✓	
Colombo Fort Group Services (Pvt) Limited		✓				✓						

The above Notes should be read in conjunction with Note No. 12, 1, 15, 25, 30 and 31 to the Financial Statement.

Notes to the Financial Statements *Contd.*

(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

	2016/17 Rs. '000	2015/16 Rs. '000
Short term Employee Benefits	259,813	173,280
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 27 (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

	2016/17 Rs. '000	2015/16 Rs. '000
Salaries/Other Employee Benefits	375,976	351,279
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 27 (d) to these Financial Statements.

28. Operating Segment

	Trading Consumer Products		Trading Industrial Products		Leisure		Plantations		Other		Total	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
External Revenue	15,097,088	16,663,509	9,755,154	6,884,510	1,407,760	1,296,869	-	-	86,877	79,494	26,346,879	24,924,382
Inter Segment Revenue	4,915,977	4,013,287	102,558	1,039,915	6,711	2,149	-	-	121,108	50,461	5,146,354	5,105,812
Total Revenue for Reportable segments	20,013,065	20,676,796	9,857,712	7,924,425	1,414,471	1,299,018	-	-	207,985	129,955	31,493,233	30,030,194
Interest Income	29,521	13,956	60,883	12,467	18,076	19,753	-	-	8,982	6,654	117,462	52,830
Interest Expenses	434,332	406,968	712,148	250,452	191,408	189,796	-	-	-	-	1,337,888	847,216
Depreciation and Amortization	359,338	348,914	161,004	15,075	125,560	127,180	-	-	4,093	2	649,995	491,171
Profit/ (Loss) before income Tax	268,940	371,773	(406,973)	198,975	(114,422)	31,687	(67,386)	(166,391)	18,194	17,159	(301,647)	452,664
Total Assets	11,576,321	12,890,811	5,601,037	3,740,382	4,432,883	4,013,812	-	-	714,465	157,744	22,324,706	20,802,749
Total Liabilities	7,183,597	9,665,582	6,143,467	3,295,640	3,492,523	1,813,131	-	-	518,708	7,991	17,338,295	14,782,344
Capital expenditures	803,753	899,272	68,574	12,695	108,021	240,460	-	-	91,367	5,549	1,071,715	1,157,976

28.1 Segments

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

Trading Consumer Products	- Manufacturing, Selling and Distribution of Consumer Products
Trading Industrial Products	- Manufacturing, Selling and Distribution of Industrial Products
Leisure	- Owning and Operation of Resort Hotels
Plantations	- Cultivation, manufacture and sale of Tea and Rubber
Others	- Special Projects and Other Services

Notes to the Financial Statements *Contd.*

28.2 Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items

Revenue

	2016/17 Rs.	2015/16 Rs.
Total revenue for reportable segments	31,493,233	30,030,194
Elimination of Inter Segment revenue	(5,146,354)	(5,105,812)
Consolidated revenue	26,346,879	24,924,382

Profit/ (Loss) before tax

Total Profit/ (Loss) before Tax for reportable segments	(301,647)	452,664
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Assets

	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Total assets for reportable segment	22,324,706	20,802,749
Investment in equity accounted investee	279,056	315,163
	22,603,762	21,117,912

Liabilities

Total Liabilities for reportable segment	17,338,295	14,782,344
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Other material items

Interest Income	117,462	52,830
Interest Expenses	1,337,888	847,216
Capital expenditure	1,071,715	1,157,976
Depreciation and amortization	649,995	491,171

29. Capital Expenditure & Commitments

29.1 Company

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

29.2 Group

There are no material capital or financial commitments as at the reporting date other than those disclosed below:

- (i) Lanka Special Steels Limited outstanding forward exchange contracts entered into by the company as at 31st March 2017 was amounting to Rs. 178 Million. (USD 1,148,848)

30. Contingent Liabilities

30.1 Company

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

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

	31.03.2017 Rs. '000	31.03.2016 Rs. '000
Darley Butler & Co. Limited	230,000	230,000
	230,000	230,000

30.2 Group

30.2.1 Lankem Ceylon PLC

Lankem Ceylon PLC has given guarantees to third parties for facilities obtained by the related companies and outstanding as at 31st March, 2017 are as follows;

Name of the Company	Amount Rs.'000
Darley Butler & Co. Limited	130,000
Waverly Power (Pvt) Limited	70,000
Lankem Developments PLC	62,080
Galle Fort Hotel (Pvt) Limited	110,423
Sun Agro Lifescience Limited	310,000
Sun Agro Foods Limited	185,000
Agarapathana Plantation Limited	200,000
Total	1,067,503

Notes to the Financial Statements *Contd.*

30.2.2 C.W. Mackie PLC

The following contingent liabilities exist as at the reporting date on account of the letters of comfort and guarantees given by the Company:

Letters of comfort and guarantees provided on behalf of the subsidiaries are as follows.

Name of the Company	2017 Rs. Mn	2016 Rs. Mn
Ceymac Rubber Company Limited	99	99
Ceytra (Pvt) Limited	8	8
Kelani Valley Canneries Limited	90	-
	197	107

	2017 Rs. Mn	2016 Rs. Mn
Outstanding short term loan facility		
Ceymac Rubber Company Limited	72	50
Kelani Valley Canneries Limited	65	-
Total	137	50

These corporate guarantees have been provided to Hatton National Bank PLC and Commercial Bank of Ceylon PLC on behalf of the subsidiary companies Ceymac Rubber Company Limited and Ceytra (Pvt) Limited, and Kelani Valley Canneries Limited for short term loan facilities, where repayment terms are less than 12 months.

30.2.3 Lanka Special Steels Limited

Lanka Special Steels Limited has given a guarantee of Rs. 25,100,000 to Sri Lanka Custom and it was outstanding as at 31st March 2017.

31. Assets Held for Sale

C.W. Mackie PLC and Co-Ro A/S from Denmark has entered in to a joint venture agreement on 24th February 2017, with the purpose of manufacturing, processing and marketing Co-Ro's products in the form of concentrates and ready to drink (RTD) products.

Accordingly, assets relating to Concentrate Squashes manufacturing and bottling factory is presented as assets held for sale and expected sale of assets will commence by June 2017, once the joint venture Company is formed and commences its operations.

As at 31st March 2017 assets held for sale stated at cost and comprises of the following assets :

	Cost Rs.000's	Accumulated Depreciation Rs. 000's	Written Down Value Rs.000's
Freehold land	139,499	-	139,499
Buildings on freehold land	77,211	13,596	63,615
Plant and machinery	114,354	111,418	2,936
Freehold motor vehicles	15,278	14,758	520
Factory equipment	4,603	3,397	1,206
Office equipment	200	200	-
Lab equipment	394	394	-
Computers	1,009	829	180
	352,548	144,592	207,956

There is no Indication of impairments that the carrying value of the assets may not be recovered.

Cumulative income or expenses included in Other Comprehensive Income

There are no cumulative income or expenses included in Other Comprehensive Income relating to the disposal group.

32. Events Occurring After the Reporting Date

32.1 Company

Subsequent to the reporting period, no circumstances have arisen that would require adjustments to/ or disclosure in the Financial Statements.

32.2 Group

(i) Lankem Ceylon PLC, a subsidiary of the Company, having previously acquired 72.5% of the Equity Capital of J. F. Packaging (Private) Ltd in January 2015, has on 11th April 2017 acquired the balance Stake of 27.5% of the said J. F. Packaging (Private) Limited for a consideration of Rs. 320,000,000/-

(ii) Lankem Ceylon PLC, a subsidiary of the Company, on 4th May 2017 announced a issue of 12,000,000 Ordinary shares at a price Rs. 40/- per share by way of a Rights Issue in the proportion of One (01) new Ordinary Share for every Two (02) existing issued Ordinary Shares held, subject to approval by the Shareholders. The company is in the process of obtaining approval of the Colombo Stock Exchange (CSE) for the listing of the said shares. The purpose of the Issue is to raise funds to settle inter-company borrowings and for working capital requirements.

(iii) J. F. Packaging (Private) Limited, a subsidiary of the Company, on 3rd May 2017, acquired 100% equity stake on Kiffs (Private) Limited for a total consideration of Rs. 225 million. Kiffs (Private) Limited is engaged in the business of manufacturing and distribution of PET Bottles.

(iv) J. F. Packaging (Private) Limited, a subsidiary of the Company, has 24th May 2017, acquired 100% equity stake in Alliance Five(Pvt) Limited for a total consideration of Rs. 150 million. Alliance Five(Pvt) Limited is engaged in the business of Injection Moulding.

(v) C. W. Mackie PLC and Co-Ro A/S from Denmark has entered joint venture agreement on 24th February 2017, with the purpose of manufacturing, processing and marketing Co-Ro's products in the form of concentrates and ready to drink (RTD) products marketed under "Sunquick" brand. Two Limited Liability companies, named Sunquick Lanka (Private) Limited, in which Co-Ro A/S will own 51% and Sunquick Lanka Properties (Private) Limited, In which CWM will own 51% have been established as joint venture. The joint venture companies which were registered on 02nd and 03rd May 2017 respectively and expected to commence operations by 1st June 2017.

Subsequent of the reporting period, on circumstances have arisen that would require adjustments to/or disclosure in the financial statements other then those disclosed above.

Notes to the Financial Statements *Contd.*

33. Restatement

33.1 The Company has reviewed the recognition point of goods in transits recognized under inventories and required changes were made retrospectively for the goods in transits. Due to the impracticable reasons this retrospective adjustment is limited to 31st March 2016.

33.2 Lankem Plantation Holdings Ltd. (LPHL), an associate of the Company, has adopted amendment to LKAS 16 and LKAS 41, on bearer plants, harvestable biological assets growing on the bearer plants are measured at their fair value less cost to sell and accounted and comparatives have been restated.

33.3 Summary of the impact on the restatement.

a. Statement of Financial Position

	GROUP			COMPANY		
	Impact of Restatement			Impact of Restatement		
	As Previously Reported Rs.'000	Adjustments Rs.'000	As Restated Rs.'000	As Previously Reported Rs.'000	Adjustments Rs.'000	As Restated Rs.'000
01st April 2015						
Investment in Equity Accounted Investees	396,779	23,720	420,499	-	-	-
Others	19,190,359	-	19,190,359	-	-	-
Total Assets	19,587,138	23,720	19,610,858	-	-	-
Total Liabilities	13,432,274	-	13,432,274	-	-	-
Retained Earnings	2,783,972	23,720	2,807,692	-	-	-
Others	3,370,892	-	3,370,892	-	-	-
Total Equity	6,154,864	23,720	6,178,584	-	-	-
31st March 2016						
Investment in Equity Accounted Investees	288,688	26,475	315,163	-	-	-
Inventories	4,201,766	(107,647)	4,094,119	767,125	(107,647)	659,478
Others	16,708,630	-	16,708,630	3,396,436	-	3,396,436
Total Assets	21,199,084	(81,172)	21,117,912	4,163,561	(107,647)	4,055,914
Trade & Other Payables	3,522,382	(107,647)	3,414,735	683,047	(107,647)	575,400
Others	11,367,609	-	11,367,609	1,964,503	-	1,964,503
Total Liabilities	14,889,991	(107,647)	14,782,344	2,647,550	(107,647)	2,539,903
Retained Earnings	2,862,579	26,475	2,889,054	-	-	-
Others	3,446,514	-	3,446,514	-	-	-
Total Equity	6,309,093	26,475	6,335,568	-	-	-

b. Statement of Profit or Loss & Other Comprehensive Income

	GROUP			COMPANY		
	Impact of Restatement			Impact of Restatement		
	As Previously Reported Rs.'000	Adjustments Rs.'000	As Restated Rs.'000	As Previously Reported Rs.'000	Adjustments Rs.'000	As Restated Rs.'000
For the year ended 31st March 2016						
Share of Results of Equity Accounted Investees	(108,094)	2,760	(105,334)	-	-	-
Others	348,218	-	348,218	-	-	-
Profit for the Year	240,124	2,760	242,884	-	-	-
Total Comprehensive Income	222,589	2,760	225,349	-	-	-

34. Appropriateness of Going Concern Assumption

34.1 The Consolidated Financial Statements of E.B. Creasy & Co. PLC do not include any adjustments in relation to the recoverability and the classification of recorded asset amounts and classification of liabilities that may be necessary, if Sun Agro Foods Limited. unable to continue as going concern.

Sun Agro Foods Limited

Sun Agro Foods Limited, a subsidiary of the Company, has incurred a loss of Rs.46,092,324/- (2015/16- Rs.86,234,520/-) for the year ended 31st March 2017 and as at that date accumulated loss was Rs.360,390,425/- (2015/16- Rs.314,385,450/-). Further total liabilities exceeds the total assets by Rs.310,390,425/- (2015/16- Rs.264,385,497/-) and the current liabilities exceeds the current assets by Rs.402,359,010/- (2015/16-Rs.337,001,317). Further, the company's net assets are less than half of the stated capital and face a serious loss of capital situation. These factors have effects on company's ability to continue as going concern. However the management has set an action plan which is monitored by the Board to prevent further such losses or to recoup the losses incurred. Accordingly the Directors of the Company are of the view that the company is able to continue as a going concern.

35. 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.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non- recurring measurement, such as assets held for sale in discontinued operations.

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

Fair valuation carried at 31 March 2017 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.

Notes to the Financial Statements *Contd.*

Type	Valuation technique	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurements
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted using rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	<ul style="list-style-type: none"> • Forecast EBITDA margin (2017:15%) • Risk-adjusted discount rate (2017: 22.82%) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • The EBITDA margin were higher (lower): or • The risk-adjusted discount rate were lower (higher). <p>Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.</p>
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.	<ul style="list-style-type: none"> • Forecast EBITDA margin (2017:15%) 	<p>The estimated fair value would increase (decrease) if :</p> <ul style="list-style-type: none"> • the EBITDA margin were higher (lower) <p>Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.</p>
Corporate debt Securities	Market comparison / discounted cash flow : The fair value is estimated considering (i) current or recent quoted prices for identical securities in the markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Not applicable.	Not applicable.

Financial Instruments carried at Fair Value

Group

	Level I		Level II		Level III		Total	
	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
Financial Assets Available for sale	57,683	100,270	57,029	11,128	429,562	402,921	544,274	514,319
Financial Assets Fair Value Through Profit and Loss	127,038	127,660	-	-	-	-	127,038	127,660
Total	184,721	227,930	57,029	11,128	429,562	402,921	671,312	641,979

Transfer between level I and II

As at 31st March 2017, financial assets available for sale, with a carrying amount of Rs.44.6 million were transferred from level I to level II, because quoted prices in the market for such financial asset were no longer regularly available to determine the fair value of such financial assets, the Management used a valuation technique in which all significant input were based in observable market data.

Level III fair values

Reconciliation of the Level III fair value

The following table shows a reconciliation from the operating balances to the closing balances level III fair values.

	Group	
	31.03.2017 Rs.'000	31.03.2016 Rs.'000
Balance at the beginning of the Year	402,921	414,908
Net change in fair value (Unrealized)	37,049	27,418
Disposal	(10,408)	(39,405)
Balance at the end of the Year	429,562	402,921

Financial Instruments carried at Fair Value

Company

	Level I		Level II		Level III		Total	
	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
Financial Assets Available for sale	1,321	1,582	-	-	-	-	1,321	1,582
Financial Assets Fair Value Through Profit and Loss	-	-	-	-	-	-	-	-
Total	1,321	1,582	-	-	-	-	1,321	1,582

Notes to the Financial Statements *Contd.*

36. Names of material partly-owned subsidiaries and effective holding %

	Principal place of business	NCI effective holding	
		2017	2016
Trading Consumer Products			
Muller & Phipps (Ceylon) PLC	No. 98, Sri Sangaraja Mawatha, Colombo 10	48.74%	48.74%
Pettah Pharmacy (Pvt) Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	48.74%	48.74%
Laxapana Batteries PLC	No. 98, Sri Sangaraja Mawatha, Colombo 10	48.42%	48.42%
Lankem Ceylon PLC	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
Lankem Paints Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
Lankem Consumer Products Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
Lankem Chemicals Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
Lankem Exports (Pvt) Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
Sun Agro Life Science Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
Sun Agro Farms Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
Sun Agro Foods Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
Lankem Research Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
Associated Farms Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%
C.W. Mackie PLC	No. 36, D.R. Wijewardana Mawatha, Colombo 10	73.46%	81.28%
Ceylon Tapes (Pvt) Limited	No. 46/56, Nawam Mawatha, Colombo 2	52.04%	52.04%
J.F. Packaging (Pvt) Limited	No. 306, Minuwangoda Road, Kotugoda	65.23%	65.23%
Nature's Link Limited	No. 46/56, Nawam Mawatha, Colombo 2	52.04%	-
Leisure			
Colombo Fort Hotels Limited		59.13%	59.13%
Galle Fort Hotels (Pvt) Limited	No. 28, Church Street, Fort	57.93%	59.13%
Sigiriya Village Hotels PLC	Sigiriya	71.58%	71.58%
Marawila Resorts PLC	Thalailawella, Thoduwawa, Marawila	77.25%	78.14%
Beruwala Resorts PLC	Moragalla, Beruwala	69.44%	69.44%
BOT Hotel Services (Pvt) Limited	8-5/2, Leyden Bastian Road, Colombo 01	67.83%	69.44%
York Hotels (Kandy) Limited	53-1/4, Sir Baron Jayathilaka Mawatha, Colombo 01	74.11%	81.33%
Sherwood Holidays Limited	8-5/2, York Arcade Building, Leyden Bastian Road, Colombo 01	57.93%	59.13%
Lak Kraft (Pvt) Limited	8-5/2, York Arcade Building, Leyden Bastian Road, Colombo 01	59.13%	59.13%
Other			
Lankem Technology Services Limited	No. 98, Sri Sangaraja Mawatha, Colombo 10	52.04%	52.04%

37. Non - Controlling Interest in Subsidiaries

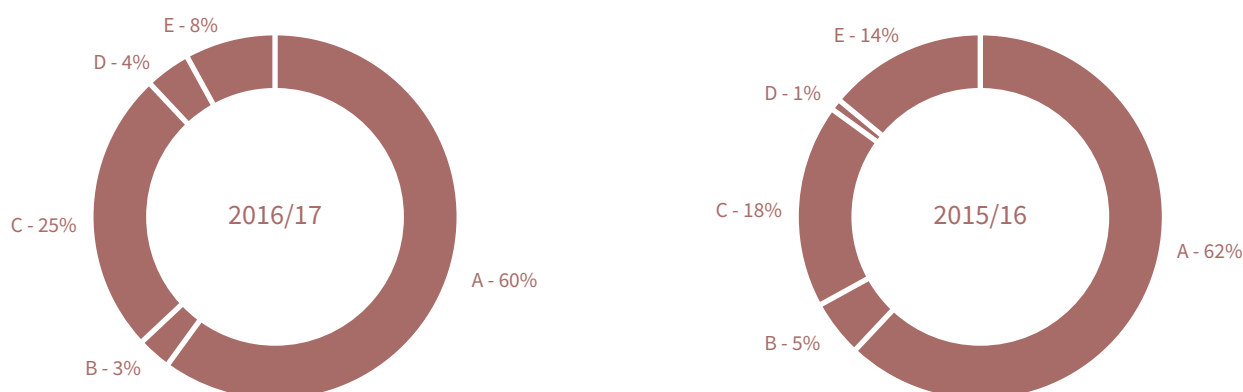
Financial information of subsidiaries that have material non controlling interest (NCI) is provided below

	2017		2016	
	Trading Consumer Products Rs.' 000	Leisure Rs.' 000	Trading Consumer Products Rs.' 000	Leisure Rs.' 000
Revenue	17,308,534	1,414,471	17,532,308	1,299,018
Operating Costs	(16,758,552)	(1,326,229)	(16,774,902)	(1,132,658)
Net Finance Expense	(827,967)	(173,332)	(503,456)	(134,699)
Profit / (Loss) before Taxation	(277,985)	(85,090)	253,950	31,661
Income Tax Expenses	(115,506)	(19,779)	(98,725)	(21,755)
Profit after Taxation	(393,491)	(104,869)	155,225	9,906
Other Comprehensive Income for the year net of tax	38,122	(211)	(8,004)	(5,504)
Total Comprehensive income for the year	(355,369)	(105,080)	147,221	4,402
Profit/(Loss) allocated to Material NCI	(149,815)	(74,194)	165,097	5,889
Dividend Paid to NCI	146,945	53,248	84,052	6,586
Current Assets	9,700,770	1,155,850	9,201,368	1,351,044
Non Current Assets	7,061,211	7,475,555	6,848,578	7,119,939
Total Assets	16,761,981	8,631,405	16,049,946	8,470,983
Current Liabilities	9,931,131	2,183,630	9,636,726	2,178,729
Non Current Liabilities	2,216,624	704,283	1,038,639	758,078
Total Liabilities'	12,147,755	2,887,913	10,675,365	2,936,807
Accumulated balances of material NCI	2,911,764	3,778,189	3,416,637	3,607,908
Summarized cash flow information for year ending 31 March				
Cash flows from operating activities	(153,658)	164,630	(914,700)	176,856
Cash flows from/(used in) investing activities	(609,549)	(447,429)	(92,706)	(347,717)
Cash flows from/(used in) financing activities	1,088,499	377,503	512,726	5,655
Net increase / (decrease) in cash and cash equivalents	325,292	94,704	(494,681)	(165,206)

Statement of Value Added

	%	2016/17 Rs. '000	%	2015/16 Rs. '000
Turnover from Operations		26,346,879		24,924,382
Cost of Goods and Services		(21,150,391)		(30,370,321)
		5,196,479		4,554,061
Other Income Including Exceptional Items		249,978		206,713
Total Value Added		4,946,501		4,347,348
Distribution of Value Added				
To Employees				
Salaries, Wages and Other Related Costs	52.61	2,577,491	53.92	2,344,063
Compensation to Key Management Personnel	7.67	375,976	8.08	351,279
	60.28	2,953,467	62.00	2,695,342
To Government				
Corporate tax	3.31	162,247	4.83	209,780
		167,247	4.83	209,780
To Lenders of Capital				
Net Interest	24.91	1,220,426	18.27	794,386
To Share Holders				
Dividend	3.41	167,340	1.17	50,709
Retained for Growth				
Depreciation	12.88	631,084	11.13	484,068
Retained Earnings	(3.84)	(188,063)	2.60	113,063
	8.09	395,483	13.73	595,188
	100.00	4,946,501	100.00	4,347,348

Statement of Value Added



- A - To Employees
- B - To Government
- C - To Lenders of Capital
- D - To Share Holders
- E - Retained For Froth

Share Information

1. Market Value

The market value of the Company's ordinary shares was

	2017 Rs.	2016 Rs.
Highest	1450.00	1,425.00
Lowest	950.10	950.10
Close	1447.90	1,335.60

2. Public Holding

The Percentage of shares held by the public as at 31st March 2017 was 25.87 %. (31st March 2016 – 25.88%)

Public Shareholders

The number of Public Shareholders as at 31st March 2017 was 607. (31st March 2016 - 614)

3. Distribution of Ordinary Shares

No. of Shares Held	31st March, 2017			31st March, 2016		
	No. of Shareholders	Total Holding	% of Total Shares	No. of Shareholders	Total Holding	% of Total Shares
1 - 1,000	588	58,584	2.31	596	61,795	2.44
1,001 - 10,000	23	58,873	2.32	23	58,799	2.32
10,001 - 100,000	7	324,716	12.81	4	218,134	8.60
100,001 - 1,000,000	3	750,115	29.58	4	853,560	33.66
Over - 1,000,000	1	1,343,170	52.98	1	1,343,170	52.98
	622	2,535,458	100.00	628	2,535,458	100.00

Categories of Shareholders

	31st March, 2017			31st March, 2016		
	No. of Shareholders	Total Holding	% of Total Shares	No. of Shareholders	Total Holding	% of Total Shares
Individuals	563	189,515	7.47	567	190,946	7.53
Institutions	59	2,345,943	92.53	61	2,344,512	92.47
	622	2,535,458	100.00	628	2,535,458	100.00

Share Information *Contd.*

4. Twenty Major Shareholders

Name	31.03.2017		31.03.2016	
	No. of Shares	%	No. of Shares	%
THE COLOMBO FORT LAND AND BUILDING PLC	1,343,170	52.98	1,343,170	52.98
SEYLAN BANK PLC/ DR.THIRUGNANASAMBANDAR SENTHILVERL	424,235	16.73	421,226	16.61
UNION INVESTMENTS (PRIVATE) LTD	167,700	6.61	167,700	6.61
COLOMBO FORT INVESTMENTS PLC	158,180	6.24	158,180	6.24
C M HOLDINGS PLC	100,000	3.94	100,000	3.94
COLOMBO INVESTMENT TRUST PLC	74,472	2.94	74,472	2.94
MR. RADHAKRISHNAN MAHESWARAN	35,485	1.40	-	-
MISS. MEENAMBIGAI PRIYADARSHINI RADHAKRISHNAN	35,485	1.40	-	-
MISS. ANDAL RADHAKRISHNAN	35,484	1.40	-	-
COMMERCIAL BANK OF CEYLON PLC/COLOMBO INVESTMENT TRUST PLC	30,000	1.18	30,000	1.18
MR. THOTAWATTAGE ROHAN LAKSHANA PERERA	13,790	0.54	13,662	0.54
TRANZ DOMINION,L.L.C.	7,001	0.28	7,001	0.28
PHOTOKINA LTD	6,804	0.27	6,804	0.27
SISIRA INVESTORS LIMITED	6,138	0.24	6,138	0.24
SAMPATH BANK PLC/ DR.T.SENTHILVERL	4,100	0.16	4,100	0.16
MR. MOHAMED HUSSAIN MOHAMMED SANOON	3,500	0.14	3,500	0.14
WALDOCK MACKENZIE LTD/MR. M.A.N. YOOSUFALI	3,100	0.12	3,100	0.12
THE INCORPORATED TRUSTEES OF THE CHURCH OF CEYLON	2,828	0.11	2,828	0.11
CONSOLIDATED HOLDINGS (PRIVATE) LIMITED	2,596	0.10	2,596	0.10
DR. HETTIARACHCHIGE WALTER ELLIOT TISSERA	2,021	0.08	2,021	0.08
	2,456,089	96.86	2,346,498	92.54

Group Financial Summary

	2007/08*	2008/09*	2009/10*	2010/11*	2011/12*	2012/13*	2013/14*	2014/15	2015/16	2016/17
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
								Restated	Restated	
Trading Results										
Revenue	12,155,452	12,479,798	13,955,375	28,250,587	27,904,133	29,093,808	20,477,356	20,386,004	24,924,382	26,346,879
Profit/(Loss) before Tax	899,162	353,722	882,217	2,404,908	1,102,231	991,960	182,043	255,456	452,664	(301,647)
Income Tax Expense	(217,048)	(207,121)	(298,738)	(286,167)	(304,784)	(247,347)	(162,248)	(212,297)	(209,780)	(162,247)
Profit/ (Loss)for the Year	682,115	146,601	583,479	2,118,741	797,447	744,613	19,795	43,159	242,884	(463,894)
Non-controlling Interest	620,494	42,893	390,834	1,413,960	561,336	466,358	(18,073)	(45,941)	129,821	(275,231)
Equity Holders of the Parent	61,620	103,708	192,645	704,781	236,111	278,255	37,868	89,100	113,063	(188,663)
Assets Employed										
Property, Plant & Equipment	6,098,209	6,708,814	9,005,741	10,391,140	11,728,826	14,422,163	6,863,311	8,285,179	8,344,246	8,331,782
Investments	89,037	54,157	55,715	203,537	273,294	269,492	640,012	536,601	514,319	544,274
Biological Assets	-	-	-	622,142	588,650	703,816	-	-	-	-
Intangible Assets	82,026	93,458	162,863	334,373	533,258	532,880	441,206	594,108	623,848	694,396
Investment in Associate	-	-	-	-	-	-	646,521	420,499	315,163	279,056
Other Non-Current Assets	276	68,564	122,628	127,792	143,195	164,420	199,672	138,312	342,512	423,006
Net Current Assets/ (Liabilities)	(692,278)	(789,394)	(95,578)	1,751,280	751,015	133,929	76,355	(1,009,914)	(1,133,153)	(1,148,749)
	5,577,270	6,135,599	9,251,369	13,430,264	14,018,238	16,226,700	8,867,077	8,964,785	9,006,935	9,123,765
Equity										
Stated Capital	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731
Reserves	383,753	628,999	1,266,912	148,394	148,394	148,394	148,394	148,394	148,394	148,394
Retained Earnings	409,484	654,730	1,292,643	2,445,098	2,806,384	3,079,617	3,040,809	2,807,692	2,889,054	2,456,197
Non-controlling Interest	2,363,964	2,112,173	3,248,587	5,212,440	5,337,819	5,621,908	3,388,168	3,196,767	3,272,389	2,635,145
	2,773,448	2,766,903	4,541,230	7,831,663	8,318,328	8,875,650	6,603,102	6,178,584	6,335,568	5,265,467
Long-Term Liabilities										
Deferred Liabilities	1,758,887	2,115,654	2,931,466	3,462,827	3,347,236	4,809,011	1,608,661	2,134,221	1,811,521	2,964,046
	1,044,935	1,253,042	1,778,673	2,135,774	2,352,674	2,509,023	655,314	651,980	859,846	894,252
	2,803,822	3,368,696	4,710,139	5,598,601	5,699,910	7,318,034	2,263,975	2,786,201	2,671,367	3,858,298
	5,577,270	6,135,599	9,251,369	13,430,264	14,018,238	16,226,700	8,867,077	8,964,785	9,006,935	9,123,765

* The impact of adoption of SLFRS 10, as more fully described in Note No. 33 to the Financial Statements, the mandatory restatement of comparative figures, are limited to two years (i.e limited to 2014/15 & 2015/16)

Form of Proxy

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

- | | |
|---|---------------------------|
| 1. Alagarajah Rajaratnam | of Colombo or failing him |
| 2. Sri Dhaman Rajendram Arudpragasam | of Colombo or failing him |
| 3. Sanjeev Rajaratnam | of Colombo or failing him |
| 4. Rohan Chrisantha Anil Welikala | of Colombo or failing him |
| 5. Ranjit Noel Bopearatchy | of Colombo or failing him |
| 6. Parakrama Maithri Asoka Sirimane | of Colombo or failing him |
| 7. Albert Rasakantha Rasiah | of Colombo or failing him |
| 8. Shanthikumar Nimal Placidus Palihena | of Colombo or failing him |
| 9. Azeez Mohamed Mubarak | of Colombo or failing him |
| 10. Ajit Mahendra de Silva Jayaratne | of Colombo or failing him |
| 11. Ranjeevan Seevaratnam | 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 Fourth Annual General Meeting of the Company to be held on 30th August 2017 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
* To receive the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2017 with the Report of the Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
* To re-elect Dr. A.M. Mubarak as a Director	<input type="checkbox"/>	<input type="checkbox"/>
* To re-appoint Mr. R.N. Bopearatchy as a Director	<input type="checkbox"/>	<input type="checkbox"/>
* To re-appoint Mr. A. Rajaratnam as a Director	<input type="checkbox"/>	<input type="checkbox"/>
* To re-appoint Mr. A.M. de S. Jayaratne as a Director	<input type="checkbox"/>	<input type="checkbox"/>
* To re-appoint Mr. R. Seevaratnam as a Director	<input type="checkbox"/>	<input type="checkbox"/>
* To re-appoint Mr. A.R. Rasiah as a Director	<input type="checkbox"/>	<input type="checkbox"/>
* To reappoint Mr. S.N.P. Palihena as a Director	<input type="checkbox"/>	<input type="checkbox"/>
* To authorize the Directors to determine contributions to charities	<input type="checkbox"/>	<input type="checkbox"/>
* To reappoint as Auditors KPMG and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

The proxy may vote as he/she thinks fit on any resolution brought before the meeting.
 As witness my/our hands thisday of.....Two Thousand and Seventeen.

.....
 Signature

Note

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



Form of Proxy *Contd.*

Instructions as to Completion

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

Corporate Information

Name of the Company

E. B. Creasy & Company PLC (EBCPLC)

Legal Form

Public quoted company with limited liability incorporated in Sri Lanka under the Joint Stock Companies Ordinance 1861.

Company Number

PQ 182

Principal Activities

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

Stock Exchange Listing

The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka.

Registered Office

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

Board of Directors

A. Rajaratnam, FCA - Chairman
(Alternate - Anushman Rajaratnam)
S.D.R. Arudpragasam, FCMA, (UK) - Managing Director
S. Rajaratnam, B.Sc. CA - Deputy Managing Director

Directors

R.C.A. Welikala
R.N. Bopearatchy, B.Sc. (Cey.), Dip. BM, MBA
P.M.A. Sirimane, FCA, MBA
A.R. Rasiah, B.Sc. (Cey.), FCA
S.N.P. Palihena, F.C.I.B. (U.K.), F.I.B., Post Gr. Dip. Bus. & FA
Dr. A.M. Mubarak, B.Sc. (Hons) (Cey), Ph.D.
R. Seevaratnam, B.Sc (Lond.), FCA (Eng. and Wales) FCA (ICASL)
A.M. de S. Jayaratne B.Sc (Econ.) FCA (Eng. and Wales) FCA (ICASL)
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
Cargills Bank PLC

Subsidiaries

Darley Butler & Co. Limited (DBCL)
Creasy Foods Limited (CFL)
Laxapana Batteries PLC (LBP)
Island Consumer Supplies (Pvt) Limited (ICSL)
Filmpak Limited (FPL)
Group Three Associates (Pvt) Limited (GTA)
Corporate Systems Limited (CSL)
E. B. Creasy Logistics Limited (EBL)
Muller & Phipps (Ceylon) PLC (MPP)
Lankem Ceylon PLC (LCP)
Lankem Paints Limited (LPL)
Lankem Consumer Products Limited (LCPL)
Lankem Chemicals Limited (LC)
Lankem Technology Services Limited
SunAgro Farms Limited
SunAgro Foods Limited (SAF)
SunAgro LifeScience Limited (SALS)
Lankem Research Limited (LRL)
Lankem Export (Pvt) Limited (LEL)
Sigiriya Village Hotels PLC (SVH)
Marawila Resorts PLC (MRP)
Colombo Fort Hotels Limited (CFHL)
Beruwala Resorts PLC (BRP)
York Hotels (Kandy) Limited (YHK)
Associated Farms Limited (AFL)
C. W. Mackie PLC
Creasy Plantation Management Limited (CPML)
Lankem Plantation Services Limited (LPSL)
Pettah Pharmacy (Pvt) Limited (PPL)
Muller & Phipps Agencies Limited
B.O.T. Hotel Services (Pvt) Limited (BOT)
Galle Fort Hotel (Pvt) Limited
Ceylon Tapes (Pvt) Limited
J.F. Packaging (Pvt) Limited
Lanka Special Steels Limited
Duramedical (Lanka) Limited
Lak Kraft (Pvt) Limited
Sherwood Holidays Limited
Nature's Link Limited

Associates

Consolidated Tea Plantations Limited
(Formerly known as Lankem Plantation Holdings Ltd)
Waverly Power (Pvt) Limited (WPL)

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