

E. B. Creasy & Company PLC

Annual Report 2013/14

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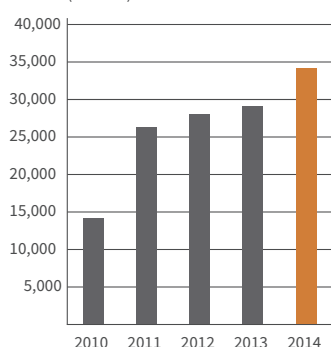
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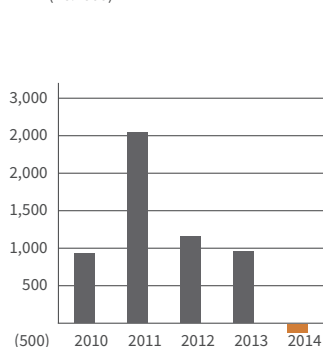
Financial Highlights

	2013/14 Rs. '000	2012/13 Rs. '000
Group Turnover	34,324,146	29,093,808
Group Profit/(Loss) before Taxation	(71,802)	991,960
Group Profit/(Loss) after Taxation	(320,065)	744,613
Group Net Profit /(Loss) Attributable to Equity Holders of the Company	(57,247)	278,255
Value Added	9,279,463	8,345,857
Shareholders' Funds-Group	3,119,953	3,253,742
Earnings/(Loss) per Share (Rs.)-Group	(22.58)	109.75
Net Assets per Share (Rs.)-Group	1,230.53	1,283.52
Market Value per Share (Rs.)	905.00	1,090.00
Dividend per Share (Rs.)	10.00	10.00
Company Dividend Payout Ratio (%)	11.30	15.09

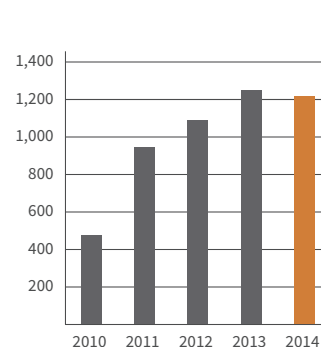
Group Turnover
(Rs. '000)



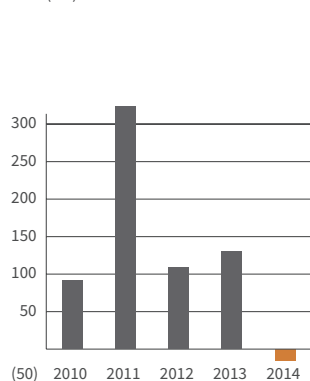
Group Profit/(Loss) Before Tax
(Rs. '000)



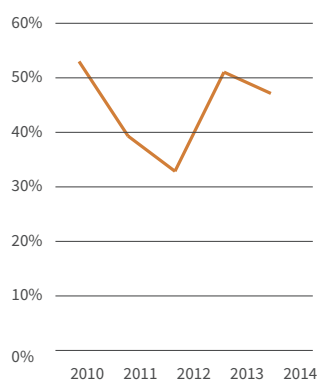
Net Assets per Share (Rs.)



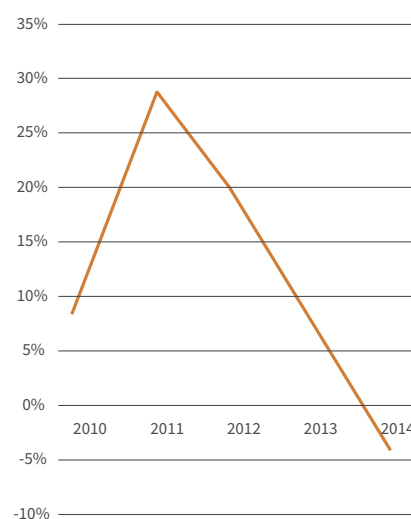
Earning per share
(Rs.)



Debt to Equity
(%)



Return on Equity
(%)



Notice of Meeting

Notice is hereby given that the Eighty First 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 June, 2014, at 3.00 p.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March, 2014 with the Report of the Auditors' thereon.
2. To declare a First and Final dividend as recommended by the Directors.
3. To re-elect as a Director Mr. S. N. P. Palihena who retires in accordance with Articles 91 and 92 of the Articles of Association.
4. To re-elect as a Director Dr. A. M. Mubarak who retires in accordance with Article 98 of the Articles of Association.
5. 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)

6. 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)

7. 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)

8. To reappoint Mr. R. Seevaratnam who is 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)

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

04th June, 2014

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

Chairman's Review

I have great pleasure in welcoming you to the Company's 81st Annual General Meeting and in presenting the Annual Report and Audited Accounts for the year ended 31st March, 2014.

During the financial year, the turnover of your Company increased by 19 percent to Rs. 2.64 billion, mainly driven by growth in the Personal and Home Care Divisions. This increase resulted in a profit after tax of Rs. 224 million, a 34 percent increase compared to last year's profit of Rs. 168 million. The profits earned during the year were not subject to income tax on account of the exemptions granted under section 21(A) of the Inland Revenue Act No. 10 of 2006. However we will not be entitled to this exemption from this year and the profits of our Personal and Home Care Divisions will be subject to income tax from the current financial year onwards.

The Group recorded a consolidated turnover of Rs. 34.3 billion for the year under review, 18 percent more than the previous year's turnover. However, the Group's profit before tax last year of Rs. 992 million, reduced to a loss before tax of Rs. 71 million during the current financial year. This was mainly on account of the drop in profits of our plantation and agricultural input sectors. The plantation sector was affected by erratic and adverse weather conditions that had a negative impact on both Tea and Rubber crops, additionally wages were increased from April last year and rubber prices dropped significantly. The Directors are satisfied that these sectors will be profitable in the medium term.

Your Directors have recommended the payment of a first and final dividend of Rs. 12.50 per share, which is an increase of 25 percent over the dividend paid last year. I remain confident that the Company and the Group will continue

to perform satisfactorily in the coming years provided there are no unforeseen circumstances.

I wish to express my sincere gratitude to all our employees within our Group for their commitment and dedication in taking the Group's vision forward. I also wish to thank all our other stakeholders for their trust and confidence in the Group. Mr. Ranjan Seevaratnam and Mr. Ajit Jayaratne joined the Board on 1st April 2014. Mr. Sanjeewa Gunawardena was co-opted to the Board as an Executive Director. I am certain their counsel to the deliberations of the Board will be invaluable and in conclusion wish to thank my fellow Directors for their guidance 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. 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 several Boards of The Colombo Fort Land & Building 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 - B.Sc. (Cey.), Dip. BM,

MBA (University of Colombo)

Director

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

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

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

P.M.A. Sirimane - FCA, MBA

Director

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

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 some of the Boards of The Colombo Fort Land & Building Group, Ceylon Cold Stores PLC, Nations Trust Bank PLC and MTD Walkers PLC. 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 Ltd. and is currently a visiting lecturer for MBA students on Finance at the Post Graduate Institute of Management (PIM). He is a

Board of Directors

former President of the Benevolent Society of the Institute of Chartered Accountants of Sri Lanka and a Committee Member of Sri Lanka Institute of Directors.

S.N.P. Palihena

**FCIB (UK), FIB (SL), Postgraduate 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. Mr. Palihena currently holds Directorships in Softlogic Finance PLC, SMB Leasing PLC and in several Companies of the Hirdaramani Group.

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

Dr. A.M. Mubarak

**B.Sc. (Hons) (Cey), Ph.D.(UK)
Director**

Dr. Mubarak was appointed to the Board as an Independent Non-Executive Director on 2nd September, 2013. He is a former Director and Chief Executive Officer of the Industrial Technology Institute. He is a Chemist by profession and has more than 25 years of experience in Research & Development including Research Management.

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 Fellow of the National Academy of Sciences, Sri Lanka and the Institute of Chemistry, Ceylon. He is a Past President of the Institute of Chemistry, Ceylon and the current President of the Sri Lanka Association for the Advancement of Science and Vice President of the National Academy of Sciences, Sri Lanka.

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 and National Authority, Chemical Weapons Convention. With his knowledge and experience in a wide range of fields, Dr. Mubarak had served in many Presidential and Ministerial Task Forces dealing with Science & Technology. He had been an active member of the Sri Lanka Delegations in several bilateral discussions with India on Science & Technology co-operation.

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 on 1st April, 2014. He is a former Chairman of Forbes & Walker Ltd, 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 on 1st 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. He is currently the Head of the Home Care Division and has initiated many new businesses. He was appointed to the Board as an Executive Director on 1st April, 2014. Prior to joining the Company he had served in leading mercantile establishments in Sri Lanka and overseas.

Mr. Gunawardena 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 and trading in chemicals, hoteliering and plantation management.

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. Ltd.

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 Ltd.

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 Ltd.

Is the manufacturer of a range of medicated confectionery under licence 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 Ltd. 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.

Group Profile

Lankem Ceylon PLC

A leading manufacturer of agrochemicals, bituminous products, decorative and automotive paints and household detergents.

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 Paints Division manufactures well-known decorative and automotive paints under the brand name Robbialac.

The product range comprises emulsions, enamels, weather-coats, acrylics, primers, wood preservatives and ancillaries.

The Bitumen Division produces road construction materials, waterproofing compounds and epoxy adhesives.

The Consumer Products Division manufactures domestic detergents, household insecticides and general purpose cleaners. They also trade in dry cell batteries.

The Industrial Chemicals Division markets a variety of imported chemicals meeting the needs of the local rubber, plastic, textile, leather, ceramic, printing and paint industries.

Lankem Paints Ltd. and Lankem Consumer Products Ltd. are subsidiaries of Lankem Ceylon PLC, which market the paints and consumer products respectively.

Agarapatana Plantations Ltd.

Agarapatana Plantations Ltd. comprises of 25 tea estates with a total area of 10,486 hectares of which 7,621 hectares is planted with tea. The estates can be divided into two groups based on their location - the first group of 13 estates are in the Agarapatana Region while the remaining 12 are situated in Haputale/Bandarawela and all are in the high grown elevation category. Agarapatana Plantations Ltd. currently employs about 14,000 people.

Kotagala Plantations PLC

Kotagala Plantations PLC has 10 tea estates, 5 tea-cum-rubber estates and 9 rubber estates comprising a total extent of 12,965 hectares of which 3,398 hectares is planted with tea and 6,649 hectares with rubber. The tea estates in the high grown category are located in Kotagala, while the rubber estates and the tea-cum-rubber estates are in Horana/Neboda. Kotagala Plantations PLC presently has, in employment about 12,000 persons.

Union Commodities (Private) Ltd.

Union Commodities (Private) Ltd. commenced business in 1985, it is one of the largest tea exporters in the country. The firm has state-of-the-art self-sufficient factory with an in-house advance tea bagging facility, on-site purpose built storage facility, packaging facilities and a shipping and a freight forwarding company. The Union Group comprises of Union Commodities Teas (Pvt) Ltd., Unicom Clearing & Forwarding (Pvt) Ltd. and Union Commodities Exports (Pvt) Ltd.

Lankem Tea & Rubber Plantations (Pvt) Ltd.

Lankem Tea & Rubber Plantations (Pvt) Ltd. are the Managing Agents for the Kotagala Plantations PLC and Agarapatana Plantations Ltd.

Group Profile

Lankem Plantation Holdings Ltd.

Lankem Plantation Holdings Ltd. is the holding company of Lankem Tea & Rubber Plantations (Pvt) Ltd., and Kotagala Plantations PLC.

Sigiriya Village Hotels PLC

Sigiriya Village Hotels PLC is the owner of 120 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 luscious 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 Ltd. is the holding Company of Beruwala Resorts PLC, which owns newly refurbished 'The Palms' located by the side of the southern coast of Sri Lanka.

Waverly Power (Pvt) Ltd.

Waverly Power (Pvt) Ltd. is generating electricity for the national grid. It is the direct subsidiary of Lankem Development PLC.

Galle Fort Hotel (Pvt) Ltd.

Colombo Fort Hotels Ltd. is the holding company of the Galle Fort Hotel (Pvt) Ltd.

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, with the largest swimming pool in the country, discotheque, air-conditioned bar and speciality restaurants. Its banquet hall could cater to a wide spectrum of functions.

Muller & Phipps (Ceylon) PLC

The Company is serving as an agent representative in Sri Lanka for foreign Pharmaceutical companies and operates in importing, wholesale and distribution of pharmaceuticals.

C. W. Mackie PLC

Main activities of the Company are export and sell 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. Wholesale distribution of branded consumer products. Bottling of 'Sunquick' range of fruit squashes and bottling of drinking water under 'Scan' brand for internal distribution.

Kelani Valley Canneries Limited

Main activities of the Company are manufacture, export and distribution of a wide range of processed tropical fruits, young coconut/King coconut water and beverage products under "KVC" brand.

Enterprise Governance

Corporate Governance

Corporate Governance is a mechanism that strives to align the interests of a wide range of stakeholders; shareholders, customers, employees, communities and Government Authorities. 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 the Board meetings, matters are referred to the Board and decided by resolutions in writing. The Board met three times during the year under review.

The Board is responsible for:

- Determining the strategic direction of the Company and also setting the corporate values.
- Implementation and monitoring of business strategy of the Company.
- 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.

Company Secretaries and Independent Professional Advice

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

Independent Judgment

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

Financial Acumen

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

Board Balance

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

Enterprise Governance

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

Mr. A.R. Rasiah and Mr. S.N.P.Palihena and Dr. A.M. Mubarak are Directors on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. Mr. Rasiah and Mr. Palihena also serve on the Boards of certain subsidiaries of the Company's Parent Company, The Colombo Fort Land and Building PLC. 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.

Although Mr. A.M. de S. Jayaratne is a Director of the Parent Company, (PC) The Colombo Fort Land and Building PLC and on the Boards of some of its subsidiaries, 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.

Although Mr. R. Seevaratnam is a Director of the Parent Company, (PC) The Colombo Fort Land and Building PLC and on the Board of a subsidiary of the Company, 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.

Appointments to the Board

The Board as a whole decides on the appointments of Directors in accordance with the Articles of Association of the Company and in compliance with rules on Governance.

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

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 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.

A Director appointed to the office of Managing Director or Joint Managing Director or Executive Director does not retire by rotation.

2. Directors Remuneration

Remuneration Committee

The Remuneration Committee was re-constituted during the financial year. The Remuneration Committee Report is set out on page 12.

Disclosures of Remuneration

Aggregate remuneration paid to Directors is disclosed in Note 27 (d) to the Financial Statements on page 90.

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.

Enterprise Governance

Others

The Company's principal communicator with all its stakeholders are its Annual Report and Quarterly Financial Statements. The Company also maintains a web site (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 15 to 18 in this Report. The Auditor's Report on the Financial Statements is given on page 20 of this Annual Report. Non financial information of business segments are given on pages 91 to 92

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 time frame.

Audit Committee

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

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
04th June, 2014

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 comprises of three Independent Non-Executive Directors.

The Committee members are as follows:

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

The members have varied experience and financial expertise with high standing of integrity and business acumen to carry out their role effectively and efficiently. Two of the members are finance professionals.

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 recommended 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 Manager heading the Internal Audit Division 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.

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, re-appointment 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 year ended 31st March, 2014 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)

Senior Management Personnel of the Company are invited to the meeting as and when required. The proceedings of the Audit Committee are reported to the Board of Directors.

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

Audit Committee Report

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 re-appointment of KPMG as Auditors for the financial year ending 31st March, 2015 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
04th June, 2014

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, 2014.

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, Management 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 22 to 96.

Auditors' Report

The Auditors' Report on the Financial Statements is given on pages 20 and 21.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 27 to 41 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) to the Financial Statements on page 89.

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 31.03.2014	No. of Shares as at 31.03.2013
Mr. S.D.R. Arudpragasam	2,000	2,000

Directors' Remuneration

Directors' remuneration in respect of the Group for the financial year 2013/14 is given in Note 27 (d) to the Financial Statements on page 89 (2012/13- Rs. 301.58 million) and in respect of the Company for the financial year 2013/14 is Rs.130.02 (2012/13-Rs.98.99 million).

Corporate Donations

Donations made by the Group amounted to Rs. 1.6 million (2013/14 - Rs. 2.0 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 4 and 5.

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

Dr. A. M. Mubarak was appointed as an Independent Non-Executive Director with effect from 2nd September 2013.

Annual Report of the Board of Directors

Mr. A. M. de S. Jayaratne and Mr. R. Seevaratnam were appointed as Independent Non-Executive Directors and Mr. S. W. Gunawardena was appointed as Executive Director with effect from 1st April 2014.

In terms of Articles 91 and 92 of the Articles of Association Mr. S. N. P. Palihena retires by rotation and being eligible offers himself for re-election.

In terms of Article 98 of the Articles of Association Dr. A. M. Mubarak retires 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 seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Auditors

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

The Auditors, KPMG were paid Rs. 16.62 million during the year under review (2012/13 - Rs. 14.96

million) as audit fees and fees for audit-related services by the Group. In addition, they were paid Rs. 1.98 million (2012/13 - Rs. 2.12 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. 7.65 million during the year under review (2012/13- Rs. 8.81 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. 34,324.15 million (2012/13 - Rs. 29,093.81 million).

Results

The Group made a Loss before tax of Rs. 71.80 million against a profit of Rs. 991.96 million in the previous year. The detailed results are given in the Statement of Comprehensive Income on page 22.

Dividends

The Board of Directors have recommended the payment of a first and final dividend of Rs. 12.50 per share on the ordinary shares of the Company for the year ended 31st March, 2014 for approval by the shareholders at the Annual General Meeting to be held on 30th June, 2014. The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the dividend proposed. A solvency certificate has been sought from the Auditors in respect of the aforementioned dividend.

Investments

Investments made by the Group are given in Notes 13.2.2 and 13.3 on pages 57 to 59.

Property, Plant & Equipment

During 2013/14, the Group invested Rs. 2,266.86 million in Property, Plant & Equipment (2012/13 - Rs. 2,798.52 million). Further, your Directors are of the

Annual Report of the Board of Directors

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, 2014.

Stated Capital

The stated capital of the Company as at 31st March, 2014 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, 2014 comprised of capital reserve on consolidation Rs. 126.72 million, general reserve of Rs. 21.68 million and retained earnings of Rs. 2,945.83 million whereas the total Group reserves as at 31st March, 2013 comprised of capital reserve on consolidation of Rs. 126.72 million, general reserves of Rs. 21.68 million and retained earnings of Rs. 3,079.62 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 1, 5 and 22 on pages 42, 44 and 77.

Share Information

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 98 and 99.

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 94

Capital Commitments and Contingent Liabilities

Capital commitments and contingent liabilities as at the Reporting date are disclosed in Note 29 and 30 on pages 92 and 93.

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.

Annual Report of the Board of Directors

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) Ltd.
Secretaries

4th June, 2014

Financial Reports

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Independent Auditors' Report



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(Chartered Accountants)
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INDEPENDENT AUDITORS' REPORT

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"), the consolidated financial statements of the Company and its subsidiaries (the "Group") as at 31st March 2014 which comprise the statement of financial position as at 31st March 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 22 to 96 the annual Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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 plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2014 and the financial statements give a true and fair view of the financial position of the Company as at 31st March 2014 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Opinion

Group

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 31st March 2014, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Independent Auditors' Report

Emphasis of Matter

Without qualifying our opinion we draw attention to Note 34 to these Financial Statements regarding matters that may cast significant doubt that the respective Group Companies will be able to continue as a going concern.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.



Chartered Accountants

Colombo.
04th June, 2014

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
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne ACA

P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne ACA
R.M.D.B. Rajapakse ACA

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

Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Statement of Comprehensive Income

For the Year ended 31st March,	Note	GROUP		COMPANY	
		2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
Revenue	1	34,324,146	29,093,808	2,642,684	2,213,801
Cost of Sales		(28,450,311)	(23,081,240)	(1,698,494)	(1,477,092)
Gross Profit		5,873,835	6,012,568	944,190	736,709
Other Income	2	512,573	490,984	44,649	32,127
Gains on Change in Fair Value of Biological Assets		224,629	103,472	-	-
Distribution Expenses		(2,244,687)	(1,679,132)	(377,810)	(248,607)
Administrative Expenses		(2,791,254)	(2,742,896)	(312,031)	(297,059)
Other Expenses		(217,117)	(165,421)	-	-
Excess on Acquisition		-	43,296	-	-
Net Finance Expenses	3	(1,429,781)	(1,070,911)	(88,664)	(66,519)
Profit/ (Loss) before Taxation	4	(71,802)	991,960	210,334	156,651
Income Tax Expenses	5	(248,263)	(247,347)	14,041	11,340
Profit/ (Loss) after Taxation		(320,065)	744,613	224,375	167,991
Other Comprehensive Income/ (Expense)					
Net Change in Fair Value of Available-for-sale Financial Assets		18,552	(19,813)	138	212
Defined Benefit Plan Actual Losses		(13,633)	(1,041)	(2,712)	(37,797)
Other Comprehensive Income/ (Expense) for the Year Net of Tax		4,919	(20,854)	(2,574)	(37,585)
Total Comprehensive Income/ (Expense) for the Year		(315,146)	723,759	221,801	130,406
Profit Attributable to:					
Equity Holders of the Company		(57,247)	278,255	224,375	167,991
Non-controlling Interest		(262,818)	466,358	-	-
Profit for the Year		(320,065)	744,613	224,375	167,991
Total Comprehensive Income/ (Expense) attributable to: Equity Holders of the Company		(24,497)	230,903	221,801	130,406
Non-controlling Interest		(290,649)	492,856	-	-
Total Comprehensive Income/ (Expense) for the Year		(315,146)	723,759	221,801	130,406
Earnings / (Losses) pre share (Rs.)	6	(22.58)	109.75	88.51	66.27
Dividend per share (Rs.)	7	10.00	10.00	10.00	10.00

The Accounting Policies and Notes on pages 27 to 96 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

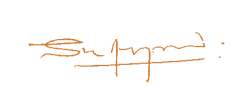
As at 31st March,	Note	GROUP		COMPANY	
		2014 Rs. '000	2013 Rs. '000 Restated	2014 Rs. '000	2013 Rs. '000
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	8	14,691,300	13,951,165	1,072,403	993,800
Investment Property	9	166,215	52,856	-	-
Leasehold Right to Land	10	402,929	418,142	-	-
Biological Assets	11	928,506	703,816	-	-
Intangible Assets	12	532,564	532,880	-	-
Investments in Subsidiaries	13.1	-	-	614,736	614,736
Financial Assets Available-for-Sale	13.2	377,637	269,492	1,606	1,468
Defined Benefit Obligations Plan Assets	23	127,622	118,788	-	-
Deferred Tax Asset	22.1	72,050	45,632	-	-
		17,298,823	16,092,771	1,688,745	1,610,004
Current Assets					
Inventories	14	4,749,934	4,021,627	589,253	580,374
Amount Due from Related Companies	15	1,562,082	1,819,149	167,781	38,023
Trade and Other Receivables	16	6,058,574	5,848,548	183,621	197,489
Income Tax Refund Due		161,237	60,948	-	-
Financial Assets Fair Value through Profit and Loss	13.3	192,144	320,519	-	-
Cash & Cash Equivalents	17.1	1,154,199	1,474,265	108,747	32,501
		13,878,170	13,545,056	1,049,402	848,387
Total Assets		31,176,993	29,637,827	2,738,147	2,458,391
EQUITY AND LIABILITIES					
Equity					
Stated Capital	18	25,731	25,731	25,731	25,731
Capital Reserves	19.1	126,715	126,715	-	-
General Reserves	19.2	21,679	21,679	9,548	9,548
Retained Earnings		2,945,828	3,079,617	1,143,941	947,495
Equity Attributable to Equity Holders of the Company		3,119,953	3,253,742	1,179,220	982,774
Non-Controlling Interest		5,335,335	5,621,908	-	-
Total Equity		8,455,288	8,875,650	1,179,220	982,774
Non-Current Liabilities					
Interest-Bearing Loans and Borrowings	20.1	4,010,508	4,238,857	245,971	261,224
Deferred Income and Capital Grants	21	573,777	570,152	-	-
Deferred Tax Liability	22.2	652,121	479,653	1,249	15,290
Retirement Benefit Obligations	23	2,300,258	2,062,388	192,064	163,867
		7,536,664	7,351,050	439,284	440,381
Current Liabilities					
Interest-Bearing Loans and Borrowings	20.2	5,467,285	4,559,656	349,131	288,488
Current Taxation Payable		94,879	104,688	4,833	8,088
Trade and Other Payables	24	5,851,209	4,859,856	508,471	430,137
Amount Due to Related Companies	25	622,223	676,314	37,859	106,201
Bank Overdrafts	17.2	3,149,445	3,210,613	219,349	202,322
Total Current Liabilities		15,185,041	13,411,127	1,119,643	1,035,236
Total Equity and Liabilities		31,176,993	29,637,827	2,738,147	2,458,391

The Accounting Policies and Notes on pages 27 to 96 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

4th June, 2014, Colombo

Statement of Changes in Equity

GROUP							
	Attributable to Equity Holders of Parent					Non-Controlling Interest	Total
	Stated Capital	Capital Reserves on Consolidation	General Reserve	Retained Earnings	Total		
	Rs. '000		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Rs. '000						
Balance as at 1st April 2012 (as previously reported)	25,731	126,715	21,679	2,806,384	2,980,509	5,337,819	8,318,328
Adjustment for the effect due to the deferred tax charge on consumable biological assets (Note a)	-	-	-	(5,248)	(5,248)	(27,768)	(33,016)
Restated balance as at 01st April 2012	25,731	126,715	21,679	2,801,136	2,975,261	5,310,051	8,285,312
Adjustment Due to Change in Holding	-	-	-	72,933	72,933	2,651	75,584
Net of Acquisition/(Disposal) of Subsidiary	-	-	-	-	-	(41,494)	(41,494)
Dividend Payment - Ordinary Shares	-	-	-	(25,355)	(25,355)	(142,155)	(167,510)
Total Comprehensive Income for the Year							
Profit for the Year	-	-	-	278,255	278,255	466,358	744,613
Other Comprehensive Income for the Year	-	-	-	(47,352)	(47,352)	26,497	(20,855)
Balance as at 31st March 2013	25,731	126,715	21,679	3,079,617	3,253,742	5,621,908	8,875,650
Adjustment Due to Change in Holding	-	-	-	(60,137)	(60,137)	236,360	176,223
Dividend Payment - Ordinary Shares	-	-	-	(25,355)	(25,355)	(142,254)	(167,609)
Transferred to Deferred Tax	-	-	-	(23,800)	(23,800)	(90,930)	(113,830)
Total Comprehensive Income for the Year							
Profit / (Loss) for the Year	-	-	-	(57,247)	(57,247)	(262,818)	(320,065)
Other Comprehensive Income for the Year	-	-	-	32,750	32,750	(27,831)	4,919
Balance as at 31st March 2014	25,731	126,715	21,679	2,945,828	3,119,953	5,335,335	8,455,288

COMPANY				
	Stated Capital Rs.'000	General Reserve Rs.'000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 2012	25,731	9,548	842,445	877,724
Total Comprehensive Income - Profit for the Year	-	-	167,991	167,991
Total Other Comprehensive Income	-	-	(37,586)	(37,586)
Dividend for the Year	-	-	(25,355)	(25,355)
Balance as at 31st March 2013	25,731	9,548	947,495	982,774
Total Comprehensive Income - Profit for the Year	-	-	224,375	224,375
Total Other Comprehensive Income	-	-	(2,574)	(2,574)
Dividend for the Year	-	-	(25,355)	(25,355)
Balance as at 31st March 2014	25,731	9,548	1,143,941	1,179,220

The Accounting Policies and Notes on pages 27 to 96 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Note a

The Group has not recognized the deferred tax liability arising on the temporary difference of the fair value of consumable biological assets for the year ended 31st March 2012. This was corrected retrospectively in accordance with Sri Lanka Accounting Standards - LKAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". Since the adjustment to the Statement of Financial Position is immaterial, three Statements of Financial Position have not been presented in respect of above restatement.

Statement of Cash Flow

For the Year ended 31st March,	GROUP		COMPANY	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
A. Cash Generated from Operations				
Profit/ (Loss) Before Tax	(71,802)	991,960	210,334	156,651
Adjustments for:				
Depreciation on Property, Plant and Equipment	810,775	694,306	92,566	106,252
Gains on Change in Fair Value of Biological Assets	(224,629)	(103,472)	-	-
Provision for Impairment on Property Plant & Equipment	20,136	(7,093)	-	-
Profit on Disposal of Property, Plant & Equipment	(84,886)	(37,888)	(3,831)	(239)
Profit on Disposal of Software	-	181	-	-
Depreciation on Investment property	8,878	4,751	-	-
Gain/(Loss) on Translation of Foreign Currency	37,199	(10,600)	-	-
(Profit)/Loss on Disposal of Investments	(623)	(269)	-	-
Provision/(Reversal) for Bad and Doubtful Debts	5,232	(44,674)	-	102
Provision/(Reversal) for Bad and Doubtful related party	105	(38,148)	277	270
Provision for obsolete Inventories	19,518	(1,798)	(2,293)	(166)
Provision for Retiring Benefit Obligation	398,163	370,812	32,322	26,109
Amortization of Deferred Income & Capital Grants	(19,950)	(17,638)	-	-
Interest Income	(127,741)	(74,052)	(20,400)	(22,834)
Dividend Received	(5,572)	(4,766)	(27,803)	(27,481)
Interest Expenses	1,737,530	1,361,854	120,389	120,033
Amortization of Lease Hold Land	12,988	12,988	-	-
Provision for Impairment on Lease Hold Land	2,225	-	-	-
Excess on Acquisition	(450)	(43,296)	-	-
Amortization of Software	120	196	-	-
Amortization of Trademark	-	-	-	-
	2,517,215	3,053,354	401,561	358,697
(Increase)/Decrease in Inventories	(726,915)	(113,551)	(6,586)	(147,102)
(Increase)/Decrease in Trade and other Receivables	(147,324)	(299,157)	30,329	(2,611)
(Increase)/Decrease in Related Party Receivables	256,962	(1,131,433)	(129,653)	40,182
Increase/(Decrease) in Related Party Payables	(55,093)	173,572	(68,342)	(173,595)
Increase/(Decrease) in Trade and other Payables	955,701	65,574	75,079	30,700
	2,800,546	1,748,359	302,388	106,271
Cash Flows from Operating Activities				
Cash generated from operations (Note A)	2,800,546	1,748,359	302,388	106,271
Gratuity paid	(186,679)	(257,519)	(6,837)	(7,579)
Interest Paid	(1,715,880)	(1,249,583)	(115,955)	(111,367)
Income Taxes Paid	(70,078)	(207,308)	-	(46)
Net Cash Flows from operating Activities	827,909	33,949	179,596	(12,721)

Statement of Cash Flow

For the Year ended 31st March,	GROUP		COMPANY	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
Cash Flows from Investing Activities				
Purchase and construction of Property, Plant & Equipment	(1,636,671)	(2,176,497)	(171,169)	(59,252)
Purchase of Biological Asset	(61)	(11,694)	-	-
Proceeds on disposal of Property, Plant & Equipment	360,590	328,097	3,831	283
Purchase of Investment Property	(122,237)	(764)	-	-
Acquisition of Subsidiary (Note 31)	(126,874)	(1,619,682)	-	-
Proceeds from sale of Investments	92,520	81,861	-	-
Purchase of other Long Term / Short term Investment	(71,671)	-	-	-
Dividend Received	5,572	4,766	11,342	27,481
Interest Received	127,741	74,052	20,400	22,834
Net payments to Non-Controlling Interest	(142,254)	(142,155)	-	-
Net Cash flows from Investing Activities	(1,513,344)	(3,462,016)	(135,596)	(8,654)
Cash flows from financing activities				
Lease Rental Paid	(202,044)	(218,985)	(26,832)	(33,643)
Proceed from Long-Term loans	833,573	3,584,589	117,742	290,000
Payments of Long Term Loan	(1,276,386)	(1,231,444)	(111,705)	(111,375)
Proceeds from Short -Term loans	1,123,175	471,621	61,370	(90,500)
Debentures Settled	(50,000)	(35,000)	-	-
Capital Grants received	23,575	34,698	-	-
Dividends paid	(25,355)	(25,355)	(25,355)	(25,355)
Net Cash flows from Financing Activities	426,538	2,580,124	15,219	29,127
Net increase /(decrease) in cash & cash equivalents	(258,897)	(847,943)	59,219	7,752
Cash & cash equivalents at the beginning of the year	(1,736,348)	(888,405)	(169,821)	(177,573)
Cash & cash equivalents at the end of period (note B)	(1,995,246)	(1,736,348)	(110,602)	(169,821)
B. Analysis of Cash & Cash Equivalents				
Bank borrowings	(3,149,445)	(3,210,613)	(219,349)	(202,322)
Cash in hand & at Bank	1,154,199	1,474,265	108,747	32,501
	(1,995,246)	(1,736,348)	(110,602)	(169,821)

The Accounting Policies and Notes on pages 27 to 96 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, 2014 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 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, 2014 were authorized for issue by the Directors on 4th June, 2014.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for Biological Assets and Short-Term Investments which are measured at fair value and Retirement Benefit Obligations which are measured at the present value of the defined benefit plans as explained in the respective Notes to the Financial Statements.

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.

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.

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.

Accounting Policies

3.1.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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 13.4 of the Financial Statements.

3.1.2 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.

3.1.3 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.

3.1.4 Transactions and Non-Controlling Interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interest results in gains and losses for the Group that are recorded in the profit and loss for the year. Purchases of non-controlling interest results in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of subsidiary.

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.

Accounting Policies

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. The cost of certain items of property, plant and equipment was determined by reference to a previous GAAP revaluation. The group elected to apply the optional exemption to use this previous revaluation as deemed cost at 01st April 2011, the date of transition.

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.

3.3.1.4 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 Income Statement 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	5-13 years
Motor Vehicles	3-10 years
Furniture, Fixtures & Fittings	5-20 years
Computers	4-6 years
Laboratory Equipment	4-5 years

Accounting Policies

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 Income Statement.

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.

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,

Accounting Policies

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 Comprehensive Income. 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.

Accounting Policies

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 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 Comprehensive Income.

Accounting Policies

(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 of Assets

The carrying amounts of the Group's assets 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 recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other asset groups.

Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

Reversal of impairment losses is recognized only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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.

Accounting Policies

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

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.5 Statement of Comprehensive Income

3.5.1 Revenue

3.5.1.1 Revenue Recognition

Revenue principally is recognized on an accrual basis in terms of Sri Lanka Accounting Standard 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 basis.

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.

Accounting Policies

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.

3.5.3 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.

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 Plantation Companies

The plantation companies in the Group adopt certain accounting policies, which differ from that of the Group since the nature of operation of the plantation companies is significantly different from that of the rest of the Group.

Those accounting policies of plantation companies that significantly vary from the rest of the Group are given below:

3.6.1 Biological Asset

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets includes managed timber those that are to be harvested as agricultural produce or sold as biological assets.

3.6.2 Bearer Biological Assets

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting, fertilising etc. incurred between the time of planting and harvesting (when the planted area attains maturity) are classified as immature plantations

Accounting Policies

Further, the general charges incurred on the plantation are apportioned based on the labour days spent on respective replanting and new planting, and capitalized on the immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

The cost of areas coming into bearing are transferred to mature plantations and depreciated over their useful life period.

3.6.3 In filling Cost on Bearer Biological Assets

Where in filling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalized in accordance with Sri Lanka Accounting Standard No. 16 and depreciated over the useful life at rates applicable to mature plantation.

Infilling costs that are not capitalized have been charged to the Income Statement in the year in which they are incurred.

3.6.4 Consumable Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - 'Property, Plant & Equipment' as per the ruling issued by The Institute of Chartered Accountants of Sri Lanka.

The managed timber is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

3.6.5 Recognition and measurement

The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

3.6.5.1 Variables

The main variables in DCF model concerns

Variable	Comment
Currency valuation	Rs.
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company
Economic useful life	Estimate based on the normal life span of each species by factoring the forestry plan of the Company
Selling price	Estimate based on prevailing Sri Lankan market prices. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in profit or loss for the period in which it arises.

3.6.6 Withdrawal of UITF Rulings

The Urgent Issue Task Force (UITF) rulings issued prior to 01st April, 2012 have been superseded by the Sri Lanka Accounting Standards with effect from 01st April, 2012. Consequently it is now required to treat transactions in which any of UITF rulings applied, in accordance with Sri Lanka accounting framework effective from 01st April, 2012.

The Company has recorded Leasehold Property (Leasehold Right to the Land) and correspondent liability in terms of UITF ruling issued by The Institute of Chartered Accountants of Sri Lanka prior to 01st April, 2012. It has been superseded by the Statement of Recommended Practice (SoRP) for Right-To-Use of Land on Lease which was approved by the Council of The Institute of Chartered Accountants of Sri Lanka on 19th December, 2012. Accordingly, the leasehold property is re-classified as 'Right-To-Use of Land'. Correspondent net liability to lessor

Accounting Policies

re-classified as 'Liability to make lease payment'. If facts or circumstances indicate that there would be a significant change in the Liability to make Lease Payment since the previous reporting period, then the Company would elect to reassess the liability to make lease payment and right to use land then by carried out at sufficient frequency to ensure that such liability and asset does not differ materially from its carrying amount.

3.6.7 Inventories

Finish Goods Manufactured from Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

Input Material	At average cost.
Growing Crop-Nurseries	At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.
Spares & Consumables	At actual cost

3.6.8 Retirement Benefit Obligations

Employees Benefits

(a) Defined Contribution Plans - Provident Fund and Trust Fund

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.

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/Estate Staff Provident Society (ESPS)/Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized to the Statement of Other Comprehensive Income in the period in which they arise. Past service costs are recognized immediately in Income Statement.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 - 'Employee Benefits'. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded.

3.6.9 Grants and Subsidies

Grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the Company receives non-monetary grants, the asset and that grant are recorded at nominal amounts and is released to the Income Statement over the expected useful life of the relevant asset by equal annual installments.

3.6.10 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific criteria are used for the purpose of recognition of revenue:

Accounting Policies

- (a) Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue.
- (b) Gains and losses on disposal of an item of Property, Plant & Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other operating income' in the Income Statement.
- (c) Interest is recognized on a time proportion basis that takes in to accounts the effective interest rate on asset.
- (d) Rental income is recognized on an accrual basis.
- (e) Other income is recognized on cash basis.

3.7 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.

3.7.1 Property, Plant & Equipment

3.7.1.1 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.

3.7.1.2 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.

3.7.1.3 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.

3.7.1.4 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.

3.7.1.5 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.

Accounting Policies

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
Air-Conditioners	06

Linen, Cutlery and Crockery on Replacement Basis.

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.

3.7.1.6 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.

3.7.2 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.

3.7.3 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.

3.7.3.1 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.

3.7.3.2 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.

3.7.3.3 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.

3.7.3.4 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.

3.8 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.

Accounting Policies

3.9 Segmental Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (Business/Industry segment) or in providing products or services within a particular economic environment (Geographical segment). Segmental information is presented in respect of the Group's business or Geographical segments. The primary format business segments are based on the Groups management and internal reporting structure.

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

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.

3.10 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'.

3.11 General

3.11.1 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.

3.11.2. Movement of Reserves

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

3.11.3 Segmental Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.11.4 Comparative Figures

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

3.11.5 Capital Commitments and Contingencies

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

3.11.6 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.

4. New Standards and Interpretations not yet Adopted

Standard issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards issued, which 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

SLFRS 9 as issued reflects the replacement of LKAS 39 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 01, 2015. The adoption of SLFRS 9 will have an impact on classification and measurement of Group's financial assets.

Accounting Policies

b) SLFRS 10 – Consolidated Financial Statements

SLFRS 10 replaces the portion of LKAS 27 Consolidated and Separate Financial Statements that address the accounting for Consolidated Financial Statements. SLFRS 10 establishes a single control model that applies to all entities including Special Purposes Entities. The changes introduced by SLFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by the parent. This standard becomes effective for annual periods beginning on or after January 01, 2014.

c) SLFRS 11 – Joint Agreements

SLFRS 11 replaces LKAS 31 Interest in Joint Ventures and removes the option to account jointly control entities using proportionate consolidation. Under the new standards joint ventures must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after January 01, 2014.

d) SLFRS 12 – Disclosure of interest in other entities

SLFRS 12 includes all of the disclosures that were previously in LKAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in LKAS 31 and LKAS 28. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 01, 2014.

e) SLFRS 13 – Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not state when an entity is required use fair value, but provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after January 01, 2014.

Notes to the Financial Statements

1. Revenue

	GROUP		COMPANY	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
Revenue	39,847,556	34,443,950	2,690,714	2,253,570
Nations Building Tax	(54,052)	(90,414)	(48,030)	(39,769)
	39,793,504	34,353,536	2,642,684	2,213,801
Intra-Group Sales	(5,469,358)	(5,259,728)	-	-
	34,324,146	29,093,808	2,642,684	2,213,801

2. Other Income

	GROUP		COMPANY	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
Profit on Disposal of Property, Plant & Equipment	84,886	37,888	3,831	239
Rental Income	96,459	69,707	6,718	3,533
Dividend Income	5,572	4,766	27,803	27,481
Sale of Rubber trees	105,073	130,900	-	-
Sale of Timber	5,895	3,220	-	-
Amortisation of Capital Grant/Deferred Income	19,950	17,638	-	-
Sale of Scraps	18,901	2,522	-	-
Reversal of Provision made for Investments	-	3,218	-	-
Reversal of Provision for Related Party Receivables	-	38,148	-	-
Reversal of Provision for Doubtful Receivables	-	44,674	-	-
Creditors not payable written back	17,951	33,521	-	-
Written Back of Over Provision of Statutory and Other Liabilities	-	1,357	-	-
Profit from Tea Center	10,381	21,156	-	-
Profit on Disposal of Investment	623	269	-	-
Commission Income	14,130	6,040	-	-
Profit/ (Loss) on Disposal of SoftWare	-	181	-	-
Sale of SoftWare	-	-	6,270	-
Sundry Income	132,752	75,779	27	874
	512,573	490,984	44,649	32,127

3. Net Finance Expenses

	GROUP		COMPANY	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
Finance Income	127,741	74,052	4,373	372
Guarantee Commission on Corporate Guarantees	-	-	20,400	22,462
Exchange Gain	180,008	216,891	6,952	30,681
Finance Expense (Note 3.1)	(1,737,530)	(1,361,854)	(120,389)	(120,034)
	(1,429,781)	(1,070,911)	(88,664)	(66,519)

3.1 Finance Expenses

Interest on Short-Term Loans	550,865	299,508	41,379	43,278
Interest on Long-Term Loans	418,426	336,554	44,937	36,533
Interest on Finance Lease obligations and JEDB/SLPC Estate Lease	109,520	114,449	4,434	8,075
Guarantee Commission on Corporate Guarantees	5,244	5,341	5,244	5,341
Overdraft Interest	414,351	466,799	24,395	26,807
Other Interest	328,725	220,664	-	-
	1,827,131	1,443,315	120,389	120,034
Amount Capitalized	(89,601)	(81,461)	-	-
	1,737,530	1,361,854	120,389	120,034

Notes to the Financial Statements

4. Profit Before Taxation

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

For the Year ended 31st March,	GROUP		COMPANY	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
Auditors Remuneration				
KPMG	16,621	14,955	2,035	1,840
Other Auditors	7,645	8,814	-	-
Fee Paid to Auditors for Non-Audit Services				
KPMG	1,979	2,115	862	325
Other Auditors	93	-	-	-
Depreciation on Property, Plant & Equipment	685,433	581,365	92,566	106,252
Provision for Impairment on Property, Plant & Equipment	20,136	-	-	-
Depreciation on Investment Property	8,878	4,751	-	-
Amortization of Intangible Assets	120	196	-	-
Impairment of Goodwill	450	-	-	-
Provision/ (Reversal) for Bad & Doubtful Debts	5,232	(44,674)	-	103
Provision/ (Reversal) for Doubtful Amounts				
Due from Related Parties	105	(38,148)	277	270
Provision for Fall in Value of Inventory	19,518	(1,998)	(2,293)	(106)
Amortization of Immature/Mature Plantations	99,117	85,499	-	-
Amortization of Leasehold Land	12,988	12,988	-	-
Amortization of Immovable Lease Assets of JEDB/SLSPC Estates	26,225	27,443	-	-
Donations	1,660	2,003	224	334
Staff Cost (Note 4.1)	6,399,518	5,619,758	212,496	202,517

4.1 Staff Cost

Wages and Salaries	5,420,431	4,580,433	139,634	118,820
Defined Contribution Plan Cost - EPF/ETF	538,945	526,449	20,712	17,900
Defined Benefit Plan Cost - Retiring Gratuity	374,906	350,894	32,322	26,110
Other Staff Cost	33,741	96,184	-	-
Bonus	31,495	65,798	19,828	39,687
	6,399,518	5,619,758	212,496	202,517

Notes to the Financial Statements

	GROUP		COMPANY	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
5. Income Tax Expense				
Income Tax on Profit for the Year	192,699	254,955	-	4,143
Transferred to/(From) Deferred Tax (Note 22)	32,220	(6,278)	(14,041)	(15,528)
(Over)/Under Provision from Previous Year	23,344	(1,330)	-	45
	248,263	247,347	(14,041)	(11,340)

5.1 Reconciliation of Accounting Profit to Income

Profit / (Loss) before Tax	(71,802)	991,960	210,334	156,651
Intra-Group Eliminations	442,374	178,395	-	-
	370,572	1,170,355	210,334	156,651
Disallowable Expenses	1,990,718	6,916,487	183,620	183,913
Tax Deductible Expenses	(1,256,151)	(6,317,771)	(146,967)	(97,549)
Statutory Income from Business	1,105,139	1,769,071	246,987	243,015
Statutory Income Exempt from Taxation	(279,917)	(456,520)	(279,917)	(263,435)
Statutory Income/(Loss)	825,222	1,312,551	(32,930)	(20,420)
Add: Other Source of Income	165,420	199,525	24,892	22,808
Total Statutory Income	990,642	1,512,076	24,892	22,808
Deductions under Section 32	(15,938)	(20,261)	(8,712)	(7,983)
Qualifying Payments	(71,680)	(16,767)	(56,706)	(30)
Tax Exempt Income	(100,690)	(137,361)	-	-
Tax Loss Claimed during the year	(41,855)	(229,012)	-	-
Taxable Income/(Loss)	760,479	1,108,675	(40,526)	14,795
Income Tax @ 28%	173,682	219,340	-	4,143
Income Tax @ 10%	-	20,406	-	-
Income Tax @ 12%	16,822	14,551	-	-
Deemed Dividend Tax	2,195	658	-	-
Income Tax Expense	192,699	254,955	-	4,143

Notes to the Financial Statements

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 for income tax at 28%.

- 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.
- In accordance with the Section 20 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 the period of five years commencing from year of assessment 2009/2010, under GAMATA KARMANTHA PROJECT.
- Lankem Technology Services Ltd., Associated Farms Ltd. and Lankem Agro Chemicals Ltd. were non-operating during the year.
- In accordance with the agreement entered into with the Board of Investment (BOI) of Sri Lanka, under Section 17 of the G.C.E.C. Law No. 04 of 1978, profits of York Hotels (Kandy) Ltd. are exempted from income tax for a period of 10 years from the year in which the Company commences to make profits or within 5 years from the year the Company commenced commercial operations whichever 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 the said 10 years tax holiday. However, BOI 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 is 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 been over 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 Ltd. is 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) 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 into with the Board of Investment (BOI) of Sri Lanka under section 17 Sun Agro Farms Ltd. is exempted from income tax for a period of 10 years with effect from 31st May 2008.
- The 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 thereto.
- The taxable income of the Lankem Development PLC being a Construction Company is liable at 12% on its taxable income and 28% on other income, in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and subsequent amendments thereto.
- Waverly Power (Pvt) Ltd is exempted from income tax under sec. 16 C of Inland Revenue Act No. 10 of 2006 as amended by Act No.22 of 2011 and 08 of 2012 the profit and Income from Mini Hydro Power project for a period of 06 years from the year of assessment 2013/2014 to 2018/2019. After the said exemption period, the Income Tax rate on the profit and Income from Mini Hydro Power project would be 12 % as per the Inland Revenue Amended Act No. 18 of 2013.
- Profits from any agricultural undertakings falls within section 16 of the Inland Revenue Act No. 10 of 2006 was exempt from income tax for a period of 5 years from 2006/2007 onwards. After the exemption period, applicable tax rate would be 10%. The corporate rate of tax applicable on other income of Kotagala Plantations PLC and Agarapata Plantations Limited including the income not covered under section 16 (Profits from manufacture of tea) would be taxed at 28%.

Notes to the Financial Statements

6. Basic Earnings/ (Loss) Per Share

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

	GROUP		COMPANY	
	2014	2013	2014	2013
Profit / (Loss) Attributable to Equity Holders of				
E. B. Creasy & Company PLC (Rs. '000)	(57,247)	278,255	224,375	167,991
Weighted Average Number of Ordinary Shares (No. '000)	2,535	2,535	2,535	2,535
Basic Earnings / (Loss) per Share (Rs.)	(22.58)	109.75	88.51	66.27

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

7. Dividend Per Share

	GROUP		COMPANY	
	2014	2013	2014	2013
Total Final Dividend Paid (Rs. '000)	25,355	25,355	25,355	25,355
Number of Ordinary Shares (No. '000)	2,535	2,535	2,535	2,535
Dividend per Share (Rs.)	10.00	10.00	10.00	10.00

7.1 Proposed Dividend

The Directors have recommended the payment of a first and final dividend of Rs. 12.50 per share (Rs. 10 in 2012/13) which will be declared at the Annual General Meeting to be held on 30th June, 2014.

In accordance with the Sri Lanka Accounting Standard LKAS 10 - 'Events After the Reporting Period' this proposed first and final dividend has not been recognized as a liability in the Financial Statements for the year ended 31st March, 2014.

Notes to the Financial Statements

8. Property, Plant & Equipment

8.1 Company

Cost	Land	Buildings	Freehold			Leasehold			Work-In Progress	Total
			Plant & Machinery	Motor Vehicles	Furniture & Fittings	Plant & Machinery	Motor Vehicles	Furniture & Fittings		
	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 2013	453,000	314,330	411,425	41,115	71,276	85,611	18,000	6,880	24,037	1,425,674
Additions	-	18,696	116,823	16,601	8,586	-	-	-	29,159	189,865
Disposals/Transfers	-	-	(4,289)	(3,780)	-	-	-	-	(18,696)	(26,765)
Balance as at 31st March 2014	453,000	333,026	523,959	53,936	79,862	85,611	18,000	6,880	34,500	1,588,774
Accumulated Depreciation										
Balance as at 1st April 2013	-	43,411	264,816	38,088	51,180	21,101	10,790	2,488	-	431,874
Charge for the Year	-	15,302	57,734	5,154	1,855	5,401	5,400	1,720	-	92,566
Disposal/Transfers	-	-	(4,289)	(3,780)	-	-	-	-	-	(8,069)
Balance as at 31st March 2014	-	58,713	318,261	39,462	53,035	26,502	16,190	4,208	-	516,371
Carrying Amount										
As at 31st March, 2014	453,000	274,313	205,698	14,474	26,827	59,109	1,810	2,672	34,500	1,072,403
As at 31st March, 2013	453,000	270,919	146,609	3,027	20,096	64,510	7,210	4,392	24,037	993,800

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 for the financial year 2012/13, the rate has been increased to 37%.

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%.

Notes to the Financial Statements

8.2 Group

	Freehold						Leasehold				Work - In-	Total
	Land Rs.	Buildings	Mature/ Immature Plantations	Plant & Machinery	Motor Vehicles	Furniture & Fittings	Immovable Lease Assets	Plant & Machinery	Motor Vehicles	Furniture & Fittings	Progress	
Cost	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 2013	3,061,465	4,362,749	4,629,346	2,420,133	653,007	1,069,759	766,521	190,687	562,881	11,421	654,383	18,382,352
on Acquisition of Subsidiary	33,000	39,507	-	19,778	3,575	8,794	-	-	862	-	-	105,516
Additions	101,812	228,277	907,069	474,335	175,418	114,102	-	-	129,514	-	136,337	2,266,864
Disposals / Transfers	-	33,902	(362,343)	87,721	(66,056)	1,602	-	(31,839)	(95,147)	(2,340)	(500,679)	(935,179)
Balance as at 31st March 2014	3,196,277	4,664,435	5,174,072	3,001,967	765,944	1,194,257	766,521	158,848	598,110	9,081	290,041	19,819,553
Accumulated Depreciation												
Balance as at 1st April 2013	-	670,310	546,757	1,211,787	518,171	616,041	487,587	64,917	278,851	5,208	-	4,399,629
On Acquisition of Subsidiary	-	4,182	-	12,114	3,318	5,119	-	-	219	-	-	24,953
Charge for the year	-	142,153	99,117	245,650	70,753	114,981	26,225	10,933	98,916	2,047	-	810,775
Disposal/Transfers	-	(1,778)	-	(2,916)	(59,722)	(3,066)	-	(12,884)	(76,804)	(1,628)	-	(158,798)
Balance as at 31st March 2014	-	814,867	645,874	1,466,635	532,520	733,076	513,812	62,966	301,182	5,627	-	5,076,559
Provision for Impairment												
Balance as at 1st March 2013	-	-	-	30,178	-	668	-	-	-	712	-	31,558
Charge for the year	-	-	20,460	(324)	-	-	-	-	-	-	-	20,136
Written Off	-	-	-	-	-	712	-	-	-	(712)	-	-
Balance as at 31st March 2014	-	-	20,460	29,854	-	1,380	-	-	-	-	-	51,694
Carrying Amount												
As at 31st March 2014	3,196,277	3,849,568	4,507,738	1,505,478	233,424	459,801	252,709	95,882	296,928	3,454	290,041	14,691,300
As at 31st March 2013	3,061,465	3,692,437	4,082,588	1,178,168	134,836	453,050	278,934	125,770	284,030	5,502	654,383	13,951,165

Notes to the Financial Statements

Group

(i) *Agarapatana Plantations Ltd., and Kotagala Plantations PLC*

- (a) Leasehold land includes of leasehold rights to bare land of JEDB/SLSPC estates in Agarapatana Plantations Ltd. and Kotagala Plantations PLC. The leasehold rights to the land on all of these estates have been taken into the books of Companies as of 22nd June, 1992 immediately after the formation of Companies in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka. Immovable Leased Assets consists of immovable JEDB/SLSPC estate assets on finance leases in Agarapatana Plantations Ltd. and Kotagala Plantations PLC. In terms of ruling in the UITF of Institute of Chartered Accountants of Sri Lanka. All immovable assets under these finance leases have been taken into the books of companies retroactive 22nd June, 1992 and is as follows:

	Rs. '000
Agarapatana Plantations Ltd.	270,504
Kotagala Plantations PLC	475,579

However, The Institute of Chartered Accountants of Sri Lanka has withdrawn the UITF ruling with the implementation of LKAS/SLFRS and introduced Statement of Recommended Practices (SoRP) on leasehold land on 19th December 2012. As per the SoRP right to use land not permit further revaluation.

- (b) Mature immature plantations are investments in mature immature plantations since the formation of these companies. The assets (including plantation assets) taken over by a way of estate leases as set out in 8.2(l) a. Further investment in immature plantation taken over by way of leases are shown under mature/immature plantations. When such plantations become mature, the additional investment since taken over to bring them to maturity are transferred from immature to mature.
- (c) The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 02nd March 2012 by the Institute of Chartered Accountants of Sri Lanka. Accordingly the company has elected to measure the bearer biological assets at cost using LKAS 16 Property, Plant and Equipment.
- (d) Borrowing costs of Kotagala Plantations PLC, a subsidiary, amounting to Rs. 19.9 million (2012/13- Rs. 18.7 million) on tea and Rs. 51.3 million (2012/13 - Rs. 38.4 million) on Rubber incurred on term loans and overdrafts utilized to finance replanting expenditure of Tea & Rubber have been capitalized. The average rate of interest for capitalization was 10% (2012/13 - 9.4%). The capitalization will cease when crops are ready for harvest.
- (e) Borrowing cost of Agarapatana Plantations Ltd., a subsidiary, amounting to Rs. 89.60 million (2012/13- Rs. 81.46 million) incurred on long-term loans obtained to meet expenses relating to immature plantations have been capitalized as part of the cost of the Immature Plantations. The capitalization will cease when crops are ready for harvest.

(ii) *York Hotels (Kandy) Ltd.*

In March 2004, the Company's Land costing Rs. 13.53 million has been revalued by an Independent Valuer, Mr. D.S.A. Seneviratne, Incorporated Valuer and Assessor. The Surplus arising out of such revaluation amount to Rs. 32.47 million has been recognized as a revaluation reserve. Further, the Capital Work-in-Progress costing Rs. 67.07 million has been revalued in March, 2004 by the same valuer and the loss arising out of such revaluation amount to Rs. 12.94 million has been recognized in the Income Statement.

In March 2010, the company's Land and Capital Work in progress have been revalued at Rs. 138 million and Rs. 87 million respectively by Mr. R.S. Wijesuriya, Incorporated Chartered Valuer. Valuation gain related to the land

Notes to the Financial Statements

of Rs. 92 million has been dealt through the Statement of Changes in Equity and the increase in the value of capital work-in-progress has been recognized only up to the amount of impairment loss already recognized in the income statement for Rs. 12.94 million.

York Hotels (Kandy) Ltd., was incorporated to build and operate a hotel in Kandy. A 120 room hotel was designed by an Architect and work commenced on the Staff Quarters and the Bridge. Further, Gabion too was built to stop soil erosion. The project was put on hold in the year 1995/1996 due to the hostilities in the country and its impact on the Tourism Industry. Consequent to peace returning to the country, the project was revived. The previous plan designed in 1995/1996 was abandoned. The Board of Directors engaged an architect to design different options taking into consideration new market trends, new booking trends etc. The delay is mainly due to the Architect producing different options and determination of cost for each option and the project team working on the feasibility with market forecasts. Hence, the Board of Directors of York Hotels (Kandy) Ltd., are of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

(iii) C.W. Mackie PLC

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

(iv) Beruwala Resorts PLC.

Beruwala Resorts PLC., a subsidiary, have leased out a land from Sri Lanka Tourism Development Authority from 30 years commencing from 1st August, 2007. The lease period will expire on 31st July, 2037. The Company has paid an amount of Rs. 1,832,820/- in year 2013/14 (2012/13 - Rs. 1,479,000/-).

(v) 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.

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

(vii) The cost of fully depreciated assets as at balance sheet date are as follows:

	GROUP	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Freehold		
Plant & Machinery	454,032	211,164
Motor Vehicles	12,706	34,485
Furniture & Fittings	9,589	84,159
Leased Motor Vehicles	23,943	23,943
	500,270	353,751

Notes to the Financial Statements

8.3 Property, Plant & Equipment Extent

Details of Group's land, buildings, properties stated at valuation are indicated below:

Company Name	Location	Extent Perches	No. of Buildings
E. B. Creasy & Company PLC			
Land	Sri Sanagaraja Mawatha, Maradana	38	2
Creasy Foods Ltd.			
Land	Ekala, Ja- Ela	160	0
Laxapana Batteries PLC			
Land	Homagama	584	3
Lankem Ceylon PLC			
Land	St. Anthony's Road, Ekala Kuriduwatta	480	11
Land	Maithree Mawatha, Ekala	240	4
Land	Maguruwila Road, Gonawala	881	8
Land	Kandathoduwawa, Puttlam	4,055	2
Lankem Development PLC			
Land	Maguruwila Road, Gonawala	89	-
Marawila Resorts PLC			
Land	Thalawila and Kuppawela Nattandiya	3,259	36
Sigiriya Village Hotels PLC			
Land	Mankanai, Trincomalee	1,362	-
York Hotels (Kandy) Ltd.			
Land	Halolouwa, Katugastota	920	2
Galle Fort Hotel Services (Pvt) Ltd.			
Land	Galle Fort, Galle	37	8
B.O.T. Hotels Services (Pvt) Ltd.			
Land	Kapparathota Road Weligama	525	1
Sun Agro Farms Ltd.			
Land	Mundalama, Puttlam	15,390	-
C. W. Mackie PLC			
	Scan Bottling Plant		
Land	Munagama, Horana Industrial Estate	604	13
Land	Aramanagolla, Horana.	800	11
Land	Thebuwana, Narthupana	850	8

9. Investment Property

	GROUP	
	31.03. 2014 Rs. '000	31.03. 2013 Rs. '000
Cost		
At the beginning of the year	62,344	61,580
Additions during the year	122,237	764
At the end of the year	184,581	62,344
Accumulated Depreciation		
At the beginning of the year	9,488	4,737
Charge for the year	8,878	4,751
At the end of the year	18,366	9,488
Written down value	166,215	52,856

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

Notes to the Financial Statements

As per the valuation carried out on 31st March 2011, by Mr. K. T. D. Tisera, 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 of C. W. Mackie PLC is Rs. 62 million. The properties were valued on an open market value for existing use basis.

Rental income earn from investment property of C. W. Mackie PLC amounting to Rs. 71.14 million for the year ended 31st March, 2014 (2012/13- Rs.63.73 million) and direct operating expenses incurred for the same year amounting to Rs. 21.13 million (2012/13 - Rs. 27.65 million).

10. Leasehold Right to Land

	GROUP	
	31.03. 2014	31.03. 2013
	Rs. '000	Rs. '000
Cost		
At the beginning of the year	686,430	686,430
Impairment	(2,555)	-
At the end of the year (Note 10.1)	683,875	686,430
Accumulated Amortization		
At the beginning of the year	268,288	255,300
Impairment	(330)	-
Charge for the year	12,988	12,988
At the end of the year	280,946	268,288
Carrying Amount	402,929	418,142

10.1 Leasehold Right to Land - Cost

	GROUP	
	31.03. 2014	31.03. 2013
	Rs. '000	Rs. '000
Kotagala Plantations PLC (Note 10.1.1)	342,287	342,287
Agarapatana Plantations Ltd. (Note 10.1.1)	341,588	341,588
Sun Agro Farms Ltd. (Note 10.1.2)	2,555	2,555
Impairment loss	(2,555)	-
	683,875	686,430

10.1.1 Kotagala Plantations PLC and Agarapatana Plantations Ltd.

Leasehold land consists of leasehold right to bare land of JEDB/SLSPC estates in Agarapatana Plantations Ltd. and Kotagala Plantations PLC.

All the leases executed as at reporting date will be retroactive 22nd June,1992. The leasehold right to bare land on all of the estates have been taken into the books of the Company as at 22nd June,1992 immediately after the formation of the Company in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board decided at its meeting held on 8th March,1995 that these bare land would be revalued at the value established for this lands by valuation specialist, D.R. Wickramasinghe just prior to the formation of the respective companies. The lease hold rights to bare lands are being amortized by equal amounts over the 53 years lease period.

Notes to the Financial Statements

10.1.2 SunAgro Farms Ltd.

SunAgro Farms Ltd, 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.

11. Biological Assets

	GROUP	
	31.03. 2014	31.03. 2013
	Rs. '000	Rs. '000
At the beginning of the year	703,816	588,650
Expenses incurred during the year	61	-
Additions during the year	-	11,694
Gain arising from changes in Fair Value for the year	224,629	103,472
At the end of the year	928,506	703,816

Kotagala Plantations PLC and Agarapatana Plantations Ltd. has recognized managed trees as biological assets.

Managed trees include commercial timber plantations cultivate on estates. The cost of immature trees up to 5 years from planting are treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations become mature, the additional investment since taken over to bring them to maturity are transferred from Immature to mature.

The fair value of managed trees was ascertained in accordance with LKAS 41 - "Agriculture" using Discounted Cash Flows (DCF) method. The valuation of managed trees of Agarapatana Plantations Ltd. was carried by Messers B.J.B. Kariyawasam, Chartered Valuers.

Key assumptions used in valuation;

- Agarapatana Plantations Ltd.
- 1. The harvesting is approved by the PMMD and Forest Department based on the forestry development plan.
- 2. The price adopted are net of expenditure.
- 3. Discount rate is 13.61%.
- 4. Though the replanting is a conditional precedent for harvesting, yet the cost are not taken in to consideration.
- Kotagala Plantations PLC

Variable	Comment
Timber Content	Estimated based on the girth, height and considering the growth and present age of the trees of each species in different geographical regions, factoring all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company approved by the Forestry Department.
Economic Useful Life	Estimated based on normal life span of each species by factoring the forestry plan of the Company approved by the Forestry Department.
Selling Price	Estimated based on prevailing Sri Lankan market prices factoring all the conditions to be fulfilled in bringing the trees in to saleable condition.
Discount Rate	Future cash flows are discounted at the rate of 14.8% (2013-15.3%)

Notes to the Financial Statements

12. Intangible Assets

	GROUP	
	31.03. 2014 Rs. '000	31.03. 2013 Rs. '000
12.1 Goodwill (Note a)		
At the beginning of the year	532,279	532,279
Acquisition through Business Combination	-	-
At the end of the year	532,279	532,279
12.2 Trade Mark (Note b)		
Cost		
At the beginning of the year	1,150	1,150
At the end of the year	1,150	1,150
Amortization		
At the beginning of the year	1,150	1,150
At the end of the year	1,150	1,150
Carrying Amount	-	-
12.3 Software		
Cost		
At the beginning of the year	1,368	2,060
Disposal during the year	(678)	(692)
At the end of the year	690	1,368
Amortization		
At the beginning of the year	767	1,081
Amortized during the year	120	196
Disposal during the year	(482)	(510)
At the end of the year	405	767
Carrying Amount		
Total	532,564	532,880

Notes to the Financial Statements

(a) 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, 2014 Rs. '000	31st March, 2013 Rs.'000
Name of the Subsidiary		
Lankem Development PLC	1,271	1,271
Island Consumer Supplies (Pvt) Ltd.	1,507	1,507
Lankem Plantation Holdings Ltd.	9,544	9,544
Lankem Tea & Rubber Plantations (Pvt) Ltd.	21,802	21,802
Agarapatana Plantations Ltd.	58,741	58,741
Marawila Resorts PLC	3,197	3,197
C. W. Mackie PLC	68,815	68,815
Muller and Phipps (Ceylon) PLC	146,628	146,628
Muller and Phipps Agencies Ltd.	2,053	2,053
Laxapana Batteries PLC	6,605	6,605
Lankem Ceylon PLC	10,760	10,760
Sigiriya Village Hotels PLC	2,054	2,054
York Hotels Kandy Ltd.	15,733	15,733
Galle Fort Hotel (Pvt) Ltd.	183,569	183,569
	532,279	532,279

There has been no permanent impairment of intangible assets that requires provision. Methods used in estimating recoverable amounts are given below:

The recoverable value of Lankem Developments PLC, Marawila Resorts PLC & 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 & business plan
- (ii) Inflation - Based on current inflation & 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 & business plan

(b) Trade Mark

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

Notes to the Financial Statements

13. Investments

13.1 Investments in Subsidiaries

	COMPANY									
	31.03.2014					31.03.2013				
	No. of shares	Company Holding %	Group Holding %	Cost as at 31.03.2014 Rs. '000	Market Value Rs. '000	No. of Shares	Company Holding %	Group Holding %	Cost as at 31.03.2013 Rs. '000	Market Value Rs. '000
Investee										
Quoted Investments										
Lankem Ceylon PLC	10,974,635	46	48	261,321	1,097,464	10,974,635	46	48	261,321	1,585,835
Laxapana Batteries PLC	20,115,338	52	52	133,857	70,404	20,115,338	52	52	133,857	88,507
Muller & Phipps (Ceylon) PLC	145,061,773	51	51	189,385	174,074	145,061,773	51	51	189,385	217,593
				584,563	1,341,942				584,563	1,891,935
Unquoted Investments										
Darley Butler & Co. Ltd.	4,999,964	100	100	2,865	-	4,999,964	100	100	2,865	-
Creasy Foods Ltd.	570,000	100	100	21,333	-	570,000	100	100	21,333	-
Filmpak Ltd.	150,000	100	100	1,500	-	150,000	100	100	1,500	-
Group Three Associates (Pvt) Ltd.	1,200	100	100	12	-	1,200	100	100	12	-
Island Consumer Supplies (Pvt) Ltd.	120,000	100	100	4,967	-	120,000	100	100	4,967	-
Corporate Systems Ltd.	10,000	100	100	100	-	10,000	100	100	100	-
E. B. Creasy Logistics Ltd.	50,000	100	100	500	-	50,000	100	100	500	-
York Hotels (Kandy) Ltd.	396,493	0.18	26	396	-	396,493	0.18	26	396	-
				31,673					31,673	-
Less: Provision for Fall-in Value of Investment (Note 13.1.1)				(1,500)					(1,500)	
				30,173					30,173	
				614,736					614,736	

13.1.1 Provision for fall in value in Investments

The Company has 100% holding in Filmpak Ltd., as at the reporting date. Filmpak Ltd. has reported a net profit of Rs. 4.4. million during the year under review. The Accumulated losses were Rs. 1.5 million and also the Company has ceased its operations since April 2003. Therefore, E.B. Creasy & Company PLC has made 100% provision on the investment made in Filmpak Ltd.

Notes to the Financial Statements

13.2 Financial Assets Available - for - Sale

13.2.1 Company

	COMPANY			
	31.03.2014		31.03.2013	
	No. of shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
DFCC Bank PLC	11,162	1,606	11,162	1,468
Total Investment		1,606		1,468

13.2.2 Group

	GROUP			
	31.03.2014		31.03.2013	
	No. of shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
Madulsima Plantations PLC	100	1	100	1
Horana Plantations PLC	100	2	100	3
Hunas Falls Hotels PLC	400	19	400	21
Pegasus Resorts Ltd.	960	36	960	35
York Arcade Holdings PLC	65,000	845	65,000	975
Colonial Motors PLC	477,941	39,430	95,640	7,938
Commercial Development Company PLC	600	43	600	36
DFCC Bank PLC	16,698	2,403	16,698	2,194
Renuka City Hotels PLC	525	158	525	144
Transasia Hotel PLC	400	32	400	28
Hotel Sigiriya PLC	14,000	1,092	14,000	1,106
Colombo Dockyard PLC	269	47	269	58
Central Finance PLC	46,500	8,417	46,500	8,370
HDFC	200,000	6,500	200,000	8,000
Hemas Holdings PLC	540,000	20,358	440,000	11,880
Singer Sri Lanka PLC	30	3	30	3
CIC Holdings PLC	30,989	1,410	-	-
Keells Hotels PLC	-	-	250,000	3,300
Others	21,375	5,190	15,675	4,635
		85,986		48,727

Notes to the Financial Statements

	GROUP			
	31.03.2014		31.03.2013	
	No. of shares	Directors' Valuation Rs. '000	No. of Shares	Directors' Valuation Rs. '000
Unquoted Investments				
Ceylon Biscuits Ltd. - ordinary	5,041,680	159,284	5,041,680	139,373
International Manufacturers Ltd.	3,300	23	3,300	23
Fareastern Exports Limited	150,000	1,670	-	-
Nanotechnology (Pvt) Ltd	3,810,182	50,000	-	-
Dutch Dairy International (Pvt.) Ltd.	-	5,400	-	5,400
Other	10,000	66,424	22,256,460	43,879
		282,801		188,675
Less: Provision for fall in Value of Investment		(5,400)		(5,400)
		277,401		183,275
Unit Trusts				
National Equity Fund (NAMAL)	350,687	10,647	339,624	8,582
Pyramid unit Trust	64,654	1,995	60,666	1,774
Comtrust Equity Fund	94,856	1,608	94,856	1,734
		14,250		12,090
Investment in Debentures				
Bank of Ceylon	-	-	-	25,400
	-	291,651	-	220,765
Total		377,637		269,492

Notes to the Financial Statements

13.3 Financial Assets Available - for - Sale

	GROUP			
	31.03.2014		31.03.2013	
	No. of Shares	Market Shares Value Rs. '000	No. of Shares	Market Shares Value Rs. '000
Dialog Axiata PLC	1,000	9	1,000	9
Nations Trust Bank PLC	44,600	2,895	44,600	2,721
Janashakthi Insurance Company PLC	153,900	2,078	153,900	1,893
Tokyo Cement Company (Lanka) PLC (Non-Voting)	314,490	11,385	93,900	1,643
Tokyo Cement Company (Lanka) PLC (Voting)	103,290	2,995	285,900	6,719
Piramal Glass Ceylon PLC	250,000	850	250,000	1,525
Colombo Fort Investment PLC	7,250	588	7,250	674
Capital Alliance Finance PLC	3,609,969	52,706	3,609,969	51,623
Infrastructure Developers PLC	795,555	82,340	766,397	156,498
Renuka Holdings PLC	447,589	14,099	347,589	13,876
Orient Garments PLC	1,452,020	12,487	1,452,020	11,471
CAL Finance PLC	47,474	693	47,474	679
HVA Foods PLC	959,500	9,019	959,500	10,746
C M Holdings PLC	-	-	382,301	31,731
PC House PLC	-	-	1,249,775	3,749
PC House Holdings PLC	-	-	3,981,629	23,492
J.L. Morisson Sons & Jones (Ceylon) PLC	-	-	8,402	1,470
Total		192,144		320,519

Notes to the Financial Statements

13.4 Group Companies Investment in Subsidiaries

Investor	Investee	% Holding		No. of Shares as at	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
Darley Butler & Company Ltd	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	94	94
Creasy Foods Ltd.	Lankem Ceylon PLC	0.10	0.10	20,420	20,420
Island Consumer Supplies (Pvt) Ltd.	Marawila Resorts PLC	0.06	0.06	78,000	78,000
	Sigiriya Village Hotels PLC	0.69	0.69	61,762	61,762
	Beruwala Resorts PLC	0.01	0.01	30,000	30,000
	Lankem Plantation Holdings Ltd.	0.00	0.00	1	1
	Lankem Ceylon PLC	0.00	0.00	536	536
Lankem Ceylon PLC	Colombo Fort Hotels Ltd.	5.78	5.78	193,320,000	193,320,000
	Creasy Plantation Management Ltd.	41.00	41.00	122,993	122,993
	Lankem Developments PLC	1.51	1.51	903,680	903,680
	Sigiriya Village Hotels PLC	23.15	23.15	2,083,760	2,083,760
	Colombo Fort Hotels Ltd.	69.68	69.68	2,329,326,024	2,329,326,024
	Lankem Plantation Holdings Ltd.	47.56	47.56	19,500,001	19,500,001
	Lankem Tea & Rubber Plantations (Pvt) Ltd.	1.00	1.00	8,342	8,342
	Lankem Plantation Services Ltd.	60.00	60.00	179,993	179,993
	Beruwala Resorts PLC	0.01	0.01	83,965	83,965
	Lankem Exports (Pvt) Ltd.	99.97	99.97	9,997	9,997
	Marawila Resorts PLC	13.63	13.63	16,700,919	16,700,919
	Lankem Paints Ltd.	100.00	100.00	1,999,993	1,999,993
	Lankem Consumer Products Ltd.	100.00	100.00	1,999,993	1,999,993
	Lankem Chemicals Ltd.	100.00	100.00	1,999,993	1,999,993
	Lankem Research Ltd.	100.00	100.00	250,000	250,000
	SunAgro LifeScience Ltd.	100.00	100.00	199,993	199,993
	SunAgro Farms Ltd.	100.00	100.00	1,199,996	1,199,996
	SunAgro Foods Ltd	100.00	100.00	4,999,994	4,999,994
	Associated Farms Ltd.	99.99	99.99	55,398	55,398
	Kotagala Plantations PLC	0.80	0.80	321,720	257,377
	Lankem Technology Services Ltd.	100.00	100.00	500,000	500,000
	C. W. Mackie PLC	39.03	39.03	14,046,811	14,046,811
	Waverly Power (Pvt) Ltd	43.59	-	3,400,000	-
	Lankem Tea & Rubber Plantations (Pvt) Ltd.	98.98	98.98	826,088	826,088
	Kotagala Plantations PLC	37.81	47.27	15,125,000	15,125,000
	Lankem Developments PLC	56.56	56.56	33,936,618	33,936,618
Sigiriya Village Hotels PLC	Marawila Resorts PLC	0.23	0.23	281,260	281,260
	Beruwala Resorts PLC	14.23	14.23	85,384,000	85,384,000
Colombo Fort Hotels Ltd..	York Hotels (Kandy) Ltd.	41.70	41.70	90,000,000	90,000,000
	Marawila Resorts PLC	37.59	37.59	46,043,261	46,043,261
Lankem Developments PLC	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 Ltd.	100.00	100.00	9,931,512	9,931,512
	York Hotels (Kandy) Ltd.	16.41	16.41	35,430,111	35,430,111
	Marawila Resorts PLC	0.26	0.26	312,500	312,500
Lankem Tea & Rubber Plantations (Pvt) Ltd.	Agarapthana Plantation Ltd.	56.65	56.65	64,294,802	64,294,802
	Waverly Power (Pvt) Ltd.	56.41	56.41	4,400,000	4,400,000
	Marawila Resorts PLC	0.53	0.53	652,500	652,500
Kotagala Plantations PLC	Kotagala Plantations PLC	30.01	37.51	12,002,625	12,002,725
	Colombo Fort Hotels Ltd.	5.09	5.09	170,274,318	170,274,318
Kotagala Plantations PLC	Beruwala Resorts PLC	1.66	1.66	9,949,991	9,949,991
	Marawila Resorts PLC	0.05	0.05	62,667	62,667
	Agarapatana Plantations Ltd.	17.62	17.62	20,000,000	20,000,000
	C. W. Mackie PLC	19.85	19.85	7,142,857	7,142,857
	Lankem Development PLC	10.03	10.03	6,016,000	6,016,000
	York Hotels (Kandy) Ltd.	41.70	41.70	90,000,000	90,000,000
	Sigiriya Village Hotels PLC	0.29	0.29	26,083	26,083
	Union Commodities Limited	100.00	100.00	6,000,000	6,000,000

Notes to the Financial Statements

Investor	Investee	% Holding		No. of Shares as at	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
Agarapatana Plantations Ltd.	Beruwala Resorts PLC	1.29	1.29	7,719,505	7,719,505
	Waverly Power (Pvt) Ltd.	-	43.59	-	3,400,000
	Marawila Resorts PLC	0.28	0.28	347,503	347,503
Marawila Resorts PLC	Beruwala Resorts PLC	0.01	0.01	30,000	30,000
C. W. Mackie PLC	Ceymac Rubber Company Ltd.	98.72	98.72	3,148,551	3,148,551
	Ceytra (Pvt) Ltd.	62.82	62.82	1,884,600	1,884,600
	Scan Tours & Travels (Pvt) Ltd.	100.00	100.00	600,000	600,000
	Kelani Valley Canneries Ltd.	88.23	-	30,351,222	-
Muller & Phipps (Ceylon) PLC	Pettah Pharmacy (Pvt) Ltd.	100.00	100.00	1,500,000	1,500,000
	Muller & Phipps Agencies (Pvt) Ltd.	100.00	100.00	10,007	10,007
Pettah Pharmacy (Pvt) Ltd.	Beruwala Resorts PLC	0.01	0.01	30,000	30,000
	Colombo Fort Hotels Ltd.	0.95	0.95	31,880,000	31,880,000
Beruwala Resorts PLC	BOT Hotel Services Ltd.	100.00	100.00	282,872	282,872

14. Inventories

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Raw Materials	1,004,002	923,015	237,932	237,221
Food and Beverages	12,284	12,011	-	-
Growing Crop-Nurseries	48,234	70,161	-	-
Work-in-Progress	64,413	48,295	5,190	4,238
Finished Goods	2,737,649	2,636,567	177,076	156,774
Consumable Stocks	482,666	96,805	-	-
General and Others	53,350	28,343	35,745	25,533
Goods-in-Transit	453,782	293,358	139,693	165,284
	4,856,380	4,108,555	595,636	589,050
Provision for Obsolete Inventories	(106,446)	(86,928)	(6,383)	(8,676)
	4,749,934	4,021,627	589,253	580,374

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

Notes to the Financial Statements

15. Amount Due from Related Companies

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Filmpak Ltd.	-	-	4,460	4,320
Corporate Systems Ltd.	-	-	110	-
E.B. Creasy Logistics Ltd.	-	-	57	1,845
Pettah Pharmacy (Pvt) Ltd.	-	-	658	1,066
Creasy Foods Ltd.	-	-	19,195	10,040
Laxapana Batteries PLC	-	-	-	1,156
Darley Butter & Company Ltd	-	-	99,565	-
Lankem Ceylon PLC	-	-	33,335	21,767
Lankem Developments PLC	-	-	1,517	1,517
Marawila Resorts PLC	-	-	58	-
Beruwala Resorts Ltd	-	-	67	-
C. W. Mackie PLC	-	-	1,870	13
The Colombo Fort Land & Buildings PLC	468,665	539,120	-	-
Corporate Managers & Secretaries (Private) Ltd.	264	16,051	-	19
Kotagala Plantation PLC	-	-	510	-
Sherwood Holidays Ltd.	26,168	17,578	-	-
Car Plan Ltd.	-	47	-	-
C M Holdings PLC	10,280	43	10,240	-
York Hotel Management Services Ltd.	8,584	3,190	-	-
Ceylon Tea Brokers PLC	-	244,833	-	-
Oral Care (Pvt) Ltd.	1,524	1,524	-	-
Kia Motors Lanka Ltd.	388	470	-	-
E.B.C. Milk Foods Ltd.	1,025	889	1,025	889
Darley Butler Food Products Ltd.	690	690	-	-
Lankem Agro Ltd.	132	-	-	-
Ceylon Trading Company Ltd.	230	434	-	-
American Lloyd Travels Ltd.	600	600	600	600
Consolidated Rubber Plantations Pvt Ltd.	968,886	916,929	-	-
Financial Trust Ltd.	78,000	80,000	-	-
	1,565,436	1,822,398	173,267	43,232
Less: Provision for bad & doubtful debts	(3,354)	(3,249)	(5,486)	(5,209)
	1,562,082	1,819,149	167,781	38,023

The Company do not charge interest on balance due form 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	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Trade Receivables	4,332,927	4,043,082	90,231	107,121
Provision for Bad and Doubtful Debts	(113,121)	(107,889)	(259)	(259)
	4,219,806	3,935,193	89,972	106,862
Other Debtors	363,755	61,443	-	-
Deposits and Prepayments	285,091	266,406	22,113	33,775
Employee Advances	37,588	76,683	-	-
Other Tax Recoverable	282,624	418,508	42,028	37,405
Other Receivables (Note 16.1)	869,710	1,090,315	29,508	19,447
	6,058,574	5,848,548	183,621	197,489

Notes to the Financial Statements

16.1 Other Receivables

Other receivables include loans over Rs. 20,000/- disbursed to staff and the movement of such staff loans are as follows:

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
At the Beginning of the year	8,981	9,252	42	367
Loans granted during the year	2,373	921	1,339	-
Recoveries during the year	(2,546)	(1,192)	(1,213)	(325)
At the end of the year	8,808	8,981	168	42

17. Cash & Cash Equivalents

17.1 Favourable Balance

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Cash at Bank	892,249	1,335,341	62,834	31,887
Cash In Hand	28,389	30,956	913	614
Fixed Deposits	188,445	107,968	45,000	-
Cash in Transit	45,116	-	-	-
	1,154,999	1,474,265	108,747	32,501

17.2 Unfavourable Balance

Bank Overdraft	(3,149,445)	(3,210,613)	(219,349)	(202,322)
	1,995,246	(1,736,348)	(110,602)	(169,821)

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 totalling 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. 40 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 over the property at No. 53 1/1, 53 2/1, & 57, Sir Baron Jayatilake Mawatha, Colombo Fort Land & Building Co., PLC and SMB for Rs. 83 Mn executed over the same.

Group

Creasy Foods Ltd.

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

Notes to the Financial Statements

Agarapatana Plantations Ltd.

Bank overdraft facilities of Agarapatana Plantations Ltd., a subsidiary of the Company are secured by pledging the following:

- (a) Mortgage of an immovable property of the New Portmore Estate.
- (b) Primary mortgage over leasehold rights to bare land and building of Glenanore and Haputale Estates.
- (c) Primary mortgage over the leasehold rights of Holmwood Estate.
- (d) Primary mortgage over leasehold rights to bare land and building of Torrington Estate.
- (e) Concurrent mortgage for Rs. 54 million over movable assets of the Company consisting of Stock in trade, work-inprogress and motor vehicles and an assignment of book debts. (Also secure the facility at Indian Bank for Rs. 20 million)

Kotagala Plantations PLC

Bank Overdraft

Bank : Seylan Bank PLC and Standard Chartered Bank

Purpose : To finance working capital requirements

Facility : Rs. 130,000,000/- (Seylan Bank PLC) and Rs. 250,000,000 (Standard Chartered Bank)

Securities Pledged:

Primary mortgage over leasehold right of the estate lands and buildings, fixed and floating assets of Yuillifield and Chryslers Farm Estates.

Primary mortgage over leasehold right of the estate lands and buildings of Eduragala and Sorana Estates.

18. Stated Capital

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 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.

Notes to the Financial Statements

20. Interest-Bearing Loans and Borrowings

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
20.1. Amount Payable after one year				
Long-Term Loans (Note 20.5)	3,058,262	3,262,037	237,630	234,964
Debenture	350,000	365,000	-	-
JEDB/SLSPC Estates (Note 20.4)	384,989	391,657	-	-
Finance Lease Obligations (Note 20.3)	217,257	220,163	8,341	26,260
	4,010,508	4,238,857	245,971	261,224

20.2 Amount Payable within One Year

Short-Term Loans	2,901,206	1,715,332	-	-
Debenture	15,000	50,000	-	-
Long Term Loans (Note 20.5)	1,429,794	1,631,633	111,733	108,362
Trust Receipt Loan (Note 20.7)	987,758	1,018,494	218,408	157,038
JEDB/SLSPC Estates (Note 20.4)	6,515	6,265	-	-
Finance Lease obligations (Note 20.3)	127,012	137,932	18,990	23,088
	5,467,285	4,559,656	349,131	288,488

20.3 Finance Lease Obligations

At the beginning of the Year	437,018	532,628	56,935	90,578
On Acquisition of Subsidiary	1,388	-	-	-
Accrued Default Interest during the Year	(13)	107	-	-
Leases obtained during the Year	172,780	101,087	-	-
Repayments made during the Year	(179,874)	(196,804)	(26,832)	(33,643)
At the end of the Year	431,299	437,018	30,103	56,935
Finance Charge Unamortized	(87,030)	(78,923)	(2,772)	(7,587)
Net Lease Obligations	344,269	358,095	27,331	49,348

Note - A

Analysis of Finance Lease Obligations by Year of Repayment Finance Lease Obligation Repayable within 1 Year from Year end

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Gross Liability	167,154	176,738	21,000	27,896
Finance Charge Unamortized	(40,142)	(38,806)	(2,010)	(4,808)
Net Lease Obligations Repayable within One Year from Year end	127,012	137,932	18,990	23,088
Finance Lease Obligation Repayable after One Year end				
Gross liability	264,145	260,280	9,103	29,039
Finance Charge Unamortized	(46,888)	(40,117)	(762)	(2,779)
Net Lease Obligations Repayable after One Year from Year end	217,257	220,163	8,341	26,260

Notes to the Financial Statements

20.4 Lease Obligations JEDB/SLSPC Estates

	GROUP	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000
At the beginning of the Year	731,467	753,648
Repayments Made during the Year	(22,170)	(22,181)
At the end of the Year	709,297	731,467
Finance Charge unamortized	(317,973)	(333,545)
Net Lease obligations (Note - 20.4 A)	391,504	397,922
Note - 20.4 A		
Analysis of Finance Lease obligations by Year of Repayment		
Lease Obligation Repayable within 1 Year from Year end		
Gross Liability	22,170	22,170
Finance Charge unamortized	(15,655)	(15,905)
Net Lease obligations Repayable within one Year from Year end	6,515	6,265
Payable within Two to Five Years		
Gross lease obligations	88,680	89,083
Less: Financial Charges Allocated to Future Periods	(62,075)	(62,325)
Net Lease obligations	26,605	26,758
Lease Obligation Repayable after 5 Years		
Gross lease obligations	598,627	620,214
Less: Financial Charges Allocated to Future Periods	(240,243)	(255,315)
Net Lease obligations	358,384	364,899
Net Lease Liability Repayable after 1 Year	384,989	391,657

20.4.1 Net obligation to lessor represents amounts payable to JEDB/SLSPC in relation to the estates leased by Kotagala Plantations PLC and Agarapatana Plantations Ltd.

20.4.2 Agarapatana Plantations Ltd.

Net liability to lessor is the Net Present Value of annual lease rental over the life of the leases at a nominal discount rate of 8.16% per annum, consisting of real discount rate of 4% per annum and projected inflation of 4% per annum.

20.4.3 Kotagala Plantations PLC

In terms of the amendment of leases, Rs. 22.2 million is payable each year as lease rental, commencing from 22nd June, 1996 till the end of the lease on 21st June, 2045. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflated in the form of contingent rent.

The charge to the Profit or Loss for the current financial year on account of interest is Rs.62.3 Mn. (2012/2013 - Rs. 57.1 Mn)

Gross contingent rental in respect of the leasehold right to bare land for the remaining 31 years of the lease term at the current contingent rental is estimated at Rs. 401.5 Mn.

Notes to the Financial Statements

20.5 Term Loan

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
At the beginning of the Year	4,893,670	2,551,125	343,326	164,700
Obtained during the Year	833,573	3,584,589	117,742	290,000
Repayment during the Year	(1,276,386)	(1,231,444)	(111,705)	(111,374)
Exchange Fluctuation	37,199	(10,600)	-	-
Balance at the end of the Year	4,488,056	4,893,670	349,363	343,326
Loan Repayable within One Year	(1,429,794)	(1,631,633)	(111,733)	(108,362)
Loan Repayable after One Year	3,058,262	3,262,037	237,630	234,964

20.6 Group

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

Company	Lender	31.03.2014 Rs. million	31.03.2013 Rs. million	Repayment	Security
E. B. Creasy & Company PLC	Commercial Bank of Ceylon PLC "Gamata Karmantha"	33.33	45.82	71 equal monthly installments of Rs. 1,042,000/- and final installment, of Rs. 1,018,000/-	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	22.95	44.73	59 Equal monthly installments of Rs. 1,675,000/- and final installment of Rs. 1,175,000/-	Existing secondary mortgage bond for Rs. 100 million over property situated at No. 98 Sri Sangaraja Mawatha, Colombo 10.
	Lanka Orix Leasing Company PLC	1.07	4.34	By way of 72 installments of Rs. 271,512/-	An on demand Promissory Note for Rs. 16.9 million with interest @ 6.5% p.a together with any taxes which may be imposed by the Government from time to time. Mortgage over 01 No. Wood Fired Thermal Oil Heater with Accessories.
	Sampath Bank PLC	14.06	25.31	In 48 equal monthly installments of Rs. 937,500/- after one month from the date of grant	Primary mortgage for Rs. 45 million over land & building (constructed and to be constructed) of property situated at E95/162, Millawa Estate, Millawa, Horana.
	Hatton National Bank PLC	24.38	35.63	In 48 equal monthly installments of Rs. 937,500/-	Existing Tertiary Mortgage Bond totalling Rs. 100 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 & Term Loan outstanding of Rs.64.83.Mn)
	National Development Bank PLC	137.50	187.50	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 Borrowers) and Power of Attorney together with blank Share transfer from.
	Sampath Bank PLC	16.07	-	In 47 equal monthly installments of Rs. 416,666/- each and final installment of Rs. 416,698	Loan agreement for 20.0 Mn & mortgage over machinery for manufacturing division of mosquito coils for Rs 20.0 Mn
	Commercial Paper	100	-		
		349.36	343.33		

Notes to the Financial Statements

Company	Lender	31.03.2014 Rs. million	31.03.2013 Rs. million	Repayment	Security
Lankem Ceylon PLC	Commercial Bank of Ceylon PLC				
	Loan 1	9.70	37.00	In 47 equal monthly installments of Rs. 1,310,000/- together with interest payable monthly on reducing balance of capital.	Primary mortgage for Rs. 145 million.
	Loan 2	87.00	141.60	In 35 monthly installments of Rs.4,200,000 each and a final installment of Rs.3,000,000 together with interest payable monthly on reducing balance of capital.	Primary mortgage for Rs. 200 million. Installments over land at Ja-ela & Gonawala.
	Indian Bank Ltd.	66.38	133.20	In 3 years in 12 equal quarterly installments of Rs. 16,666,666/-.	-
	Hatton National Bank PLC	30.00	39.98	In 59 monthly installment of Rs. 835,000/- each and a final installments of Rs. 735,000/- together with interest payable monthly on reducing balance of capital	-
	Sampath Bank PLC	-	75.00	In 4 years in 16 equal quarterly installments of Rs. 18,750,000/-.	Primary mortgage for Rs. 300 million over land & building situated in Fort, owned by The Colombo Fort Land & Building PLC.
Beruwala Resorts PLC		193.08	426.78	-	-
	Sampath Bank PLC	-	86.05	-	-
	Pan Asia Banking Corporation PLC	171.63	-	-	Primary mortgage of Rs. 171.63 million over land and building of B.O.T. Hotel Services Ltd. situated at Weligama.
		171.63	86.05		
Sigiriya Village Hotels PLC	Pan Asia Banking Corporation PLC	42.2	-	First installement of the loan should be paid from the 19th month from the date of the loan granted facility has been granted in December 2013. Interest is paid during the grace period.	Rs. 100 mn worth of shares of Beruwala Resorts PLC has been lodged at the custodian account maintained at PABC at any time.
	Merchantile Investments Ltd.	7.81	-	-	-
		50.01	-		
Kotagala Plantation PLC	National Development Bank PLC Approved Facility Rs. 124 million	-	1.69	Repayable over 10 years from 30th May, 2003, 30th June, 2003 and 30th August, 2003 in equal monthly installments of Rs. 618,745/-, Rs. 41,250/- and Rs. 248,333/- respectively.	Secondary mortgage over leasehold rights of Shonycliff, Vogan, Gikiyanakande and Dalkeith Estates and all immovable properties of these Estates.
	Approved Facility Rs. 215 million	157.67	193.50	Terms of repayment repayable over 5 years from 31st December, 2012, in equal monthly installments of Rs. 3,300,000/- and Rs. 283,400/- respectively.	secondary mortgage over leasehold rights of Stonycliff, Vogan Gikiyanakanda and Dalkeith Estates and all immovable properties of these Estates.
	Approved facility Rs. 150 million	-	26.00	Repayable over 45 months starting from 29th September, 2010 in 32 installments ending in 29th July, 2013	Securitisation of Kotagala Tea receivable over a period of 45 months.
	Approved facility Rs. 250 million	63.60	116.60	Payable over 4 years in first monthly installment of Rs. 900,000/- and 47 monthly installments of Rs. 3,300,000/-.	Primary mortgage over 12 million Ordinary shares of C. W. Mackie PLC. Further mortgage over leasehold rights buildings, plant & Machinery in Stonycliff, Vogan, Gikiyanakande & Dalkeith Estates.

Notes to the Financial Statements

Company	Lender	31.03.2014 Rs. million	31.03.2013 Rs. million	Repayment	Security
	Approved facility Rs. 300 million	83.10	163.50	Payable over 38 installment Starting from 24th October, 2011.	Securitization of Kotagala Tea receivable.
	Approved facility Rs. 500 million	478.50	443.00	Payable over 46 installments starting from 20th August, 2012.	-
	Approved facility Rs. 204 million	185.03	204.47	Repayable over 89 installments of USD 41,110 and one installment of USD 41,210 from 7th month after the disbursement.	Primary mortgage over lease hold rights of building and machinery of Millewa estate. Secondary mortgage leased hold rights of Stonycliff, Vogan, Gikiyanakanda and Dalkeith Estates and all immovable properties of these estates. Secondary mortgage over 8.57 million Shares of C. W. Mackie PLC.
	DFCC Bank PLC Approved facility Rs. 211 million	22.37	6.40	Repayable over 10 years from 15th September, 2003 in equal monthly installments of Rs. 1,067,614/- each.	Primary mortgage over leasehold rights of Drayton, Rayigam and Padukka Estates.
	Approved facility Rs. 50 million	-	12.91	Repayable over 10 years from 23rd June, 2005 in equal monthly installments of Rs. 416,667/- each.	a. Primary mortgage over leasehold rights to the land and buildings of Craigie Lea and Bogahawatte Estates. b. A Corporate Guarantee of Rs. 50 million from Lankem Tea & Rubber Plantations (Pvt) Ltd.
	Approved facility Rs. 7.5 million	-	0.15	Repayable over 8 years from 25th June, 2005 in equal monthly installments of Rs. 77,781/- each.	a. Primary mortgage over leasehold rights to the land and buildings of Craigie Lea and Bogahawatte Estates. b. A Corporate Guarantee of Rs. 7.467 million from Lankem Tea & Rubber Plantations (Pvt) Ltd
	Approved facility Rs. 49.7 million	8.75	30.65	Payable over 5 years in equal 60 monthly installments. Grace period is 18 months.	Secured under the existing Mortgage Bond No. 1068 dated 08th September 1998 attested by R.S. Wijesekara NP over the leasehold rights of Drayton, Padukka and Rayigam Estates.
	Sampath Bank PLC Approved facility Rs. 50 million	30.51	34.65	In 95 equal monthly installments of Rs. 521,000/- and a final installment of Rs. 505,000/- (Capital) together with interest after a grace period of 48 months commencing from the date of 1st disbursement. (The interest will be recovered on a monthly basis during the grace period also).	Loan Agreement for Rs. 50,000,000 - Primary Mortgage Bond for Rs. 50,000,000 - over leasehold rights of Arapolakande Rubber Estate at Kalutara together with factory buildings therein.
	Lanka Orix Leasing Company PLC Approved facility - Rs. 40 million	11.43	17.14	Repayable over 7 years from 30th March 2009 in 84 equal monthly installments of Rs. 476,191/- each.	a. An on demand Promissory Note for Rs. 40,000,000/- with interest @ 18% p.a. until the receipt of refinance of the subsidiary loan from DFCC Bank, and thereafter at the rate of 10.56% p.a. and the interest shall be paid together with any taxes which may be imposed by the Government from time to time Primary Mortgage Bond over the unexpired Leasehold Rights created by the indenture of Lease bearing No. 293 dated 2nd March, 1995 attested by D.C. Peiris, Notary Public and the amendment thereto bearing indenture No. 1522 dated 4th July, 1995 attested by M.H.D. Amaratunga, Notary Public Corporate Guarantees of M/S Lankem Plantations Holdings Ltd. and M/S Lankem Tea & Rubber Plantations (Pvt) Ltd.

Notes to the Financial Statements

Company	Lender	31.03.2014 Rs. million	31.03.2013 Rs. million	Repayment	Security
	People's Leasing Company PLC Approved facility - Rs. 27.71 million	11.57	19.56	Interest at the rate of 21% from the time of disbursement of funds till the time the re-finance is received from DFCC. Thereafter, payable within 60 months with a capital grace period of 12 months.	Primary mortgage over two colour separators, Corporate Guarantee of a Lankem Tea & Rubber Plantations (Pvt) Ltd, and Promissory Notes.
	People's Leasing Company PLC Approved facility - Rs. 7.9 million	5.83	-	Interest and capital payable monthly and repayment is first month installment Rs. 2,200,000/- and the balance 59 monthly instalment at Rs 152,649/- each	-
	People's Leasing Company PLC E-Friends Loan 1 Approved facility - Rs. 1.768 million	0.42	0.84	Interest at the rate of 25% from the time of disbursement of funds till the time the re-finance is received from PMU. Thereafter, Rs. 9,760/- within the capital grace period of 12 months and Rs. 41,924/- (Capital + Interest) to be paid within 60 months.	Loan Agreement, acceptance and receipt and Corporate Guarantee from Lankem Tea & Rubber Plantations (Pvt) Ltd.
	People's Leasing Company PLC E-Friends Loan 2 Approved Facility Rs. 1.5 million	0.36	0.72	Interest at the rate of 25% from the time of disbursement of funds till the time the re-finance is received from PMU. Thereafter, Rs. 8,281/- within the capital grace period of 12 months and Rs. 35,573/- (Capital + Interest) to be paid within 60 months.	Loan agreement, acceptance and receipt and Corporate Guarantee from Lankem Tea & Rubber Plantations (Pvt) Ltd.
	People's Leasing Company PLC E-Friends Loan 3 Approved facility - Rs. 10.235 million	2.36	5.24	Interest rate of 25% from the time of disbursement of funds till the time the re-finance is received from PMU. Thereafter Rs. 8,281/- with the capital grace period of 12 months and Rs.35,572 (Capital + Interest) to be paid within 60 month.	Loan Agreement, acceptance and receipt and Corporate Guarantee from Lankem Tea & Rubber Plantations (Pvt) Ltd.
	People's Leasing Company PLC E-Friends Loan 4 Approved facility - Rs. 9.60 million	2.21	4.91	Interest at the rate of 25% from the time of disbursement of funds till the time the re-finance is received from PMU. Thereafter, Rs. 8,281 within the capital grace period of 12 months and Rs. 35,573 (capital interest) to be paid within 60 months.	Loan Agreement, acceptance and receipt and Corporate Guarantee from Lankem Tea & Rubber Plantations (Pvt) Ltd.
	People's Leasing Company PLC E-Friends Loan 5 Approved facility - Rs. 9.60 million	2.21	4.91	Interest at the rate of 25% from the time of disbursement of funds till the time the re-finance is received from PMU. Thereafter, Rs. 8,281 within the capital grace period of 12 months and Rs. 35,573 (capital interest) to be paid within 60 months.	Loan Agreement, acceptance and receipt and Corporate Guarantee from Lankem Tea & Rubber Plantations (Pvt) Ltd.
	People's Bank Approved facility - Rs. 300 million	235.00	285.00	Repayable within 60 installments of Rs. 5,000,000/- each.	Immovable properties and lease hold right of Mount Vernon and Mayfield Estate.
	Hatton National Bank PLC Approved facility - Rs. 889 million	723.17	889.00	Payable in 20 equal quarterly installments of USD 0.35 million each.	Mortgage of immovable property situated at Talwatte village belonging to Union Commodities (Pvt) Ltd.

Notes to the Financial Statements

Company	Lender	31.03.2014 Rs. million	31.03.2013 Rs. million	Repayment	Security
	Standard Chartered Bank-Short-Term	184.00	250.00	Short term loan payable in full within a month.	-
	State mortgage Bank	49.27	-	-	-
	Bank of Ceylon	45.00	-	-	-
	Commercial Paper			-	-
	Capital Alliance Finance PLC	6.56	-	-	-
		2,308.89	2,710.85		
Agarapatana Plantations	DFCC Bank PLC Disbursement 1 -97/98	-	0.67	1st installment of Rs. 86,373/- and 119 monthly installments of Rs. 83,333/- payable commencing from 01st December, 2003.	Further mortgage over leasehold rights to the land & buildings of Balmoral, Hauteville and Nayabedde Estates.
	Disbursement 1 - 00/01	3.84	6.45	1st installment of Rs. 217,545/- and 119 monthly installments of Rs. 217,432/- payable commencing from 01st October, 2005.	A further mortgage of leasehold right to the land & buildings of Balmoral, Hauteville & Nayabedde Estates.
	Hatton National Bank PLC Disbursement 1 - 07/08	7.06	9.58	47 equal monthly installments of Rs. 210,000/- and final installment of Rs. 130,000/-.	Corporate Guarantee of Lankem Plantations Holdings Ltd. for Rs. 45 million, Primary mortgage over leasehold right to the land & buildings of Kahagalle Estates.
	Lanka Orix Leasing Company PLC (E-friends Loans Scheme) Disbursement 1-07/08	-	0.39	60 monthly installments commencing from 30th October, 2008.	Loan agreements and Corporate Guarantee from Lankem Tea & Rubber Plantations (Pvt) Ltd.
	Nations Trust Bank (5 million)	4.91	-	60 monthly installments commencing from 1st February 2014	-
	Peoples Leasing Company PLC Disbursement 1 - 08/09	-	3.2	60 monthly installments commencing from 13th March, 2010	Loan agreements and Corporate Guarantee from Lankem Tea & Rubber Plantations (Pvt) Ltd.
	Disbursement 1 - 08/09	1.59	4.18	60 monthly installments commencing from 12th November, 2010	Loan agreement acceptance from Lankem Tea & Rubber Plantations (Pvt) Ltd.
	Disbursement 1 - 08/09	1.59	4.18	60 monthly installments commencing from 12th November, 2010	-
	Disbursement 1 - 08/09	1.45	3.80	60 monthly installments commencing from 12th November, 2010	Loan agreement acceptance and receipts • of Corporate Guarantee from Lankem Tea and Rubber Plantations (Pvt) Ltd.
	People's Leasing Company PLC - Rs. 15 million Loan	7.42	11.02	48 monthly installments commencing from 01st December, 2011	
	People's Leasing Company PLC Rs. 4.85 million Loan	4.68	-	60 months installments commencing from 1st January 2014	-
	National Development Bank PLC Disbursement 2 - 10/11 Rs. 200 million Loan	-	121.50	14 monthly installments commencing from 15th July, 2011	Loan agreement and acceptance and broker certificate from Forbes & Walkers Tea Brokers.
	Rs. 100 million Loan	51.50	-	12 monthly installments commencing from 15th November, 2011	-

Notes to the Financial Statements

Company	Lender	31.03.2014 Rs. million	31.03.2013 Rs. million	Repayment	Security
	Disbursement 2 - 11/12 Rs. 100 million Loan	88.00	24.00	14 monthly installments commencing from 15th May, 2012	-
	Rs. 95 million Loan	81.00	95.00	36 monthly installments commencing from 23rd September, 2013	-
	Rs. 100 million Loan	-	100.00	36 monthly installments commencing from 08th May, 2013	-
		253.04	383.99		
Marawila Resorts PLC	Hatton National Bank PLC				
	Loan - I	14.75	47.78	Outstanding balance to be settled as follows: Financial year 2013/14 - US\$ 1 million and the balance by 2014/15 and interest payable on a monthly basis.	Existing secondary floating mortgage bond totalling US\$ 5.1 million over the hotel premises at Marawila.
	Loan - II	133.71	156.81	-	-
	Loan - III	40.38	105.42	-	-
	Loan - IV	72.83	75.06	US\$ 23,960 in year 2013/14 and US\$ 47,920 in year 2014/15. US\$ 239,600 in year 2015/16 and 2016/17 and US\$ 47,920 in year 2017/18.	Primary concurrent mortgage over existing land and secondary mortgage to be enhanced by US\$ 0.27 million. Additional security to be executed over the new property where the new rooms are constructed and plant and machinery installed there.
	Loan - V	245.47	237.46	US\$ 76,040 in year 2013/14 and US\$ 152,080 in year 2014/15. US\$ 760,400 in year 2015/16 and 2016/17 and US\$ 152,080 in year 2017/18.	Primary concurrent mortgage over existing land and secondary mortgage to be enhanced by US\$ 0.27 million. Additional security to be executed over the new property where the new rooms are constructed and plant and machinery installed there.
Lankem Tea & Rubber Plantations (Pvt) Ltd.	Indian Bank Ltd.	5.00	-	-	-
	National Development Bank PLC	108.00	108.00	-	Pledged 4,600,525 shares held by the Company in Kotagala Plantations PLC and 3,025,000 shares held by Lankem Plantations Holdings Ltd. in Kotagala Plantations PLC.
	Union Bank PLC	72.91	-	-	-
	People's Leasing PLC	22.71	-	-	-
		208.62	108.00	-	-
Waverly Power (Pvt) Ltd.	DFCC Bank PLC	78.29	69.57	-	The Company has pledged its own share certificates issued to its shareholders (Lankem Developments PLC and Agarapatana Plantation Ltd.)
	Hatton National Bank PLC	76.22	69.57	-	The Company has pledged its own share certificates issued to its shareholders (Lankem Developments PLC and Agarapatana Plantation Ltd.)
	-	154.51	139.14	-	-
Company	Lender	31.03.2014 Rs. million	31.03.2013 Rs. million	Repayment	Security
Lankem Plantations Holdings Ltd.	National Development Bank PLC	73.00	73.00	-	Pledged 3,025,000 shares held by company in Kotagala Plantations PLC.

Notes to the Financial Statements

Company	Lender	31.03.2014 Rs. million	31.03.2013 Rs. million	Repayment	Security
Galle Fort Hotel (Pvt)	HNB USD Loan 0033040103282	85.65	-	-	-
Creasy Foods Ltd	Term Loan			-	-
	Hatton National Bank PLC - 25Mn	15.86	-	To be repaid in 35 monthly installments of Rs. 0.7 Mn each and a final installment of Rs. 0.5 Mn Plus interest.	Existing registered primary floating mortgage bond for Rs. 50 Mn over Land & Buildings Situated at No.26. Agaradaguru Mawatha. EKala.
	Hatton National Bank PLC - 20Mn	17.27	-	To be repaid in 59 equal monthly installments of Rs. 0.334 Mn each and a final installment of Rs. 0.294 Mn Plus interest.	Existing registered primary floating mortgage bond for Rs. 50 Mn over Land & Buildings Situated at No.26. Agaradaguru Mawatha. EKala.
Sun Agro Foods Ltd.	Sampath Bank PLC	100.00	-	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.	Loan agreement and coporate gurantee from Lankem Ceylon PLC amounting to Rs. 110 Mn.
		4,488.06	4,893.67		

Notes to the Financial Statements

20.7 Trust Receipt Loan

	GROUP	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000
E. B. Creasy & Company PLC and Group have obtained following Trust Receipt Loans:		
E. B. Creasy & Company PLC	218,408	157,038
Lankem Ceylon PLC	596,730	743,915
Darley Butler & Company Limited	94,566	85,287
Laxapana Batteries PLC	11,835	26,737
Creasy Foods Limited	14,238	5,517
Sun Agro Life Science Limited	51,981	-
At the end of the Year	987,758	1,018,494

E. B. Creasy & Company PLC

Company's Trust Receipt Loan is secured by Existing Mortgage Bonds to Banks over the stocks in trade and an assignment of book debts.

Creasy Foods Ltd.

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

Laxapana Batteries PLC.

Laxapana Batteries PLC's Trust Receipt Loan is secured by Existing Primary Mortgage Bond of Rs. 66.5 million over the property situated in Panagoda, Homagama with an extent of 3A,2R,24P and building an extent of 50,886 Sq.ft.

Group

- (i) The portion of the loan-term loan repayable within one year from the reporting date is shown as Current Liabilities.
- (ii) Marawila Resorts PLC (MRPLC), a subsidiary of 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 MRPLC.

In terms of rescheduling arrangement made with Hatton National Bank PLC in 15th September 2011, the Company has to settle the outstanding.

Reschedulement of term loan facility outstanding of US\$ 1.25 million, US\$ 1.93 million and US\$ 1.59 million outstanding balance to be repaid near 2015/16 - US\$ 1 million, 2016/17 US\$ 1 Million and US\$ 200,000 in the year 2017 / 18.

- (iii) C. W. Mackie PLC

With the disposal of shareholding of The Industrialization Fund for Developing Countries (IFU) in the Company in February 2010, AAK Group Treasury (AAK), having disposed of its entire holding in January 2010, in keeping with an undertaking to IFU that until the loan has been fully paid it will not divest its interest in the Company, AAK took over the remaining portion of the loan from IFU on the same terms and conditions of the restructured repayment plan of 2005. The balance portion of the term loan owned by the Company to IFU was transferred to AAK in August, 2010. Remaining balance of the IFU loan amounting to Rs. 32.1 million (DKK 1.3 million) was paid in full, in December 2012 together with interest.

Notes to the Financial Statements

20.8 Debentures

The Kotagala Plantations PLC, a subsidiary of the Company issued Rs. 35 million and Rs. 65 million guaranteed redeemable debentures (unquoted) on 23rd April 2009 and 17th July, 2009 respectively to the Plantations Trust Fund at the interest rate of 15.86%. These debentures are redeemable in 2012 (Rs. 35 million), 2013 (Rs. 50 million) and 2014 (Rs. 15 million).

Lankem Ceylon PLC, a subsidiary of the Company has issued Rs. 150 million, rated unsecured unlisted redeemable debentures of the value of Rs. 1,000/- each on 30th December, 2010 to DFCC Bank PLC 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.

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 Ltd. 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.

Notes to the Financial Statements

21. Deferred Income and Capital Grants

	GROUP	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000
At the beginning of the Year	570,152	553,092
Addition during the Year	23,575	34,698
Amortized during the Year	(19,950)	(17,638)
Addition during the Year	573,777	570,152

Agarapatana Plantations Ltd.(APL)

APL has received funding from the Plantation Housing and Social Welfare Trust, Asian Development Bank, Plantations Reform Project and Ministry of Livestock Development for the development of workers welfare facilities such as re-roofing of line rooms, latrines, water supply and sanitation, etc.

The amounts spent are included under the relevant classification of Property, Plant & Equipment and the grant component is reflected under Deferred Income and Capital Grants.

Kotagala Plantations PLC (KPP)

KPP Grants and Subsidies represents the followings:

- (i) Asian Development Bank - Plantation Reform Project (ADB - PRP).

The funds received are utilized for construction of staff quarters, water projects, latrines, farm roads and purchase of forestry equipment.

- (ii) Plantation Development Support Programme (PDSP).

The funds received are utilized for construction of dispensaries, staff quarters, water projects and upgrading creches.

- (iii) Plantation Human Development Trust (PHDT).

The funds received are utilized for construction of worker housing, water projects and purchase of ambulance.

- (iv) Others.

- (a) Ministry of Livestock Development and Estate Infrastructure

The funds received are utilized for construction of community centres, agency post offices and upgrading of farm roads and creches.

- (b) Sri Lanka Tea Board.

Funds received are utilized for the construction of the CTC Tea Factory at Mount Vernon Estate. The amounts spent are capitalized under the relevant classification of Property, Plant & Equipment and the corresponding grant component is reflected under deferred income and capital grants, and amortized over useful life span of the asset.

Notes to the Financial Statements

Sun Agro Foods Ltd.

During the year Company has received grant from the USAID amounting to Rs. 22.49 million 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 District.

22. Deferred Tax Asset/(Liability)

22.1 Deferred Tax Asset

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
At the beginning of the Year	45,632	30,913	-	-
Origination and Reversal of Temporary Differences	26,418	14,719	-	-
At the end of the Year	72,050	45,632	-	-

22.2 Deferred Tax Liability

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
At the beginning of the Year (As previously Reported)	479,653	425,310	15,290	30,818
Deferred Tax charge on consumable Biological Asset	-	33,016	-	-
Restated balance as at 01st April 2012	-	458,326	-	-
Transferred from Equity	113,830	-	-	-
Transferred from/(to) Income Statement	58,638	8,441	(14,041)	(15,528)
On Acquisition of Subsidiary	-	12,886	-	-
At the end of the Year	652,121	479,653	1,249	15,290

22.3 Deferred Tax Assets/(Liabilities)

E. B. Creasy & Company PLC

Deferred tax liability has been recognized in respect of the following; Deferred tax has been calculated by applying the effective tax rate of 28%.

	31.03.2014		31.03.2013	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
On Property, Plant & Equipment	251,004	70,281	218,475	61,173
On Retirement Benefit Obligation	(192,067)	(53,778)	(163,868)	(45,883)
Tax Loss Carried Forward	(54,478)	(15,254)	-	-
	4,459	1,249	54,607	15,290

Notes to the Financial Statements

Laxapana Batteries PLC

The deferred tax assets/liabilities has been calculated as follows:

	31.03.2014		31.03.2013	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Deferred Tax Assets	(3,136,471)	(878,212)	(1,813,724)	(507,843)
Defined Benefit Obligation	(33,302,536)	(9,324,710)	(29,474,947)	(8,252,985)
Tax Loss Carried Forward	(36,439,007)	(10,202,922)	(31,288,671)	(8,760,828)
Deferred Tax Liability	36,439,007	10,202,922	31,288,671	8,760,828
Property, Plant & Equipment	36,439,007	10,202,922	31,288,671	8,760,828

Deferred tax has been computed taking into consideration the effective tax rate of 28%.

Deferred tax asset has not been recognized on the tax losses carried forward amounting to Rs. 19,177,693/-. Because it is not probable that future taxable profit will be available against which the Company can utilize the benefit thereon.

	31.03.2014 Rs.	31.03.2013 Rs.
Tax Losses Carried Forward	68,491,762	74,312,707
Tax Effect Thereon 28%	19,177,693	20,807,558

C. W. Mackie PLC

The tax rate of 28% (2013 -28%), 15% (2013-15%), 19% (2013 - 19%) and 28% (2013 - 28%) were applied respectively by the Company and subsidiaries. Ceymac Rubber Company Ltd., Ceytra (Private) Ltd. and Scan Tours and Travels (Private) Ltd., for calculation of deferred tax asset/liability for the current year.

	31.03.2014		31.03.2013	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Property, Plant & Equipment	295,524	67,334	276,139	60,752
Defined Benefit Obligation	(45,877)	(9,369)	(39,236)	(8,950)
Tax Loss Carried Forward	(118,268)	(18,688)	(96,945)	(16,009)
	131,379	39,277	139,958	35,793

Lankem Developments PLC

The deferred tax liability is arrived by applying effective income tax rate of 28% applicable for the year of assessment 2013/14 to the temporary as at 31st March 2014.

	31.03.2014		31.03.2013	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Property, Plant & Equipment	4,292	1,202	38,400	4,608

Notes to the Financial Statements

Deferred Tax assets have not been recognized in respect of Tax Loss carried forward and retirement benefit Obligations, because it is not probable that future taxable profit will be available against which the company can utilize the benefit thereon.

SunAgro Farms Ltd.

The deferred Tax asset is arrived by applying the future income tax rate of 5% after expiry of tax holiday period to the temporary differences of the Company as at 31st March, 2014.

	31.03.2014		31.03.2013	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Property Plant & Equipment	1,139,211	56,961	4,213,508	210,675
Tax Loss Carried Forward	56,621,847	2,831,092	50,959,667	2,547,983
Tax Loss Carried Forward	57,761,058	2,888,053	55,173,175	2,758,658

The Company has not recognized the deferred tax asset amounting Rs. 2,888,053 million for the year ended 31st March, 2014 as the management was of the view that the asset will not be crystallized in the foreseeable future.

Muller & Phipps (Ceylon) PLC

	31.03.2014		31.03.2013	
	Temporary Difference Rs.'000.	Tax Effect Rs.'000.	Temporary Difference Rs.'000.	Tax Effect Rs.'000.
Tax Loss Carried Forward	98,580	27,602	104,632	29,297

The Muller & Phipps (Ceylon) PLC had not recognized the deferred tax asset amounting to Rs. 27.60 million for the year ended 31st March, 2014 as the management was of the view that the asset will not be crystallized in the foreseeable future.

Sun Agro Foods Ltd.

The deferred tax asset is arrived by applying the tax rate of 28% to the timing different of the company as at 31st March 2014.

	31.03.2014		31.03.2013	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Property Plant & Equipment	4,340,548	1,215,353	499,088	139,745
Retirement Benefit Obligations	165,908	(12,634)	(45,122)	(12,634)
Tax Loss Carried Forward	166,074,560	46,500,877	39,445,071	11,044,620
Net Deferred Tax Asset	170,581,016	47,703,596	39,899,037	11,171,731

The company had not recognised the deferred tax asset amounting to Rs. 47,703,596/= for the year ended 31st March 2014 as the management was of the view that the asset will not be crystallized in the foreseeable future.

Notes to the Financial Statements

Galle Fort Hotels (Pvt) Ltd.

Deferred tax liability have been recognized in respect of following temporary differences by applying future Income Tax rate of 12%.

	31.03.2014		31.03.2013	
	Temporary Tax Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Property, Plant & Equipment	25,306,264	3,036,752	23,681,183	2,841,742
On Retirement Benefit Obligation	(1,686,750)	(202,410)	(1,440,270)	(172,832)
Retirement Benefit Obligation	23,619,514	2,834,342	22,240,913	2,668,910

Marawila Resorts PLC

	31.03.2014		31.03.2013	
	Temporary Tax Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Property, Plant & Equipment	398,062	47,767	369,169	44,300
Defined Benefit Obligations	(5,907)	(709)	(6,038)	(725)
Tax Loss Carried Forward	(21,817)	(2,618)	(4,011)	(481)
Net Deferred Tax Liability	370,338	44,440	359,120	43,094

Deferred tax is provided using the Balance Sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences associated with the Company for which a deferred tax has been calculated at 12%, are disclosed above.

Darley Butler & Co. Ltd.

The deferred tax asset is arrived by applying the income tax rate of 28% to the temporary differences of the Company as at 31st March, 2014 and temporary differences are as follows:

	31.03.2014		31.03.2013	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
On Plant & Equipment	985,632	275,977	(1,237,287)	(346,440)
On Retirement Benefit Obligation	48,810,520	13,666,945	38,986,315	10,916,167
On Tax Loss	70,110,864	19,631,042	35,457,535	9,928,110
	119,907,016	33,573,964	73,206,563	20,497,837

Notes to the Financial Statements

SunAgro Lifescience Ltd.

Deferred tax liability have been recognized in respect of following temporary differences by applying future Income Tax rate of 28%.

	31.03.2014		31.03.2013	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Property, Plant & Equipment	1,607,244	450,028	1,072,405	300,273
Retirement Benefit Obligation	(918,210)	(257,098)	(780,212)	(218,459)
Net Deferred Tax Liability	689,034	192,930	292,193	81,814

Kotagala Plantations PLC

	31.03.2014		31.03.2013	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Temporary Differences on:				
Tangible Assets	3,254,833	691,347	2,955,906	469,398
Retirement Benefit Obligation	(685,109)	(145,522)	(593,134)	(94,190)
Tax Loss Carried Forward	(984,814)	(209,181)	(422,454)	(67,086)
Consumable Biological Assets	565,420	56,542	423,036	42,304
	2,150,330	393,186	2,363,354	350,426

Creasy Foods Ltd.

The deferred tax liability is arrived by applying the income tax rate of 28% to the temporary differences of the Company as at 31st March, 2014

	31.03.2014		31.03.2013	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Property Plant Equipment	(36,369,845)	(10,183,557)	(19,190,836)	(5,373,434)
Defined Benefit Obligation	9,110,489	2,550,937	7,523,710	2,106,639
	(27,259,356)	(7,632,620)	(11,667,126)	(3,266,795)

23. Retirement Benefit Obligations

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Present Value of Defined Benefit Obligation	2,300,258	2,062,388	192,064	163,867
Fair Value of Plan Assets (Note 23.1)	(127,622)	(118,788)	-	-
	2,172,636	1,943,600	192,064	163,867

23.1 Movement in Fair Value of Plan Assets

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Fair Value of Plan Assets at the Beginning of the Year	118,788	112,283	-	-
Contribution Paid in to the Plan	7,999	7,581	-	-
Benefits Paid by the Plan	(12,181)	(13,788)	-	-
Expected Return on Plan Assets	12,444	12,591	-	-
Actuarial Gains/Losses on Plan Assets	572	121	-	-
Fair Value of Plan Assets at the end of the Year	127,622	118,788	-	-

Notes to the Financial Statements

23.2 Movement in the Present value of Defined Obligations

	Group		Company	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
At the Beginning of the Year	2,062,388	1,927,365	163,867	107,540
Current Service Cost	152,743	141,830	14,298	12,865
Interest Cost	222,163	209,514	18,025	13,245
Actuarial Losses	14,200	1,162	2,712	37,796
Under Provision in Previous Year	-	3,261	-	-
Provision for the Year	19,437	7,483	-	-
On Acquisition of Subsidiary	3,825	15,650	-	-
	2,474,756	2,306,265	198,901	171,446
Transfer of Employees to Related Companies	-	(146)	-	-
Payments During the Year	(174,498)	(243,731)	(6,837)	(7,579)
At the end of the Year	2,300,258	2,062,388	192,064	163,867

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

	Group		Company	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Present Value of Unfunded Obligations	2,180,114	1,890,545	192,064	163,867
Present Value of Funded Obligations	120,144	171,843	-	-
Total Present Value of Obligations	2,300,258	2,062,388	192,064	163,867
Fair Value of Plan Assets	(127,622)	(118,788)	-	-
Present Value of Net Obligations	2,172,636	1,943,600	192,064	163,867
Recognized Liability for Defined Benefit Obligation	2,172,636	1,943,600	192,064	163,867

23.4 Expense Recognized in Profit or Loss

Current Service Costs	152,743	141,380	14,298	12,865
Interest on Obligations	222,163	209,514	18,025	13,245
	374,906	350,894	32,323	26,110

23.5 The Key Actuarial Assumptions

a. Company

An actuarial valuation has been carried out as at 31st March 2013/4 by Ms Piyal. S. Goonathilake (Actuarial Valuer) as required by Sri Lanka Accounting Standard.

The key assumptions used by actuary include the following:

- (a) Discount Rate 10.5% 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, 2014 is Rs. 192 million. This item is grouped under retirement benefit obligation in the Statement of Financial Position. The liability is not externally funded.

Notes to the Financial Statements

b. Group

A significant portion of the gratuity of the Group relates to Agarapatana Plantations Ltd. (APL) and Kotagala Plantations PLC (KPPLC) which have provisions amounting to Rs. 1,091.73 million and Rs. 685.11 million respectively.

- (i) The gratuity liability of Agarapatana Plantations Ltd. (APL) amounting to Rs. 1,091.73 million as at 31st March, 2014 is based on the full actuarial valuation carried out by Professionally Qualified Actuary Firm, Messrs Actuarial & Management Consultants (Pvt) Ltd. If Agarapatana Plantations Ltd. had provided gratuity for employees on the basis of Gratuity Act No. 12 of 1983, 14 days wages for workers and half a month's salary for staff each completed year of service, for the year ended 31st March, 2014, the liability would have been Rs. 1,530.67 million (2012/13 - Rs. 1,206.93 million). Hence, there is a contingent liability of Rs. 438.94 million (2012/13 - Rs. 256.76 million) which would crystallize only if APL ceases to be a going concern.

(a) Discount Rate	10.5% p.a.
(b) Salary Increment Rate	Workers - 16% every two years and for other categories - 10% per annum
(c) Retirement Age	Workers - 60 Years Staff - 60 Years
(d) Daily Wage Rate	Rs. 450/-

- (ii) The gratuity liability of Kotagala Plantations PLC (KPPLC) amounting to Rs. 685.11 million as at 31st March, 2014 is the amount advised by Actuarial & Management Consultants (Pvt) Ltd. If Kotagala Plantations PLC had provided for gratuity for employees on the basis of Gratuity Act No. 12 of 1983, 14 days wages and half a month's salary for each completed year of service, the liability would have been Rs. 857.51 million (2012/13 - Rs. 758.76 million). Hence, there is a contingent liability of Rs. 172.40 million (2013/14 - Rs. 165.62 million) which would crystallize only if KPPLC ceases to be a going concern.

The key assumptions used by the actuary include the following:

(a) Discount Rate	10.5% p.a. (Net of tax)
(b) Rate of Salary Increase	Workers - 16% every two years For other categories of staff - 10% p.a.
(c) Retirement Age	Workers - 60 Years For other categories of staff - 60 years
(d) Daily Wage Rate	Rs. 380/- per worker
(e) The Company will continue in business as a going concern. The liability is not externally funded.	

- (iii) The gratuity liability of Lankem Ceylon PLC and Darley Butler & Company Ltd. Based on actuarial valuation carried out by professionally qualified Actuary Firm and the key assumptions used by the actuary includes the followings:

(a) Rate of Interest	10.5% p.a
(b) Rate of Salary Increment	10% p.a
(c) Retirement Age	55 Years

Notes to the Financial Statements

- (iv) Creasy Foods Ltd., SunAgro Life Science Ltd., Lankem Consumer Products Ltd. Galle Fort Hotel (Pvt) Limited, B.O.T Hotel Services (Pvt) Ltd, E.B. Creasy Logistics Limited, Union Commotities (Pvt) Ltd, Sunagro Foods Limited and Lankem Paints Ltd. subsidiaries of the Company, has adopted LKAS 19 - Employee Benefits which requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic and financial variables that will influence the cost of the benefit.

The following key assumptions were made in arriving at the above figure:

- | | |
|---------------------------|-----------|
| (a) Rate of Interest | 10.5% p.a |
| (b) Salary Increment Rate | 10% p.a |
| (c) Retirement Age | Age 55 |

- (v) Laxapana Batteries PLC, a subsidiary of the Company, has adopted LKAS 19 - 'Employee Benefits' which requires the use of actuarial techniques to make reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure using the gratuity formula as per LKAS 19 - 'Employee Benefits'.

- | | |
|---------------------------|--------------|
| (a) Rate of Interest | 10.5% p.a |
| (b) Salary Increment Rate | 10% p.a |
| (c) Retirement | Age 55 Years |

- (vi) Pettah Pharmacy (Pvt) Ltd., a subsidiary of the Company, adopted LKAS 19- "Employee Benefits" to measure the present value of defined benefit obligation using the projected unit credit method. The following key assumptions were made in arriving at the retirement benefit obligation as at 31st March, 2014:

- | | |
|---------------------------|---------|
| (a) Rate of Interest | 12% p.a |
| (b) Salary Increment Rate | 10% p.a |
| (c) Retirement Age | Age 55 |

- (vii) C. W. Mackie PLC, Ceymac Rubber Co. Ltd. and Ceytra (Pvt) Ltd., subsidiaries of the Company, adopted LKAS 19 - 'Employee Benefits', measure the present value of defined benefit obligation using the Projected Unit Credit method defined by the Actuary.

Notes to the Financial Statements

The Key Assumptions used by the Actuary are as follows:

(a) Discount Rate	10.5% p.a.
(b) Salary Increment Rate	12% p.a.
(c) Expected return on planned assets	10.5% p.a.
(d) Retirement Age	Management Staff 60 Years Other Staff 55 Years Allied Staff 60 Years

The contributions of the C. W. Mackie PLC, Ceymac Rubber Company Ltd. and Ceytra (Private) Ltd. to the defined benefit plan are determined by a formula stated in the indenture establishing the CWM Group Staff Non-Contributory Gratuity Fund.

As required by LKAS 19 - Employee Benefits, the fund was actuarially valued by Mr. Piyal S. Goonetilleke, Fellow of the Society of Actuaries (USA), Member of American Academy of Actuaries, Consulting actuary of Messrs. Piyal S. Goonetilleke and Associates, as at 31st March, 2014 and the appropriate adjustments have been effected in the Financial Statements.

(vi) The gratuity liability of Beruwala Resorts PLC, Sigiriya Village Hotels PLC Marawila Resorts PLC based on actuarial valuation carried out by Professionaly qualified Actuary Firm and the key assumptions used by the Actuary includes the following.

(a) Rate of Interest	10.5% p.a
(b) Salary Increment Rate	7.5% p.a
(c) Retirement Age	55 years

24. Trade and Other Payables

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Trade Payables	1,830,701	1,965,876	101,183	58,165
Unclaimed Dividend	43,600	40,133	2,151	7,222
Bills Payable	364,614	383,101	266,420	259,983
Other Taxes Payable	310,978	56,706	-	-
Deposits from Dealers	41,628	39,214	-	-
Payable to Employees	98,088	248,490	-	-
Accrued Expenses and Other Payables	3,161,600	2,126,336	138,717	104,767
	5,851,209	4,859,856	508,471	430,137

Notes to the Financial Statements

25. Amount Due to Related Companies

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
The Colombo Fort Land & Buildings PLC	391,075	514,747	5,275	15,242
Colonial Motors PLC	18,081	6,261	-	-
York Hotel Management Services Ltd.	32,044	28,490	-	-
Carplan Ltd.	350	1,031	65	-
Darley Butler & Company Ltd.	-	-	-	84,232
Muller & Phipps (Ceylon) PLC	-	-	25,600	-
Island Consumer Supplies (Pvt) Ltd.	-	-	5,356	5,376
Group Three Associates (Pvt) Ltd.	-	-	1,236	1,248
Corporate Systems Ltd.	-	-	-	28
Laxapana Batteries PLC	-	-	197	-
Lankem Paints Ltd.	-	-	130	-
Lankem Consumer Products Ltd.	-	-	-	75
Corporate Managers & Secretaries (Pvt) Ltd.	-	20	-	-
Kia Motors (Lanka) Ltd.	102,056	90,849	-	-
Sherwood Holdings Ltd.	-	189	-	-
Colombo Fort Investments PLC	25,395	21,795	-	-
Ceylon Tea Brokers PLC	53,222	12,932	-	-
	622,223	676,314	37,859	106,201

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:

		GROUP		COMPANY	
	Note	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Financial Assets					
Available-for-Sale					
Financial Assets (AFS)					
Quoted Investments	13.2	85,986	48,727	1,606	1,468
Unquoted Investments	13.2	291,651	220,765	-	-
Total		377,637	269,492	1,606	1,468
Current Assets					
Trade & Other Receivables	16	6,058,574	5,848,548	141,593	160,084
Income Tax Recoverable		161,237	60,948	42,028	37,405
Financial Assets FVTPL		192,144	320,519	-	-
Amounts due from					
Related Companies	15	1,562,082	1,819,149	167,781	38,023
Total		7,974,037	8,049,164	351,402	235,512
Cash & Cash Equivalents	17.1	1,154,199	1,474,265	108,747	32,501
Total Financial Assets		9,505,873	9,792,921	461,755	269,481

Notes to the Financial Statements

		GROUP		COMPANY	
	Note	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Financial Liabilities					
Non-Current Liabilities					
Interest-Bearing Borrowings	20.1	4,010,508	4,238,857	245,971	261,224
Current Liabilities					
Interest-Bearing Borrowings	20.2	5,467,285	4,559,656	349,131	288,488
Income Tax Payable		94,879	104,689	4,833	8,088
Trade & Other Payables	24	5,851,209	4,859,856	508,471	430,137
Amounts due to Related Companies	25	622,223	676,314	37,859	106,201
Bank Overdraft	17.2	3,149,445	3,210,613	219,349	202,322
Total Financial Liabilities		19,195,549	17,649,985	1,365,614	1,296,460

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.

	GROUP		COMPANY	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Fair Value through Profit and Loss (FVTPL)	192,144	320,519	-	-
Trade & Other Receivables	6,058,574	5,848,548	141,593	160,084
Fixed Deposits	188,445	107,968	45,000	-
Income Tax Recoverable	161,237	60,948	42,028	37,405
Amount Due from Related Companies	1,562,082	1,819,149	167,781	38,023
Cash & Cash Equivalents	920,638	1,366,297	63,747	32,501
	9,083,120	9,523,429	460,149	268,013

The aging of amount due from related companies at the reporting date was:

	GROUP				COMPANY			
	Gross 31.03.2014 Rs. '000	Impairment 31.03.2014 Rs. '000	Gross 31.03.2013 Rs. '000	Impairment 31.03.2013 Rs. '000	Gross 31.03.2014 Rs. '000	Impairment 31.03.2014 Rs. '000	Gross 31.03.2013 Rs. '000	Impairment 31.03.2013 Rs. '000
Past due 0-365 days	1,024,061	-	1,283,278	-	149,659	-	28,997	-
More than one year	541,375	3,354	539,120	3,249	23,608	5,486	14,235	5,209
	1,565,436	3,354	1,822,398	3,249	173,267	5,486	43,232	5,209

Notes to the Financial Statements

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							
	31.03.2014				31.03.2013			
	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	9,477,793	9,477,793	5,467,285	4,010,508	8,798,513	8,798,513	4,559,656	4,238,857
Amount Due to Related Companies - Current	622,223	622,223	622,223	-	676,314	676,314	676,314	-
other Financial Liabilities/ Trade & other Payables	5,946,088	5,946,088	5,946,088	-	4,964,544	4,964,544	4,964,544	-
Bank overdrafts	3,149,445	3,149,445	3,149,445	-	3,210,613	3,210,613	3,210,613	-
Total	19,195,549	19,195,549	19,195,549	4,010,508	17,649,984	17,649,984	13,411,127	4,238,857

	COMPANY							
	31.03.2014				31.03.2013			
	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	595,102	595,102	349,131	245,971	549,712	549,712	288,488	261,224
Amount Due to Related Companies - Current	37,859	37,859	37,859	-	106,201	106,201	106,201	-
other Financial Liabilities/ Trade & other Payables	513,304	513,304	513,304	-	438,225	438,225	438,225	-
Bank overdrafts	219,349	219,349	219,349	-	202,322	202,322	202,322	-
Total	1,365,614	1,365,614	1,119,643	245,971	1,296,460	1,296,460	1,035,236	261,224

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.

Notes to the Financial Statements

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.

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.

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	
	31.03.2014 Rs. '000	31.03.2013 Rs. '000	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Transaction with Subsidiary Companies Listed in Note 13.4				
Sales of Goods	-	-	2,547,833	2,069,725
Incurred Reimbursable Expenses	-	-	223,075	199,149
Service Charges	-	-	36,102	33,047
Guarantee Commission Income on Corporate Guarantee	-	-	23,305	22,462
The Transaction with The Colombo Fort Land and Building PLC (Ultimate Parent Company)				
Loans Paid	-	47,300	-	-
Guarantee Commission Expense on Corporate Guarantee	32,502	26,075	5,991	6,196
Incurred Reimbursable Expenses	85,985	15,660	-	2,468
Rent Expenses	-	13,635	1,189	1,299
Loans obtained	10,350	300	-	-
Rent Income	24,945	-	-	-
The Transaction with other Related Companies				
Sales of Goods	228,797	160,691	-	-
Broker Advance paid	205,000	110,778	-	-
Loan obtained	-	82,115	-	-
Management Fee Paid	74,169	45,272	-	-
Loan Paid	-	30,000	-	-
Rent Expenses	3,815	20,349	-	-
Incurred Reimbursable Expenses	19,671	16,190	84	151
Secretarial Fees Paid	11,225	8,492	-	-
Net Finance Charges	480	7,630	-	-
Vehicle Hire & Repair Expenses	161	2,965	-	-
Service Charges	82	2,310	10,240	-
Other	-	3,557	-	-

Notes to the Financial Statements

(c) The Directors of the Company are also Directors of the following companies:

	EBC	DBCL	EBL	FPL	CSL	GTA	CFL	LBP	LPHL	LTR	APL	KPP	SVH	MRP	BRL	LDP	SALS	LCPL	LC	LPL	ICSL	LCP	LEL	LRL	CFHL	YHK	AFL	LPSL	SAF	CPML	MPL	PPL	WPL	KCL
Mr. A. Rajaratnam	✓	✓					✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. S.D.R. Arudpragasam	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. R.N. Bopearatchy	✓	✓	✓	✓	✓	✓	✓	✓								✓	✓	✓	✓	✓	✓	✓	✓						✓		✓	✓		
Mr. S. Rajaratnam	✓	✓	✓	✓	✓	✓	✓	✓		✓			✓	✓	✓						✓				✓	✓							✓	
Mr. R.C.A. Welikala	✓	✓	✓	✓	✓	✓	✓	✓													✓										✓	✓		
Mr. P.M.A. Sirimane	✓	✓	✓	✓	✓	✓	✓	✓													✓										✓	✓		
Mr. A.R. Rasiah	✓	✓					✓	✓																							✓	✓		
Mr. S.N.P. Palihena	✓	✓					✓	✓																							✓	✓		
Dr.A.M.Mubarak *	✓						✓	✓																										

* Appointed with effect from 2nd September 2013

The above Notes should be read in conjunction with Note No. 13. 1, 15, 23, 25 and 30 to the Financial Statement.

(d) Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard LKAS - 24 - 'Related Party Disclosures', Key Management Personnel, are those having and 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

	2013/14 Rs. '000	2012/13 Rs. '000
Salaries/Other Employee Benefits	130,019	98,988

(iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 27 (b) 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

	2013/14 Rs. '000	2012/13 Rs. '000
Salaries/Other Benefits	368,974	301,576

(iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 27 (b) to these Financial Statements.

Notes to the Financial Statements

28. Operating Segment

	Industrial products			Consumer			Leisure			Plantations			Plantation Trading			Agricultural Inputs			Other			Total	
	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000	2014 Rs'000		
External Revenue	6,372,192	6,238,668	9,619,226	9,626,111	1,085,807	926,695	7,024,431	8,964,761	4,405,125	1,136,508	1,274,945	175,274	34,378,199	29,184,222									
Nation Building Tax	-	-	(44,565)	(82,967)	(9,019)	(7,137)	-	-	-	-	-	(468)	(54,052)	(90,414)									
Inter Segment Revenue	1,791,206	1,371,089	2,593,914	2,597,679	58	5,571	252,346	364,403	35	682,045	780,692	149,754	5,469,358	5,259,728									
Total Revenue for Reportable segments	8,163,398	7,609,757	12,168,575	12,140,823	1,076,846	925,129	7,276,777	8,964,796	4,405,125	1,818,554	2,055,637	324,558	39,793,504	34,353,536									
Interest Revenue	92,415	82,366	18,483	57,375	24,588	10,055	52,482	47,456	22,945	44,707	66,899	10,017	307,749	290,943									
Interest Expenses	280,757	293,108	269,662	258,909	151,705	35,598	788,904	481,638	112,485	119,968	170,350	19,251	1,737,530	1,361,854									
Depreciation and Amortization	97,470	85,457	168,140	168,487	100,501	77,771	323,473	267,822	94,803	55,278	33,450	13,232	852,897	727,397									
Profit/ (Loss) before income Tax	(37,080)	62,808	220,614	247,774	17,756	130,406	(203,704)	528,740	(25,115)	(71,436)	(32,054)	27,163	(71,802)	991,960									
Total Assets	3,613,829	3,853,394	6,380,463	4,948,279	4,415,151	3,758,136	11,130,963	11,032,964	3,945,134	1,132,520	1,948,422	558,933	31,176,993	29,637,827									
Total Liabilities	3,623,541	2,777,027	3,711,276	3,648,892	1,466,818	1,620,175	10,261,057	9,294,529	1,868,743	1,502,571	1,960,603	287,699	22,721,705	20,729,161									
Capital expenditures	125,229	179,495	308,309	296,467	222,753	1,068,716	1,395,863	1,031,007	30,178	43,226	93,195	263,604	2,389,162	4,252,276									

Notes to the Financial Statements

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

Revenue

	2013/14 Rs.	2012/13 Rs.
Total revenue for reportable segments	39,793,504	34,353,536
Elimination of Inter Segment revenue	(5,469,358)	(5,259,728)
Consolidated revenue	34,324,146	29,093,808

Profit/ (Loss) before tax

Total Profit/ (Loss) before Tax for reportable segments	370,572	1,170,354
Elimination of Inter Segment Profits	(442,374)	(178,394)
Consolidated Profit/ (Loss) before tax	(71,802)	991,960

Assets

Total assets for reportable segment	18,920,661	17,452,319
Investment in equity accounted investee	12,256,332	12,185,436
	31,176,993	29,637,827

Liabilities

Total Liabilities for reportable segment	22,721,705	20,729,161
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Other material items

Interest revenue	307,750	290,943
Interest Expenses	1,737,530	1,361,854
Capital expenditure	2,372,380	4,252,276
Depreciation and amortization	877,849	727,397

29. Capital Expenditure & Commitments

Group

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

- (i) Capital commitments approved by Agarapatana Plantations Ltd., a subsidiary of the Company, are Rs. 83.9 million for Field Development and Rs. 96.1 million for Machinery and Factory Development.
- (ii) Budgeted capital development programmes of Kotagala Plantations PLC, a subsidiary of the Company, for the next financial year amounts to approximately Rs. 654.5 million (2012/13 - Rs. 561.1 million).
- (iii) The York Hotels (Kandy) Ltd., a subsidiary of the Company, has committed capital expenditure amounting to Rs. 0.19 million to Sierra Constructions (Pvt) Ltd.
- (iv) Sunagro Farms Ltd, a subsidiary of the Company, has entered into a lease agreement with the Department of Buddhist Affairs for the lease of the agricultural land for cultivation for a period 29 years on 21st June 2010. Non cancellable opertaing lease rentals are payable in first five years of lease period amounting to Rs. 113,000 per year. However, lease payable after 1st five years will be determined based on the market prices of lease rentals.

Notes to the Financial Statements

30. Contingent Liabilities

30.1 Company

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

	31.03.2014 Rs. '000	31.03.2013 Rs. '000
Darley Butler & Co. Ltd.	365,000	365,000
Lankem Ceylon PLC	225,000	375,000
Laxapana Batteries PLC	-	8,720
	590,000	748,720

30.2 Group

(i) Lankem Ceylon PLC, a subsidiary of the Company, has given guarantees to third parties for facilities obtained by the related companies and outstanding as at 31st March, 2014 on account of SunAgro Life Sceince Ltd amounted to Rs. 210 million, Darley Butler and Company Ltd amounted to Rs. 145 million, Lankem Development PLC amounted to Rs. 62.08 million, Galle Fort Hotels Ltd amounted to Rs. 98.66 million, SunAgro Foods Ltd amounted to Rs. 110 million and Waverly Power (Pvt) Ltd amounted to Rs. 70 million.

(ii) Contingent liabilities exist in relation to the following for Lankem Tea & Rubber Plantations (Pvt) Ltd.:

(a) A contingent liability of Rs. 50 million exists as at the reporting date in relation to the various regulatory and legal matters. In addition to which penalties may be imposed on certain statutory payments. However, the Company is confident that these liabilities may not be materialize in future.

(b) Lankem Tea & Rubber Plantations (Pvt) Ltd. have given a corporate guarantee to DFCC Bank PLC on behalf of Agarapatana Plantations Ltd. to secure loan of Rs. 7.47 million under ADB credit line.

(c) Lankem Tea & Rubber Plantations (Pvt) Ltd have given a corporate guarantee to DFCC Bank PLC on behalf of Kotagala Plantations PLC, to secure loans of Rs. 50 million under ADB credit line.

(d) Lankem Tea & Rubber Plantations (Pvt) Ltd. have given a corporate guarantee to People's Leasing Company PLC on behalf of Kotagala Planations PLC, to secure Term Loans of Rs. 27.7 million and E-friends loans of Rs. 1.7 million, Rs. 1.5 million, Rs. 10.2 million, Rs. 9.6 million, and Rs. 9.6 million.

(e) Lankem Tea & Rubber Plantations (Pvt) Ltd. have given a corporate guarantee to Lanka Orix Leasing Company PLC on behalf of Kotagala Plantations PLC, to secure Term Loan of Rs. 40 million.

(f) Lankem Tea & Rubber Plantations (Pvt) Ltd. have given a corporate guarantee to People's Leasing Company PLC on behalf of Agarapatana Plantations Ltd., to secure Term Loans of Rs. 9.7 million, Rs. 12.8 million, Rs. 8.9 million and Rs. 9.7 million.

(iii) Contingent liabilities exist in relation to the following for C. W. Mackie PLC;

Letters of comfort and guarantees of Rs. 107 million have been provided to Hatton National Bank PLC providing facilities to Ceytra (Private) Ltd. and Ceymac Rubber Company Ltd. for short term loan facilities, where repayment terms are less than 12 months.

Notes to the Financial Statements

31. Acquisition of Kelani Valley Canneries Limited

CIC Agri Business (Pvt) Ltd, Registered owner of 30,351,222 ordinary shares of Kelani Valley Canneries Ltd., which amounting to 88.23%, was acquired by C.W. Makie PLC for a purchase consideration of Rs. 126.9 Mn on 31 March 2014.

	Rs.000	Rs.000
Property, Plant & Equipment	80,564	
Inventory	20,910	
Trade & Other Receivables	67,934	
Held to Maturity Financial Assets	3,010	
Cash & Cash Equivalents	7,655	
		180,073
Employee Benefit Obligation	(3,825)	
Finance Lease Liability	(1,216)	
Trade & Other Payables	(35,652)	
Bank Overdraft	(10,225)	
		(50,918)
Net Identifiable Assets & Liabilities		129,155
Net Assets Acquired		25,230
Negative Goodwill on Acquisition		(450)
Investment Made by Equity Holders of The Parent		25,380
Investment Allocated to Minority Interst		101,494
Cash Consideration Paid on Acquisition of Subsidiary		126,874
Cash & Cash Equivalent Acquired		2,570
		129,444

Analysis of net outflow of cash equivalents in respect of the acquisition of subsidiary

	Rs. '000
Cash consideration paid on acquisition of subsidiary	126,874
Cash & Cash Equivalents	(7,655)
Bank Overdrafts	10,225
Net cash Outflow on acquisition of subsidiary	129,444

32. Events Occuring After the Reporting Date

32.1.1 The Directors have recommended the payment of a first and final dividend of Rs. 12.50 per share for the year ended 31st March, 2014 which will be declared at the Annual General Meeting to be held on 30th June, 2014. In accordance with the Sri Lanka Accounting Standard 10 - " Events Occuring After the Reporting Date" this proposed first and final dividend has not been recognized as a liability in the Financial Statements for the year ended 31st March, 2014.

32.1.2 The Board of Directors of Kotagala Plantations PLC, a subsidiary of the Company, resolved to borrow a sum of Rupees Five hundred million (Rs. 500,000,000/-) from the public by the issue of Rated Secured Listed Redeemable Debentures with the option of increasing the borrowings by a further Rupees Five Hundred Million (Rs. 500,000,000/-) in the event of over subscription

Under the above Issue up to ten Million (10,000,000) Rated, Secured, Listed, Redeemable 4,5,6, & 7 year Debentures were issued at the issue price of Rs. 100 each with a fixed interest.

32.1.3 Lankem Ceylon PLC, a subsidiary of the Company, purchased the entirety of the shares of Ceylon Tapes (Private) Limited on 4th April 2014 represented by 820,000 ordinary shares and 160,000 preference shares for a total purchase consideration of Rs.130 Million.

32.1.4 Subsequent to the reporting date, no circumstances have arisen that would require adjustments to/ or disclosure in the Financial Statement other than those disclosed above.

Notes to the Financial Statements

33. Comparative Information

To facilitate comparison and where relevant, balances pertaining to the previous year have been reclassified, as follows:

	GROUP			COMPANY		
	31.03.2013			31.03.2013		
	Reclassified Rs.'000	As per Audited Accounts Rs.'000	Change Rs'000	Reclassified Rs.'000	As per Audited Accounts Rs.'000	Change Rs'000
Other Tax Recoverable	418,508	386,592	31,916	37,405	5,489	31,916
Other Receivable	1,090,315	1,122,231	(31,916)	19,447	51,363	(31,916)

The following were reclassified in the Company :

a. Other Tax receivables

ESC Recoverable amount which was under other receivables has been reclassified under other tax receivables in order to be comparable with the current year presentation in the Financial Statements.

b. Other Receivables & Inventory

The Company has recorded other stock of Rs.18,207,869/- under other receivables. Therefore it has been reclassified under Inventories in order to be comparable with the current year presentation in the Financial Statements.

34. Going Concern

The Financial Statements of the Group do not include any adjustments in relation to the recoverability and classification of recorded asset amounts or and classification of liabilities that may be necessary, if any of the following companies are unable to continue as a going concern:

- (i) Lankem Consumer Products Ltd. (LCPL), a subsidiary of the Company, has incurred a loss of Rs. 55.16 million (2013 - Rs. 36.66 million) during the year ended 31st March, 2014 and as at that date accumulated loss was Rs. 169.64 million (2012/13 - Rs. 114.54 million). Further total liability exceeds the total assets by Rs. 149.7 million (2013 - Rs. 94.54 million) and the current liabilities exceeds the current assets by Rs. 148.90 million (2013 - Rs. 93.95 million). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. Hence, Lankem Ceylon PLC the parent company of LCPL confirmed their commitment in present circumstances to continue financial support in the business operation of LCPL to meet their financial obligations. As the parent of LCPL they have no intention or inclination or withdrawing their support of reducing the scale of the operation of the company in the forthcoming 12 months. However, the Financial Statements are prepared on going concern assumption.
- (ii) SunAgro Farms Ltd., a subsidiary of the Company, has incurred a loss of Rs. 34.77 million (2012/13 - Rs. 12.32 million) during the year ended 31st March, 2014, as at the date accumulated loss was Rs. 58.78 million (2012/13- Rs. 24.01 million), current liabilities exceeded the current assets by Rs. 51.73 million (2012/13 - Rs. 40.70 million) and its total liabilities exceed its total assets by Rs. 46.79 million. 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 a 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.

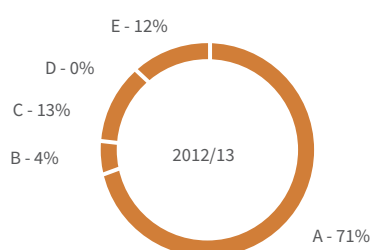
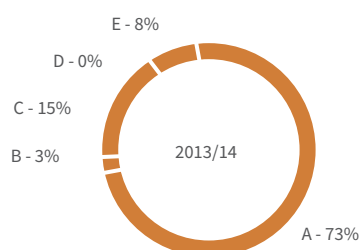
Notes to the Financial Statements

- (iii) Agarapatana Plantations Ltd.'s, a subsidiary of the Company, current liabilities exceeded its current assets by Rs. 1,277.57 million (2012/13 - Rs. 1,012.23 million) and net assets are less than the half of stated capital of the company which is a serious loss of capital as per Section 220 of the companies Act No. 07 of 2007. The Directors of the Company are confident that the financial position of the Company will significantly improve in the near future in view of the finance facilities available from the banks and related companies. Further the Management has taken the following action plans to circumvent the current liquidity crisis which after the going concern position of the Company in the future.
- The Company successfully negotiated a long term loan of Rs. 500 Mn and an overdraft facility of Rs. 20 Mn from Commercial Bank under lesser interest rate of AWPLR + 2% (per annum) with easy loan capital repayment over a period of seven years. This will be utilized for the settlement of high interest borrowing, overdue liabilities, fertilizer applications.
 - Already steps are taken and implemented the appropriate fertilizer applications out of the first tranche of Rs. 50 Mn released out of Rs. 500 Mn loan. This will improve the quantity of production and minimized the cost per Kg.
- (iv) Lankem Developments PLC, a subsidiary of the Company, has incurred a net loss of Rs. 2.10 million (2013- Rs. 362.74 million) during the year ended 31st March, 2014 and as of that date the Company's current liabilities exceeded its current assets by Rs. 109.16 million. These factors raised significant doubts of the company's ability to continue as a going concern. However, the management in the view that the investments in plantation sector and hydro power plants will generate profits in the future. Accordingly, the Directors of the company are of the view that company is able to continue as a going concern and the financial statements of the company have been prepared on the assumption that the company is a going concern.
- (v) SunAgro Foods Limited, a subsidiary of the Company, has incurred a loss of Rs. 116.50 million (2013 Rs. 29.89 million) during the year ended 31st March 2014 and as at the date the accumulated loss was Rs. 155.44 million (2013 Rs. 38.95 million). Further, total liabilities exceeds the total assets by Rs. 105.44 million and the current liabilities exceeds the current assets by Rs. 157.94 million (2013 Rs. 80.61 million). These conditions indicate the existence of a material uncertainty which may cast significant doubt about Company's ability to continue as going concern. Hence Lankem Ceylon PLC, the immediate parent company of SunAgro Foods Limited confirm their commitment, in present circumstance to continue financial support in the business operation of SunAgro Foods Limited to meet their financial obligations. As the immediate parent of SunAgro Foods Ltd, they have no intention or inclination or withdrawing their support of reducing the scale of operation of the Company, in the forthcoming 12 months. However, the Financial Statements are prepared on going concern assumption.

Statement of Value Added

	%	2013/14 Rs. '000.	%	2012/13 Rs. '000.
Turnover from Operations		34,324,146		29,093,808
Cost of Goods and Services		(25,557,206)		(21,238,935)
		8,766,940		7,854,873
Other Income Including Exceptional Items		512,523		490,984
Total Value Added		9,279,463		8,345,857
Distribution of Value Added				
To Employees				
Salaries, Wages and Other Related Costs	68.95	6,399,510	67.34	5,619,758
Compensation to Key Management Personnel	3.98	368,974	3.61	301,576
	72.93	6,768,484	70.95	5,921,344
To Government				
Nation Building Tax	0.58	54,052	1.08	90,414
Corporate tax	2.67	248,263	2.96	247,347
	3.25	302,315	4.05	337,761
To Lenders of Capital				
Net Interest	15.43	1,429,781	12.83	1,070,911
To Share Holders				
Dividend	0.30	25,355	0.30	25,355
Retained for Growth				
Depreciation	8.74	810,775	8.53	712,242
Retained Earnings	(0.62)	(57,247)	3.33	278,254
	8.12	753,528	11.87	990,496
	100.00	9,279,463	100.00	8,345,857

Statement of Value Added



- A - To Employees
- B - To Government
- C - To Lenders of Capital
- D - To Share Holders
- E - Retained for Growth

Share Information

1. Market Value

The market value of the Company's ordinary shares was

	2014 Rs.	2013 Rs.
Highest	1,400.00	1,500.00
Lowest	875.00	900.20
Close	905.00	1,090.00

Public Holding

The Percentage of shares held by the public as at 31st March 2014 was 25.88 %. (2012/2013 – 9.87%)

2. Distribution of Ordinary Shares

			31st March, 2014			31st March, 2013		
No. of Shares Held			No. of Shareholders	Total Holdings	% of Total Shares	No. of Shareholders	Total Holdings	% of Total Shares
1	-	1,000	668	75,772	2.99	675	74,922	2.95
1,001	-	10,000	24	59,357	2.34	26	61,260	2.41
10,001	-	100,000	2	110,404	4.35	2	110,200	4.34
100,001	-	1,000,000	5	946,755	37.34	5	945,906	37.31
Over	-	1,000,000	1	1,343,170	52.98	1	1,343,170	52.99
			700	2,535,458	100.00	709	2,535,458	100.00

Categories of Shareholders

	31st March, 2014			31st March, 2013		
	No. of Shareholders	Total Holdings	% of Total Shares	No. of Shareholders	Total Holdings	% of Total Shares
Individuals	642	205,441	8.10	655	212,115	8.37
Institutions	58	2,330,017	91.90	54	2,323,343	91.63
	700	2,535,458	100.00	709	2,535,458	100.00

Share Information

3. Twenty Major Shareholders

Name	2014		2013	
	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/Thirugnanasambandar Senthilverl	409,949	16.17	409,100	16.14
Union Investments (Private) Ltd.	167,700	6.61	167,700	6.61
Colombo Fort Investments PLC	158,180	6.24	158,180	6.24
Est of Late Mariapillai Radhakrishnan (Deceased)	106,454	4.20	106,454	4.20
Colombo Investment Trust PLC	104,472	4.12	104,472	4.12
C M Holdings PLC	100,000	3.94	100,000	3.94
Mr. Thotawattage Rohan Lakshana Perera	10,404	0.41	10,200	0.40
Tranz Dominion, L.L.C.	7,001	0.28	6,681	0.26
Photokina Ltd.	6,804	0.27	6,804	0.27
Sisira Investors Ltd.	6,138	0.24	6,138	0.24
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
NATIONAL DEVELOPMENT BANK PLC/T. SETHILVERL	2,977	0.12	-	-
The Incorporated Trustees of The Church of Ceylon	2,828	0.11	2,828	0.11
Consolidated Holdings (Private) Ltd.	2,596	0.10	2,596	0.10
Dr. Hettiarachige Walter Elliot Tissera	2,021	0.08	2,017	0.08
Mr. Sri Dhaman Rajendram Arudpragasam	2,000	0.08	2,000	0.08
Mr. Sithampalam Abishek	1,800	0.07	-	-
Mr. Semasinghe Navaratne Chandrasekera Wanninayake Mudiyansele Bandara Chandrasekera Kandegeedara	1,800	0.07	1,800	0.07
Total	2,442,894	96.35	2,436,740	96.10

Group Financial Summary

	2004/05 Rs. '000	2005/06 Rs. '000	2006/07 Rs. '000	2007/08 Rs. '000	2008/09 Rs. '000	2009/10 Rs. '000	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000
Trading Results										
Revenue	7,985,351	9,976,254	10,797,072	12,155,452	12,479,798	13,955,375	28,250,587	27,904,133	29,093,808	34,324,146
Profit/(Loss) before Tax	553,582	478,222	573,875	899,162	353,722	882,217	2,404,908	1,102,231	991,960	(71,802)
Income Tax Expense	(70,425)	(115,343)	(145,281)	(217,048)	(207,121)	(298,738)	(286,167)	(304,784)	(247,347)	(248,263)
Profit/ (Loss) for the Year	483,157	362,879	428,594	682,115	146,601	583,479	2,118,741	797,447	744,613	(320,065)
Non-controlling Interest	140,173	93,832	305,119	620,494	42,893	390,834	1,413,960	561,336	466,358	(262,818)
Equity Holders of the Company	342,984	269,047	123,475	61,620	103,708	192,645	704,781	236,111	278,255	(57,247)
Assets Employed										
Property, Plant & Equipment	4,473,506	4,948,425	5,804,020	6,098,209	6,708,814	9,005,741	10,391,140	11,728,826	14,422,163	15,260,444
Investments	4,727	3,984	3,780	89,037	54,157	55,715	203,537	273,294	269,492	377,637
Biological Assets	–	–	–	–	–	–	622,142	588,650	703,816	928,506
Intangible Assets	3,110	15,260	15,260	82,026	93,458	162,863	334,373	533,258	532,880	532,564
Other Non-Current Assets	–	–	476	276	68,564	122,628	127,792	143,195	164,420	199,672
Net Current Assets/(Liabilities)	(1,302,599)	(1,383,216)	(1,044,776)	(692,278)	(789,394)	(95,578)	1,751,280	751,015	133,929	(1,306,871)
	3,178,744	3,584,453	4,778,760	5,577,270	6,135,599	9,251,369	13,430,264	14,018,238	16,226,700	15,991,952
Equity										
Stated Capital	25,355	25,355	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731
Reserves	166,476	604,783	326,821	383,753	628,999	1,266,912	148,394	148,394	148,394	148,394
Equity Attributable to Parent	191,831	630,138	352,522	409,484	654,730	1,292,643	2,445,098	2,806,384	3,079,617	2,945,828
Non-controlling Interest	381,780	496,710	1,707,955	2,363,964	2,112,173	3,248,587	5,212,440	5,337,819	5,621,908	5,335,335
	573,611	1,126,848	2,060,507	2,773,448	2,766,903	4,541,230	7,831,663	8,318,328	8,875,650	8,455,288
Long-Term Liabilities										
Deferred Liabilities	660,918	726,331	870,383	1,044,935	1,253,042	1,778,673	2,135,774	2,352,674	2,509,023	2,952,379
	2,605,133	2,457,605	2,718,253	2,803,822	3,368,696	4,710,139	5,598,601	5,699,910	7,318,034	7,536,664
	3,178,744	3,584,453	4,778,760	5,577,270	6,135,599	9,251,369	13,430,264	14,018,238	16,226,700	15,991,952

Form of Proxy

I/We
of
being a member/members of E. B. Creasy & Company PLC hereby appoint
..... ofwhom 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 Paliheena | 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 First Annual General Meeting of the Company to be held on 30th June 2014 at 3.00 p.m 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 2014 with the Report of the Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
* To declare a First and Final Dividend as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
* To re-elect Mr. S.N.P. Paliheena as a Director	<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 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 this day of Two Thousand and Fourteen.

.....
Signature of Shareholder

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

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.

Please Provide the following details to update our records :

Full name of Shareholder :

.....

Address :

.....

.....

.....

N.I.C.No. :

Signature :

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) Ltd.
People's Bank
Seylan Bank PLC
Indian Bank
Sampath Bank PLC

Subsidiaries

Darley Butler & Co. Ltd.(DBCL)
Creasy Foods Ltd.(CFL)
Laxapana Batteries PLC (LBP)
Island Consumer Supplies (Pvt) Ltd.(ICSL)
Filmpak Ltd.(FPL)
Group Three Associates (Pvt) Ltd.(GTA)
Corporate Systems Ltd.(CSL)
E. B. Creasy Logistics Ltd.(EBL)
Muller & Phipps (Ceylon) PLC (MPP)
Lankem Ceylon PLC (LCP)
Lankem Developments PLC (LDP)
Lankem Paints Ltd.(LPL)
Lankem Consumer Products Ltd.(LCPL)
Lankem Chemicals Ltd.(LC)
Lankem Technology Services Ltd.
SunAgro Farms Ltd.
SunAgro Foods Ltd.(SAF)
SunAgro LifeScience Ltd.(SALS)
Lankem Research Ltd.(LRL)
Lankem Export (Pvt) Ltd.(LEL)
Sigiriya Village Hotels PLC (SVH)
Marawila Resorts PLC (MRP)
Colombo Fort Hotels Ltd. (CFHL)
Beruwala Resorts PLC (BRP)
York Hotels (Kandy) Ltd. (YHK)
Associated Farms Ltd. (AFL)
C. W. Mackie PLC
Lankem Plantation Holdings Ltd. (LPHL)
Lankem Tea & Rubber Plantations (Pvt) Ltd. (LTR)
Kotagala Plantations PLC (KPP)
Agarapatana Plantations Ltd. (APL)
Creasy Plantation Management Ltd. (CPML)
Lankem Plantation Services Ltd. (LPPL)
Pettah Pharmacy (Pvt) Ltd. (PPL)
Muller & Phipps Agency (Pvt) Ltd.
B.O.T. Hotel Services Ltd.
Galle Fort Hotel (Pvt) Ltd.
Waverly Power (Pvt) Ltd. (WPL)
Union Commodities Ltd.
Kelani Valley Canneries Ltd. (KCL)

