

Visibility

Making an Impact

Vallibel | ONE

Vallibel One PLC | Annual Report 2014/15

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At Vallibel One, reaping the infinite opportunities presented to us in our diverse businesses has meant constantly pushing our boundaries - honing our strategies, making the most of our intrinsic expertise and exploiting our innate sense of innovation and creativity. We strive to make an impact that transcends to all corners - be it changing the face of business, the life of consumers, through wealth creation for stakeholders or simply by putting Sri Lanka on the global map of commerce.

This year, our actions reflect the visible impact of the strategies that drive our corporate vision.

Our Vision

Achieve uniqueness through diversity, leadership, creativity and inspiration.

Our Mission

To run healthy core businesses, leverage strengths into new ventures, work together with people to be Sri Lanka's corporate leader.

Who We Are

Vallibel | ONE

“Vallibel One PLC is a diversified holding company which to date has made strategic investments in financial services, tile and sanitaryware manufacturing, leisure and also investing in a highly diversified conglomerate. Sector specific operations are carried out through its subsidiaries; namely Royal Ceramics Lanka PLC, L B Finance PLC, Delmege Limited and Greener Water Ltd. Further, the Company holds a 20.22% stake in Waskaduwa Beach Resorts PLC, 18.02% stake in The Fortress Resorts PLC, 14.95% stake in Sampath Bank PLC, which is treated as a strategic long term investment”.

LMD Top 50 Companies 2013/14
Business Today Top Twenty Five 2013/14



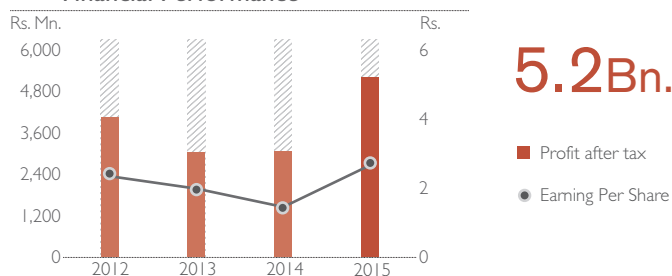
සමපත් බැංකුව
சம்பத் வங்கி
SampathBank

As one of the most strategically diversified holding companies in the country, and through our innovative and far-sighted strategic investments, our creation of stakeholder value is without equal. Shown above are a few subsidiaries and organisations we have a stake in, and in the pages ahead we further discuss how we leverage on these synergies and optimise on the opportunities that emerge around us.

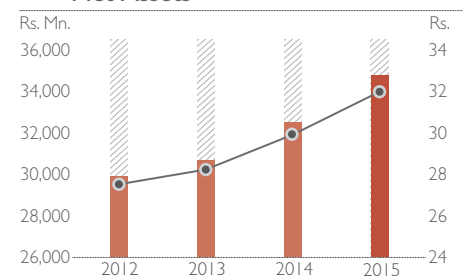
Group Financial Highlights

	2015 Rs' 000	2014 Rs' 000	Change %
For the year ended 31 March			
Turnover	43,449,784	48,331,091	(10.10)
Profit Before tax	7,520,260	3,944,724	90.64
Profit after tax	5,201,892	3,062,060	69.88
Profit attributable to equity holders of the company	2,891,094	1,573,943	83.68
As at 31st March			
Shareholder's Funds	34,736,706	32,492,066	6.91
Company Market capitalisation	22,057,155	18,471,509	19.41
Total Assets	129,517,572	124,998,431	3.62
Per Share			
(Issued and fully paid shares, 1,086,559,353)			
Earning (Rs)	2.66	1.45	83.69
Net Assets (Rs)	31.97	29.90	6.91
Market Value (Year-end) (Rs)	20.30	17.00	19.41
Price earnings (Year-end) (No. of Times)	7.63	11.74	(34.99)
Gross Profit (%)	40.55	30.32	33.73

Financial Performance



Net Assets



Chairman's Review

During this financial year, Vallibel One enlarged Group profitability by an impressive 69.88 per cent from that of the last financial year, to reach a profitability value of Rs. 5.201 Bn.

Visibility on future growth

As 2014/2015 comes to an end, I am pleased to note that Vallibel One has come to a point of nexus between performance and delivery of value and innovation, a point where we have a robust visibility on future growth. During this financial year, Vallibel One enlarged Group profitability by an impressive 69.88 per cent from that of the last financial year, to reach a profitability value of Rs. 5.201 Bn, the visible impact of the many strategies that drive our corporate vision.

I believe, in the year under review, we delivered strongly across our core operational pillars – despite the many challenges – to create greater present and future wealth for all stakeholders. In essence, our operations this year consolidates our drive to "create an impact". Across our group-holdings, we have created strong brands that are category

game changers. We have utilised a positively-differentiated approach to business through our corporate ambition to make "everyone better off". The diversity of our sectors, is truly, our strength and going forward, I believe that our core sectors will be in a position to further entrench themselves in the marketplace through category growth and product reinvention.

Not only that, our brands have evolved to be world-class, and this is demonstrated by Rocell's entry into the sophisticated Australian interior industry this past year. The launch of the brand in the cosmopolitan city of Melbourne, positioned along-side other global and pan-regional top-end flooring and interior brands, validates Rocell's premium positioning. By doing so, we have effectively put Sri Lanka's ceramic and flooring industry

on the global map of commerce. As we move ahead, the intention is for Rocell to pursue a global market strategy.

LB Finance, our innovative financial services brand, sustained its performance drive, garnering in excess of Rs. 2 Bn to Group profitability, recording 62.84% growth. LB Finance has been an innovator in the financial services industry, one that has created a difference to consumers through value reinvention.

Delmege Group - a corporate legend in Sri Lanka with over 165 years of operations - started to demonstrate signs of corporate recovery this financial year, in response to numerous strategic manoeuvres. The group posted an enlargement in turnover of 21 per cent compared to last financial year, valued at Rs. 6.4 Bn.



In essence, our operations this year consolidates our drive to “create an impact”. Across our group-holdings, we have created strong brands that are category game changers.

Continuing from my review last year, with respect to Greener Water Limited, I am glad to note that we have obtained all approvals necessary to take forward the project. However, we have chosen to tread cautiously due to change of regulations pertaining to tax exemptions and in view of the prevailing global and local economic as well as tourism trend, The Board, therefore, during the course of the upcoming financial year, will further evaluate the feasibility of this Project . Subsequent to these deliberations, if the Company chooses to deviate from the Integrated Resort concept as previously disclosed, the Company will seek shareholder approval prior to moving forward.

Another significant event to make note of in the leisure sector is the addition of The Fortress Resorts PLC as an associate company of Vallibel One.

If this financial year's performance is a yardstick in determining future growth, then I, as your Chairman am cautiously confident of the visibility it has provided in gauging future growth. Vallibel Group has the ability to achieve strong and sustainable growth across our businesses whilst maintaining a high-quality balance sheet, and in so doing provide increasing returns for our shareholders. We

are committed to making an impact that transcends all corners and I am pleased that this financial year has been an indicator of the capability to achieve our corporate vision consistently, and with vigour.

In conclusion, I must borrow from the eminent Abraham Lincoln in saying “The best way to predict your future is to create it.” And this is what we must do.

Dhammika Perera
Chairman

Board of Directors



Left to right

Mr. Dhammika Perera, Mr. Nimal Perera, Mr. Sumith Adihetty, Mr. Harsha Amarasekera, Ms. Kimarli Fernando, Mr. Rajan Asirwatham

Mr. Dhammika Perera

Chairman

Mr. Dhammika Perera is the quintessential business leader, with interests in a variety of key industries including Hydropower generation, Manufacturing, Hospitality, Entertainment, Banking and Finance. He has over 25 years of experience in building formidable businesses through unmatched strategic foresight.

Mr. Perera is the Chairman of Sampath Bank PLC, Vallibel Power Erathna PLC, Royal Ceramics Lanka PLC, The Fortress Resorts PLC, Delmege Limited and Sun Tan Beach Resorts Ltd. He is the Co-Chairman of Hayleys PLC, Executive Deputy Chairman of LB Finance PLC and Deputy Chairman of Horana Plantations PLC, and Lanka Ceramic PLC. He is the Executive Director of Vallibel Finance PLC and also serves on the Boards of Amaya Leisure PLC, Lanka Tiles PLC, Haycarb PLC, Hayleys MGT Knitting Mills PLC, The Kingsbury PLC, Dipped Products PLC, & Hayleys Global Beverages (Pvt) Ltd.

Mr. Nimal Perera

Executive Deputy Chairman

Mr. Perera counts over 32 years of experience in the fields of Finance, Capital Market Operations, Manufacturing, Marketing and Management Services. Mr. Perera is a member of the Sri Lanka Institute of Marketing.

Mr. Nimal Perera serves of the Board of Pan Asia Banking Corporation PLC, Lanka Tiles PLC, Lanka Walltiles PLC, Lanka Ceramics PLC, Horana Plantations PLC, Swisstek Ceylon PLC, Swisstek Aluminium Limited, Vallibel Plantations Limited, Uni Dil Packaging Limited, N P Capital Ltd, N Capital (Pvt) Ltd as the Chairman, Royal Ceramics Lanka PLC as the Managing Director, L B Finance PLC as the Executive Director, Vallibel Power Erathna PLC and The Fortress Resorts PLC as Alternate Directors.

Holds directorships in, Hayleys PLC, Haycarb PLC, Thalawakele Tea Estates PLC, Kingsbury PLC and Amaya Leisure PLC.

He is a renowned business magnate, stock trader and shareholder of many companies in the country.

Mr. Sumith Adhihetty

Non Executive Director

Mr. Sumith Adhihetty is a well-known professional in the marketing field. He has over 34 years of experience in the finance sector.

He is the Managing Director of L B Finance PLC and The Fortress Resorts PLC. He also serves on the Boards of Summer Season Residences Ltd, Summer Season Ltd, La Fortresse (Private) Limited.

He was formerly the Deputy Managing Director of Mercantile Investments Limited and served as a Director of Nuwara Eliya Hotels Company Limited, Grand Hotel (Pvt) Limited, Royal Palm Beach Hotels Limited, Tangerine Tours Limited and Security Ceylon (Pvt) Limited and Pan Asia Banking Corporation PLC.

Mr. Harsha Amarasekera

President's Counsel

Independent Non Executive Director

Mr. Harsha Amarasekera, President Counsel is a leading Lawyer in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts, specialising in Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

He also serves as an Independent Director in several listed companies in the Colombo Stock Exchange including CIC Holdings PLC (Chairman), Chemanex PLC (Chairman), Royal Ceramics Lanka PLC, Expo Lanka Holdings PLC, Chevron Lubricants Lanka PLC, Keells Food Products PLC, Amana Bank PLC, Amaya Leisure PLC, Vallibel Power Erathna PLC. He is also the Chairman of CIC Agri Business (Private) Limited.

Ms. Kimarli Fernando

Independent Non Executive Director

Ms. Kimarli Fernando brings to the Board her in depth experience. She holds a LLB (Hons) from the London School of Economics and Political Science, London, UK. She is a Barrister-at-Law, Lincoln's Inn, UK. (1987) and an Attorney-at-Law, Sri Lanka. She has more than 25 years experience in the field of banking.

She is currently serves as a Director of L B Finance PLC, National Development Bank PLC and Delmege Limited.

She has held senior positions at Pan Asia Banking Corporation PLC, Standard Chartered Bank, Sri Lanka and Deutsche Bank AG, Sri Lanka.

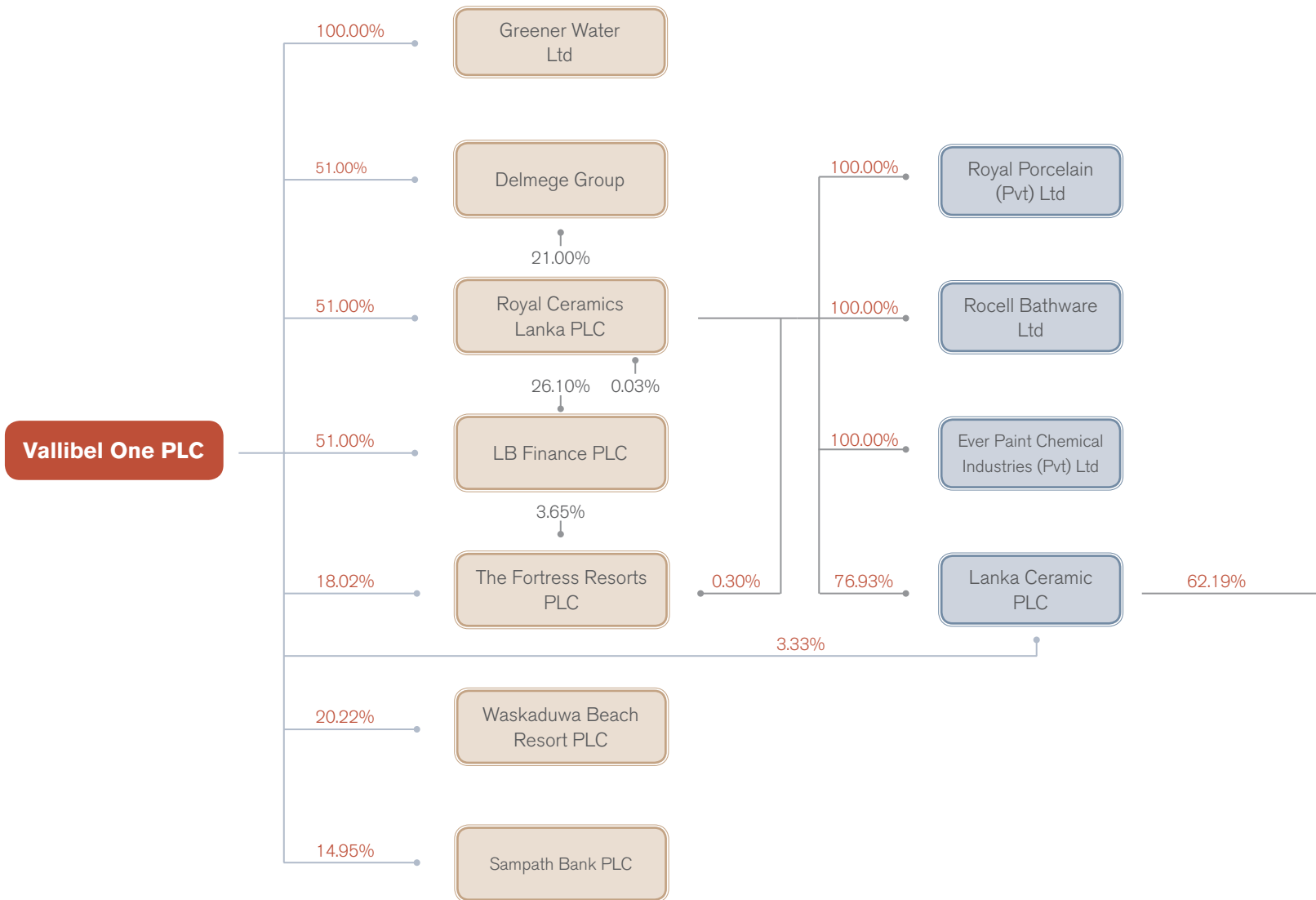
Mr. Rajan Asirwatham

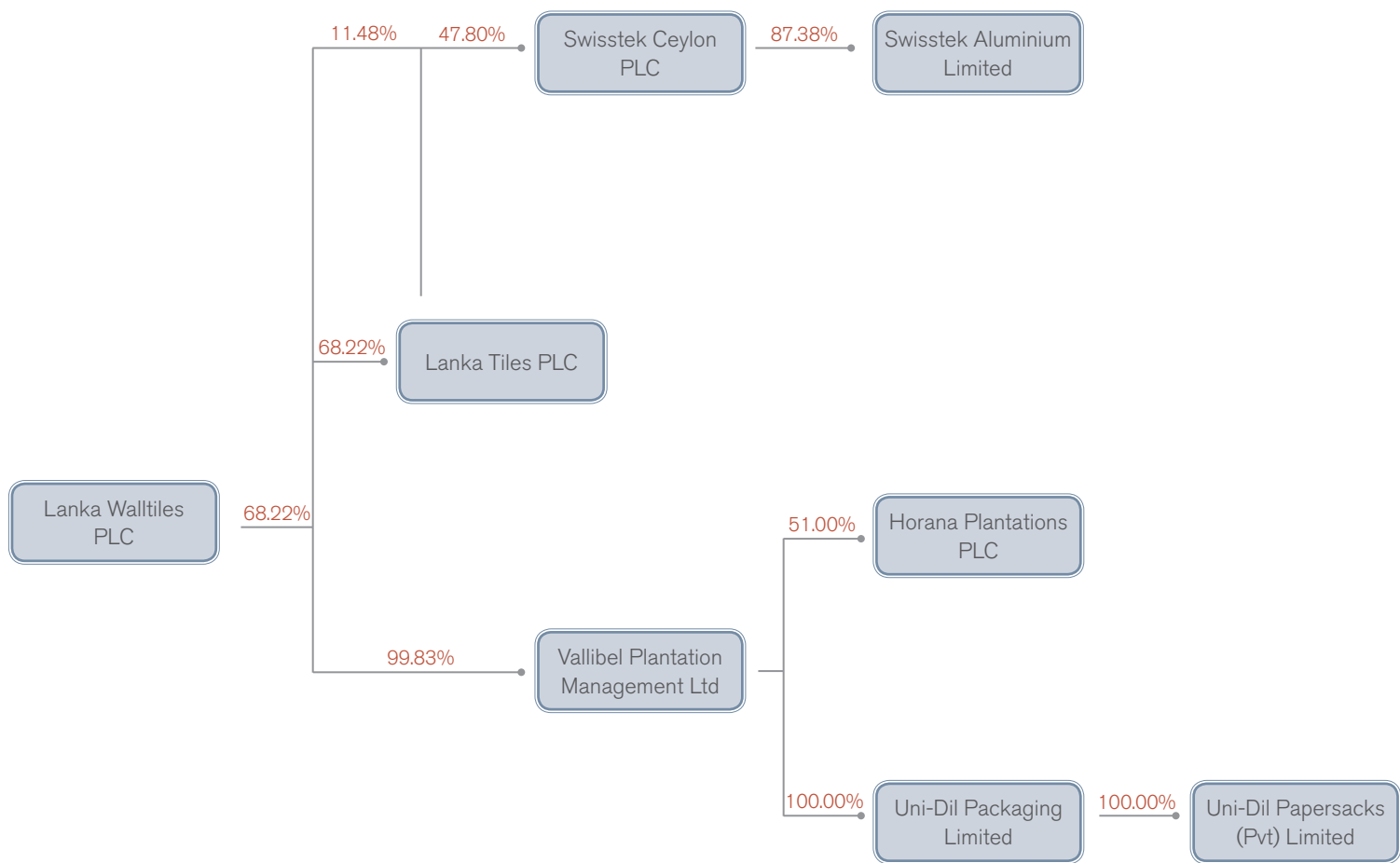
Independent Non Executive Director

Mr. Rajan Asirwatham was the Senior Partner and Country Head of KPMG from 2001 to 2008. He was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and also a member of the Presidential Commission on Taxation, appointed by His Excellency the President.

Mr. Asirwatham is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He is also a member of the Ceylon Chamber of Commerce Advisory Council and a member of the Council of the University of Colombo and the Board of Management Post Graduate Institute of Medicine. He also serves on the Boards of Royal Ceramics Lanka PLC, Ceylon Tea Services PLC, CIC Holdings PLC, Aitken Spence PLC, Aitken Spence Hotels PLC, Dial Tex Industries Private Limited, Renuka Hotels Private Limited, Rajawella Holdings Private Limited, Mercantile Merchant Bank, Dankotuwa Porcelain PLC, Colombo City Holdings PLC, Peninsular Properties (Pvt) Ltd, Fentons Ltd and Yaal Hotels Private Limited.

Group Structure





Management Discussion and Analysis

The journey has been extraordinary, exciting and exhilarating. At Vallibel One, one of the most strategically diversified holding companies in the country, the value we have garnered and added into the various industries we are engaged in, has surely permeated vibrant stakeholder value to imbue a dynamism that can only be termed unparalleled...

Operational Review

The journey has been extraordinary, exciting and exhilarating. At Vallibel One, one of the most strategically diversified holding companies in the country, the value we have garnered and added into the various industries we are engaged in, has surely permeated vibrant stakeholder value to imbue a dynamism that can only be termed unparalleled. Operating in intensely competitive industries including financial services, tile and sanitary ware, manufacturing and leisure, our strategic long term investments are visionary and well positioned. We have mastered the art of leveraging on our synergies and optimising on the opportunities that emerge around us, focusing on horizons that will give clarity to our vision and goals.

Diversification for us must be sustainable, empower our stakeholders and cascade sound business practices. As a benchmarked leader, we are cognizant that we are emulated for our best practices, strategic thought process and visionary leadership. This drives us to act responsibly in the decisions we make and take into consideration the impact those decisions have on our stakeholders. It is this focus that creates that foundation of trust and commitment among our stakeholders, who have, in the years since our inception, partnered a Group that is vibrant with value, while showcasing strong and steady performance, that surely conceptualises a comprehensive framework for strategic growth.

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Given below is a snapshot of the performance of our Group over the last year, which not only showcases our unmatched leadership in each of our strategic industry areas, but also clearly displays the Vallibel One Group's ability to create vibrant value in each of those.

LB Finance PLC

A legacy of 44 years empowers L B Finance to be aggressive and visionary in an operating environment that has been complex and competitive. We have focused on product innovation, service enhancement, customer satisfaction, operational transformation, stringent cost management, risk prevention and astute control and monitoring to post impressive profits this year. Having begun our foray into the financial services industry as a private limited liability company, post the conversion into a public limited liability company in 1982, L B Finance was listed on the Colombo Stock Exchange in 1998. Having been through a series of ownership, it was post 2003, with a further change at the helm that L B Finance began its



transformation, etching a definite and consistent path of market leadership.

The strategic direction and emphasis we have employed since then, on not only



growing profitability but also in long term value creation, has been based on the four main pillars of people, reach, technology and service quality. This naturally permeated to L B Finance positioning itself as a trailblazer in the industry, offering customers an

unparalleled product portfolio and customer service excellence. The dominance the Company enjoys is further propelled in an impressive focus on innovative product development, spanning deposits to lending,

Our robust brand of financial stewardship therefore has been rewarded, given our remarkable results for 2014/15. With profits exceeding Rs 2 Bn which is a record 62.84% growth, our interest income also increased 7.65% to be posted at Rs 13,687.07 Mn.

creating benchmarks that have now become the norm and expectations of customers.

Our robust brand of financial stewardship therefore has been rewarded, given our remarkable results for 2014/15. With profits exceeding Rs 2 Bn which is a record 62.84% growth, our interest income also increased 7.65% to be posted at Rs 13,687.07 Mn. Interest expenses in the meanwhile declined 16.65%. Effective management of asset and liability maturities and pragmatic re-pricing decisions allowed us to improve our net interest margins to 12.67%.

The success we have thus enjoyed has multi-faceted connotations, including the proactive leadership we give the industry, constantly raising the bar in customer expectations, introducing inclusive financial empowerment across varied demographics and ensuring that our stakeholder relationships and engagement is robust and vibrant. Each year, we have focused on a singular aspect of our performance, in order to build on our strengths, identify gaps and rectify

Operational Review

weaknesses. This has been the panacea in laying the foundation for consistent business performance, while also being attuned and aligned to stakeholder expectations.

This year, having identified the competition from conventional players and associated risks in the industry, our strategic focus was on diversification of our product offerings. Using a pragmatic comparison of pitching ourselves against the banking sector, we identified opportunities available and concentrated on the gaps that were prevalent. For example, potential was seen in the mortgage lending business, of which we took on the mantle, taking our customised mortgage lending product to the underserved customer segments. The positive progress is well observed in the growth of the mortgage loan book. We diversified funding sources as well to reduce our dependence on deposits, which in turn led to a favourable deposit mix.

Being extremely proactive in the market has enabled us to sense market developments, which for example pointed towards an opportunity in the hybrid vehicle sector, which experienced a boom during the year. Having identified this emerging opportunity well in advance, L B Finance became the first to promote hybrid vehicles, giving us an unusual yet gratifying status of top of the mind recall for hybrid vehicles.

Having always been a business where sustainability is embedded as the rule

rather than the exception, several key initiatives were also employed to enhance value creation for stakeholders. These include conducting business practices with transparency and accountability, ensuring responsibility in the product and services offered, striving for the highest levels of customer satisfaction, developing our team to be one of the best, having recruited and retained only the best in the industry, engaging with our communities and instituting sustainable environmental practices.

Our growth strategy will focus on further diversifying our loan book and funding structure especially in mortgage lending which we intend growing into a long tenure business, a facet not generally embedded within the realm of conventional finance companies. We also have plans to further increase contribution from savings products, in the deposit mix.

Royal Ceramics Lanka PLC

A pioneer in instilling the 'Made in Sri Lanka' concept into a fashionable brand and high performing product, the brands "Rocell" and "Rocell Bathware" trailblazed pathways into the tile and sanitaryware industry like no other. The year in review saw Rocell complete a year of consolidation. Prompted by a significant milestone that heralded the acquisition of a controlling stake in Lanka Ceramic PLC, the Company used its business and consumer expertise honed over the years to increase productivity and profitability



'Creta' Digital Printing Machine at Horana plant

across the subsidiaries. The implementation of a Business Intelligence Tool for report generation and detailed analysis, enables our team both in our subsidiaries and showrooms to access performance scorecards.



The next year will see the implementation of TPM (Total Productivity Management) across all manufacturing plants, as well as introducing new processes to reduce staining on polished tiles, an in-house developed innovation that surely adds value to the product manufacturing process.

Royal Porcelain (Pvt) Limited produces products and services that are vibrant in value, emphasising quality and perfection, from sourcing raw materials via reputed business partners, to an assurance that all manufacturing processes conform to international standards including ISO

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13006 certification, EN Standards and are classified under GPB 1 and B2. The high capacity state-of-the-art manufacturing plant in Horana has a daily production capacity of 10,000 sq.m of tiles and includes state-of-the-art digital printing technology, highly advanced selection lines with red-line measuring technology minimising defects, design optimised glazed ceramic and vitrified glazed porcelain tiles.

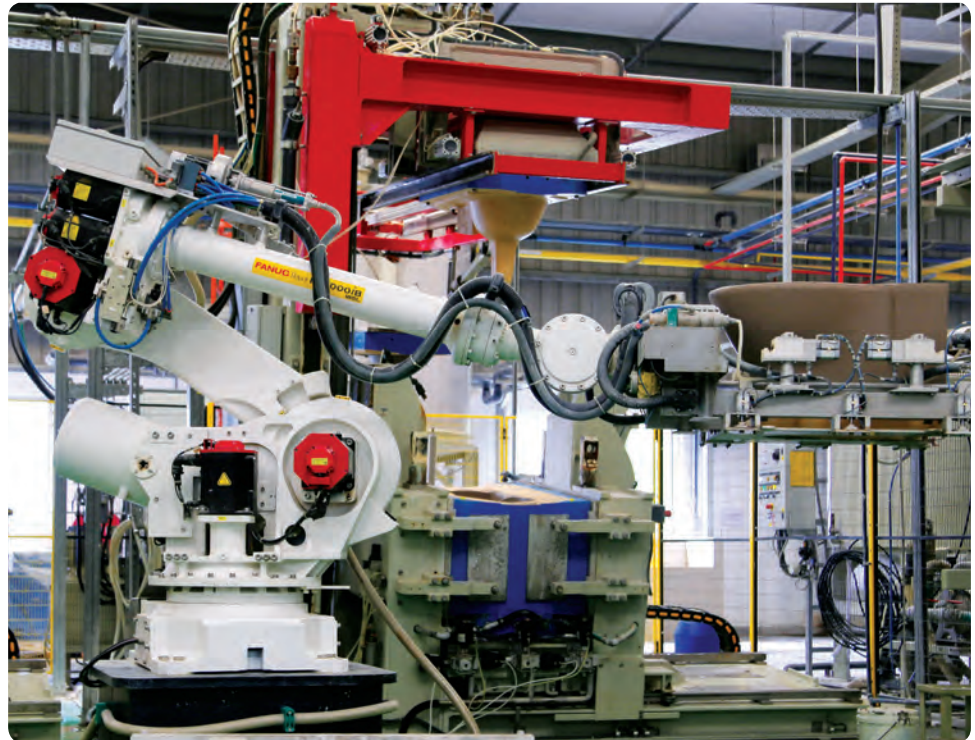
This year saw over Rs 20 Mn infused into expanding warehouse capacity for finished goods which has a 100,000 sq.m capacity. Product development gained ground with the launch of the value added 450x900mm tile and two new collections, namely the 600x600 mm new glazed polished range and the 150x900mm wood plank range. The investment of Rs 1.2 Mn infused towards increasing the height of the manufacturing plant's boundary wall has seen a significant

Operational Review

reduction in noise pollution, while reduction in energy usage via the skylight laying project and rainwater drain streams to maximise use of rainwater has significantly reduced our carbon footprint.

Next year, a high focus will be employed to develop the Australian market through Rocell (Pvt) Limited, as well pursuing the emerging opportunities in the UK, USA and Canada. We also intend to gain certifications from the Sri Lanka Standards Institution (SLS), CE Certification and Green Certification, as well as ISO 9001 for our Quality Management System.

Rocell Bathware Limited competes with some of the world's most reputed brands in bathware and accessories. An undisputed market leader holding over 50% of the local market, Rocell Bathware has also been pursuing international markets very successfully. Having invested Rs 1.8 Bn in a state-of-the-art production plant, the best in this region, the highly automated plant includes robots for glazing, semi-pressure casting lines, automated dryers and high performance kilns. Our technology partners form a well honed nucleus among the world's leading sanitaryware specialists and includes Sacmi from Italy and Unimak from Turkey. This year's milestone inked in partnering Grohe AG of Germany, the world's largest design portfolio of single branded sanitary fittings, gives Rocell the authority to directly import and retail Grohe Sanitary fittings.



Robotic High Pressure Casting Machine - Rocell Bathware Factory, Homagama

Rocell Bathware generated an impressive revenue of Rs 1.35 Bn, compared to Rs 1.12 Bn detailed last year, contributing 6% to the Group's revenue this year. Quality standards were re-iterated with our production process being endorsed with ISO 9001:2008 certification and the Company also having its ISO 14001:2004 environmental standards re-certified. We intend on gaining WELS (Water Efficiency Labelling scheme) for our range of sanitary ware and appliances next year.

The visionary decision of transferring interests from retail, to focus on mining and processing raw material two years ago, enabled Lanka Ceramic PLC to maintain a strategic singular focus on sourcing and supplying raw material. Today we stand as leaders with almost 90% of our production contributing towards tile manufacturing being the largest supplier of essential raw material for the local tiling sector.

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Accumulated production this financial year includes 42,617 MT, contributed from 2,312 MT from Meethiyagoda, 17,745 MT from Dediyaewela and 22,560MT from Ovala. Revenue thus reached Rs 163 Mn and a Profit after Tax of Rs 245 Mn was achieved, compared to last year's Rs 58 Mn. Ovala mine of 5 acres and Etholuwa mine in Meethiyagoda of 3.5 acres, gives us sufficient leeway to expand operating capacity for eight years for the Ovala mine and five years for the Etholuwa mine. Dediyaewela should have capacity for ball clay supply for another year, while we intend to mine Delduwa, which has capacity for at least two more years.

With an impressive market share in the domestic floor tile manufacturing market, Lanka Tiles is the pioneer floor tile manufacturer in Sri Lanka. The Company has been exporting to the highly competitive and discerning markets of Australia, New Zealand, USA, Japan, India, the Maldives, Pakistan, Singapore, Canada and the UAE for more than two decades and has intentions of entering North America and Europe next year. Locally, reach and presence was expanded

with the increase of franchise showrooms to a total of 40, reducing dependence on the dealer network, while the Jawatte showroom was renovated and converted into a concept showroom.

Volume growth this year is secured at 5.5% YoY, leading to an increase in both top and bottom line growth. An impressive highlight for the year was the Company crossing the Rs 5 Bn mark in turnover, posting a revenue growth of 5%, compared to 2013/14. Shareholder confidence was amply evidenced when shares held a strong presence, trading at Rs. 106 per share as at 31st March 2015. The low global energy prices resulted in cost savings in gas and kerosene, reflected in an

increase in gross profit from 32% last year to 36% this year.

Our strategic investments of Rs 165 Mn this year had Rs 29 Mn invested to re-evaluate the value proposition presented to our customers, enhancing design and manufacturing capabilities and maximising on our widespread franchise network. We also commissioned a TECNOFERRARI - VIVA JET Digital Printing Machine at the Ranala plant. Our manufacturing processes conform to ISO 9000 Quality Management Systems, ISO 14000 Environmental Management Systems and the OHSAS 18000 Occupational Health and Safety Management System frameworks.



Operational Review



Lanka Walltile Factory, Meepe

Lanka Walltiles PLC is the only manufacturer of glazed ceramic wall tiles in Sri Lanka, dominating not only market share in Sri Lanka but globally as well. Our state-of-the-art manufacturing plant in Meepe Padukka, uses Italian technology and the most modern

machinery in the world. With the operating environment being extremely competitive and challenging this year, we focused on product development, spurring innovative design concepts and wide size ranges. By addressing the urban market's strong demand for larger

tiles, we invested extensively in enhancing our digital printing capabilities.

A range of alternative distribution channels was introduced to help penetrate new markets across the country. Among these



was the groundbreaking Tilers Club, engaging and uniting tilers from across the island, to promote the Lanka Walltiles range to the mass market. The Lanka Tile Plus sales outlet concept is another innovative initiative that offers small businesses an opportunity to partner the Company as a registered sales

agent. Export markets too gained added fillip given that both the North American and European markets herald huge potential.

Taking full advantage of the sharp decline in global oil prices, the latter half of the year saw cost of production decline considerably, resulting in the gross profit margin rising to 30% compared to 26% last year. Volumes too registered a YoY increase of 14%, translating to 19% growth in turnover, from Rs 2.6 Bn last year to an impressive Rs 3.1 Bn this year. Strong bottom line growth therefore was observed, nudging Rs 517 Mn for the current year from the Rs 194 Mn posted last year. This YoY increase of 166% also ensured that the Company's shares performed excellently, reaching its highest traded price of Rs 105 in December 2014, auguring well for shareholder confidence as well as returns.

Specialising in the production of paper based packaging and accessories, Uni-Dil Packing Limited is on the cusp of gaining absolute and total market leadership and recognition as the premier packaging company in Sri Lanka. The full turnkey packaging service from design to delivery, allows for customised manufacture, print and over-labeling of any type of box or packaging using any class of corrugated board and manufacturing processes comply with ISO 9001 and 14000 certifications. We invested Rs 50 Mn into state-of-the-art printing facilities and capabilities to produce E Flute and laminated cartons for niche markets to gain a production capacity increase of 10%. We have also invested in

productivity improvement tools that have enabled us to capture significant market share, resulting in some of the country's largest corporates and multinationals including Nestle, Dilmah, Ansell and Brandix being in our customer portfolio.

Together with our fully owned subsidiary Uni-Dil Paper Sack (Pvt), we have expanded our horizons this year, etching the milestone of our best ever performance with a turnover growth of 15% and a net profit growth of 104%.

One of only three companies in Sri Lanka engaged in the manufacture of high quality Aluminium extrusions, the state-of-the-art plant of Swisstek Aluminium Limited in Dompe is renowned for developing fabricator-friendly special architectural profiles, as well as customised profiles that are highly advanced both in innovation and technology.

The Company gained an impressive 29.3% revenue growth, resulting in a total net profit of Rs 157 Mn, which is a record increase of 121%. These phenomenal results were largely due to a 40% improvement in aluminium scrap collection, which were in turn matched by developments in the billet casting capacity. Another strategic investment was the Baler machine from China bound to augment our capabilities. Our strategy of increasing productivity in tandem with efficiency upgrades augured well for our bottom line including the fact that our energy costs reduced, as we installed a new aging

Operational Review

oven from China and a state-of-the-art energy efficient oven to support the existing oven.

We also expanded our product portfolio adding triple track sliding doors and new powder coated products, which resulted in impressive sales increases of 50%. This was ably supported by an expansive dealer network, which was expanded by 35%, to include touch points in the north and east.

One of the country's leading producers of the finest tea, rubber and agricultural produce, Horana Plantations was incorporated in



1992, having estates primarily in the Central and Western provinces cultivating tea, rubber, timber and diversified agricultural crops. All factories are ISO 22000:2005/ HACCP certified. Neuchatel and Forester Estates have also gained ISO 9001:2008/ QMS Certifications, while Horana Plantations is a strong proponent of the Ethical Tea Partnership (ETP) Programme. Bambarakelle, Fairlawn and Mahanilu were re-validated and we are currently in the third year of the Rainforest Alliance certification audit cycle via Sustainability Agriculture Network (SAN).

Horana Plantations achieved a commendable profit after tax of Rs 61.975 Mn this year despite volatile weather conditions in the first two quarters of 2014/15 contributing to a considerable decline in rubber yields exacerbated with a glut of rubber in global markets. These combined factors resulted in this sector recording a loss of Rs 82.469 Mn, contributing towards an overall reduction in post-tax profit against the previous financial year. Tea did record a gross profit of Rs 69.375 Mn, an increase from Rs 67.320 Mn in the previous year. Despite a lower Net Sale Average of Rs 432.89 per kg compared to Rs 453.42 per kg in the previous financial year, a higher yield resulting from better agricultural and management practices boosted the bottom line. We invested in replanting and upgrading as well as modernizing the tea and rubber manufacturing plants, infusing an investment of Rs 277.8 Mn.



Gouravilla Estate

Delmege Ltd

A legend in the corporate sphere, the highly diversified Delmege Group's rich legacy of 165 years extends over six major industries and 15 active legal entities. The influence it has over corporate Sri Lanka is well evident given its membership in the Ceylon Chamber of Commerce for over a century and its status as a leading conglomerate in the Sri Lankan business space. With the amalgamation of Consumer, Healthcare & Lifestyle segments under the umbrella of Delmege Forsyth & Co. Ltd in 2012, the Delmege Group now paves the way to leverage on the synergies that



reflect off this, building on its historic strengths and exploring new opportunities to grow the business.

Impressive results have been posted this year with the Group detailing a turnover of 21% compared to last year, posted at Rs 6.4 Bn. This impressive performance is despite facing numerous challenges including government policy changes that impacted the price of canned fish, which is a significant revenue generator for the Group.

A restructuring process is currently underway aimed at minimising cost and strengthening

Impressive results have been posted this year with the Group detailing a turnover of 21% compared to last year, posted at Rs 6.4 Bn.

sales, cognisant of eventual challenges that may arise and pushing for the improved performance of profit making clusters. Since the genesis of this process, the cost savings experienced have been significant, well reflected in the Group's Earnings before Interest & Tax (EBIT) of Rs. 179 Mn, compared to the negative EBIT of Rs 139 Mn in the financial year 2013/14. The cost reduction programme was further aided by the decline in commodity prices including fuel and electricity in the last quarter.

The forecast turnover for the next financial year is billed at experiencing 20% growth, while increasing customer accessibility and reach will see us being aggressive in the marketplace. Launching new channels of distribution and introducing new products and services on these channels will also be a strategy in gaining this turnover growth. Coupled with sales growth strategies, the Group plans to effectively use 'Push & Pull' market strategies on high GP products as an assured method of improving Group profitability. Strict financial discipline combined with highly proactive working capital management strategies introduced this year, will continue and be further enhanced next year with expectations of significantly increasing EBIT.

Greener Water Limited

The leisure investment arm of Vallibel One. Greener Water intends to construct a 400-roomed luxury five star resort in Negombo in its 18 acres of freehold land.

Refer Chairman's review on page 5 for the status of Greener Water Ltd.

Waskaduwa Beach Resorts PLC (Associate Company)

A subsidiary of Citrus Leisure PLC, Waskaduwa Beach Resort, is listed on the Colombo Stock Exchange with its business interests being in the leisure industry. Having opened its doors in 2014, the resort now renamed Citrus Waskaduwa is a 150 roomed luxury resort seated on the picturesque beaches of Waskaduwa. The Company manages the resort's F & B, loading and other germane hotel industry related management activities. At the time of completion, the resort, located on a land extent of 9.5 acres, was the largest new hotel to be built in post war Sri Lanka.

Constructed on the ethos of sharing a true Sri Lankan experience with stakeholders, the architecture of the resort takes full advantage of the wide expanse of golden beaches, while superior service, unsurpassed quality and an amazing product, has already elicited favourable market response. Add contemporary facilities including recreational activities for the modern day traveller and innovative delectable cuisine served by some of the finest chefs in the land

Operational Review



and Citrus Waskaduwa takes the concept of star class hospitality to a different realm. It is therefore understood that the positive response gained from its stakeholders will undoubtedly see the resort performing to forecast targets and posting good results by end 2015/16.

The Fortress Resorts PLC (Associate Company)

A public limited liability company incorporated and domiciled in Sri Lanka, while the registered office of the Company is in Colombo, the principal place of business is in Koggala. Fortress Resort & Spa was opened in 2006, offering 53 luxury rooms in the milieu of a Small Luxury

Hotel. Performance has been on high gear with the resort recording continuous profits from 2010/2011 onwards, posting in excess of 10% growth in revenues and profitability YoY.

This year has been a record breaking one for Fortress Resort & Spa, with milestones achieved in revenue, profitability and customer satisfaction, proving unequivocally that the elegance ingrained within our property, leading to excellence in all

Revenue reached Rs 686 Mn, a 5% increase compared to last year, while Net profit before tax gained considerable momentum, inclining 13% to Rs 234 Mn compared to Rs 207 Mn last year.

key performance indicators is the hallmark that pushes us beyond achieving our goals. Revenue reached Rs 686 Mn, a 5% increase compared to last year, while Net profit before tax gained considerable momentum, inclining 13% to Rs 234 Mn compared to Rs 207 Mn last year. Similarly, Profit after tax also posted an upward trend, showcasing growth of 7% to stand at Rs 190 Mn this year from Rs 177 Mn of last year.

In analysing market trends and scope, we acknowledge that the year ahead will be challenging, especially from a global tourism perspective, which has retained a rather evolutionary face, with predictions being a near impossibility. The uncertainties on occupancy and markets will continue, impacted by the Eurozone continuing to show little reverse to its downturn, political instability dogging major markets including Russia and the Middle East and limited spending power still pervading major western markets, including the UK.

However, Fortress Resort & Spa has already begun conceptualizing and implementing numerous plans and strategies, built on market analysis and

emerging trends. The aim is to capture niche markets, a process already begun with marketing campaigns being publicised in France and Belgium, two markets we have not tapped thus far. We did observe immense potential in both the Chinese and Indian markets from feedback received in Shanghai, with Chinese operators observing our proposals positively. A double digit increase is envisaged from the Chinese market in the next year.

Sampath Bank PLC (Associate Company)

A registered licensed commercial bank listed on the Colombo Bourse, Sampath Bank was incorporated in 1986 and has a shareholder base of 17,688 shareholders and a market capitalisation of Rs. 42,330 Mn. Rated as a top-tier banking and finance institution in Sri Lanka, it is renowned for its pioneering role in Sri Lanka's banking industry, having won numerous accolades including Gold in the Banking Institutions Sector and the Bronze Award in Overall Excellence in Annual Financial Reporting at the 50th Annual Report Awards organized by the Institute of Chartered Accountants in Sri Lanka this year. Honoured with the Technology Development and Application through Local Partnerships Award in recognition of the Company's online corporate financial platform for the in-house developed Sampath Vishwa Corporate at the National Awards for Science and Technology Achievements, the Bank also wore the laurels of Runner Up in the Banking Sector at the ACCA

Sustainability Reporting Awards 2014 organised by the Association of Chartered Certified Accountants.

As a pioneers in innovative banking solutions encompassing a reach that extends over 223 branches, 345 ATMs including 55 Off Site ATMs, Sampath aims to improve customer service paradigms, blending improved efficiency and visionary innovation into the equation. As a premier responsible corporate steward in Sri Lanka, the focus will also extend to investing in development projects in vital areas of the country's economy including education, environment and community based development.

Annual Report of the Board Of Directors on the Affairs of the Company

The Directors of Vallibel One PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31st March 2015.

General

The Company was incorporated as a limited liability company on the 9th June 2010. It obtained a listing for its shares on the Diri Savi Board of the Colombo Stock Exchange on the 8th July 2011 and consequent thereto its name was changed to Vallibel One PLC on 25th August 2011.

Principal activities of the Company and review of performance during the year

The Company carried on business as a diversified investment holding company during the year under review.

The principal activities of the subsidiary companies are referred to in Note 1.2 to the Financial Statements on page 42 of the Annual Report.

During the year under review the Company sold its investment in Orit Apparels Lanka (Pvt) Ltd.

This Report together with the Financial Statements, reflect the state of affairs of the Company and its subsidiary companies.

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries, duly signed by two Directors on behalf of the Board and the Auditors are included in this Annual Report and form part and parcel hereof.

Auditors' Report

The Report of the Auditors on the Group Financial Statements of the Company is attached with the Financial Statements.

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given on pages 42 to 64 and they are consistent with those of the previous period.

Stated Capital

The Stated Capital of the Company as at 31st March 2015 was Rs 27,163,983,720/- represented by 1,086,559,353 Ordinary Shares.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, net assets per share, twenty largest shareholders of the Company, Directors' shareholding, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 136 to 138 under Shareholders' Information.

Directors

Directors of the Company

The names of the Directors who held office as at the end of the accounting period are:

Mr. K D D Perera
Chairman / Managing Director

Mr. W D N H Perera
Executive Deputy Chairman

Mr. S H Amarasekera
Independent Non-Executive Director

Mr. J A S S Adihetty
Non-Executive Director

Ms. K Fernando
Independent Non-Executive Director

Mr. R N Asirwatham
Independent Non-Executive Director

Mr. S H Amarasekera retires by rotation in terms of Article 87 of the Articles of Association and being eligible is recommended by the Directors for re-election.

At the conclusion of the forthcoming Annual General Meeting Mr R N Asirwatham who has reached the age of 72 years, will vacate office in pursuance of section 210 of the Companies Act No.7 of 2007. A resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the re-appointment of Mr R N Asirwatham.

Directors of the principal subsidiary companies as at the end of the reporting date:

Royal Ceramics Lanka PLC

Mr. Dhammika Perera
Chairman

Mr. A M Weerasinghe
Deputy Chairman

Mr. W D N H Perera
Managing Director

Mr. T G Thoradeniya
Executive Director
Alternate Director to Mr. K D D Perera

Mr. R B Thambiayah
Director

Mr. L T Samarawickrema
Director

Mr. R D P Godawatta Arachchige
Director

Mr. M D S Goonatilleke
Director

Mr. R N Asirwatham
Director

Mr. S H Amarasekera
Director

Ms. A L Thambiayah
Alternate Director to Mr. R B Thambiayah

L B Finance PLC

Mr. Thosapala Hewage
Chairman

Mr. Dhammika Perera
Executive Deputy Chairman

Mr. L N de S Wijeyeratne
Director

Mr. J A S S Adhihetty
Managing Director

Mr. W D N H Perera
Executive Director

Mr. Niroshan Udage
Executive Director

Mr. B D A Perera
Executive Director

Ms. K Fernando
Director

Ms. Shirani Jayasekara
Director

Ms. Anandhiy K Gunawardhana
Director

Greener Water Ltd

Mr T G Thoradeniya
Director

Mr K D A Perera
Director

Delmege Limited

Mr. Dhammika Perera
Chairman

Mr. A M Pandithage
Director

Mr. T G Thoradeniya
Director

Ms. K Fernando
Director

Mr. L D E A de Silva
Director

Mr. S H Amarasekera
Director

Mr. Sean Wilson
Director

Ms. D Yogagopalakrishnan
Director / CEO

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

Annual Report of the Board Of Directors on the Affairs of the Company

Directors' shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2015 as recorded in the Interests Register are given on page 137 of the Annual Report under Directors' shareholding.

Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 42.1 to the Financial Statements on page 124.

Auditors

Messrs Ernst &Young, Chartered Accountants served as the Auditors of the Company and also provided tax compliance services and other permitted non audit services. Except those, the Auditors do not have any interest in the Company.

A total amount of Rs. 1,797,006/- is payable by the Company to the Auditors for the year under review comprising Rs. 190,400/- as audit fees and Rs. 1,606,606/- for other services.

Donations

The Company did not make any donations during the year under review.

Dividends

An interim dividend of 40 cents per share was paid for the year under review on 12th September 2014.

Property, Plant and Equipment

Details of property, plant and equipment and changes during the year are given in Note 17 of the Financial Statements.

Land Holdings

The Company does not own any land or buildings. The Board is of the view that the land and buildings owned by subsidiaries are reflected in their respective Balance Sheets at their market values and there are no significant changes in the Company's or its subsidiaries' fixed assets.

Material Foreseeable Risk Factors

Vallibel One PLC is a diversified conglomerate of which the primary business line is "Investment Holding".

The Management considers qualitative and quantitative methods to evaluate the likelihood and impact of potential events which might affect the achievement of objectives including the failure to capitalise on opportunities.

Corporate Governance

The Directors place a high degree of importance on sound corporate governance practices and are committed to the highest standards of corporate governance within the organisation.

In line with this, the Company has appointed three Independent Directors to the Board of Vallibel One PLC facilitating independent judgment in Board discussions and decisions.

The Directors confirm that, as at the applicable financial period the Company is in compliance with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange.

Composition of the Board

The Board of Vallibel One PLC comprises of six members, four of whom are Non Executive Directors. Two members of the Board, viz., the Chairman / Managing Director and the Executive Deputy Chairman serve as Executive Directors.

Based on the declarations submitted by the Non-Executive Director the Board has determined that three Non-Executive Directors – Mr S H Amarasekera, Ms. K Fernando and Mr. R N Asiriwatham are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

In determining the Directors' independence, the Board has taken in to consideration that Mr S H Amarasekera and Mr R N Asiriwatham serve as Independent Directors of Royal Ceramics Lanka PLC whilst Mrs Kimarli Fernando serves as an Independent Director of L B Finance PLC, and that in both L B Finance PLC and Royal Ceramics

Lanka PLC, a majority of the Directors of the Company serve as Directors.

The Board has decided that those Directors shall nevertheless be treated as Independent Directors, on the basis that the aforesaid factor do not compromise the independence and objectivity of the said Directors in discharging their functions as Independent Directors.

Board Sub Committees

Audit Committee

The Audit Committee consists of three Independent Non-Executive Directors. They are Mr. R N Asirwatham (Chairman of the Committee), Mr. S H Amarasekera and Ms. K Fernando.

The Committee is responsible for the following;

- Evaluating and monitoring the Company's control environment and risk management function
- Overseeing and reviewing the quality, cost and scope of internal and external audits
- Reviewing the reports presented to the Committee by both auditors and management
- Recommending to the Board the appointment of external auditors.
- Reviewing the Company's management and statutory reporting

- Reviewing and approving of finance and accounting policies and the ongoing monitoring of their implementation and effectiveness
- Ongoing financial monitoring of the Company's various disclosure obligations
- The review and pre-approval of any non audit services provided by the external auditors to ensure their independence is maintained at all times.

The report of the Audit Committee appears on page 29.

Remuneration Committee

The Remuneration Committee consists of a Non Executive Director and two Independent Non- Executive Independent Directors. They are Mr. S H Amerasekera (Chairman of the Committee), Mr. J A S S Adhihetty and Ms. K Fernando.

The Committee is responsible for making recommendations to the Board on;

- Remuneration framework and levels of the Senior Management
- Senior Management performance and equity based remuneration plans including performance incentives and hurdles.
- Remuneration of Executive Directors.

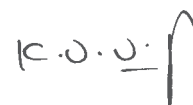
The Remuneration policy is to attract and retain a highly qualified and experienced Senior Management.

Annual General Meeting

The Annual General Meeting will be held on 28th August 2015 at 09.30 a.m. at Balmoral, The Kingsbury Hotel, Janadhipathi Mawatha, Colombo 01.

The Notice of the Annual General Meeting appears on page 139.

This Annual Report is signed for and on behalf of the Board of Directors by



Dhammika Perera
Chairman / Managing Director



Nimal Perera
Executive Deputy Chairman



Anusha Wijesekera
*P W Corporate Secretarial (Pvt) Ltd
Secretaries*

27th July 2015
Colombo

Statement on Directors' Responsibility for Preparation of Financial Statements

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with the Companies Act, No.7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and are required to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the income and expenditure of the Company for the accounting year ending on that reporting date.

The Directors are also responsible in ensuring that the Financial Statements comply with any regulations made under the Companies Act, which specifies the form and content of Financial Statements and any other requirements which apply to the Company's Financial Statements under any other law.

The Directors have ensured that the Financial Statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and in compliance with the Sri Lanka Accounting Standards, Companies Act, No.7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

The Directors are responsible for keeping sufficient accounting records, which disclose with reasonable accuracy the financial

position of the group, which will enable them to have the Financial Statements prepared and presented as aforesaid.

They are also responsible for taking measures to safeguard the assets of the group and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors are also confident that the Company and the group have adequate resources to continue in operation and have applied the going concern basis in preparing the financial statements.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board
Vallibel One PLC



Anusha Wijesekera
P W Corporate Secretarial (Pvt) Ltd
Secretaries

27th July 2015
Colombo

Report of the Audit Committee

The Audit Committee appointed by and responsible to the Board of Directors comprise the following members

Mr. R N Asirwatham
Chairman - Independent Non Executive Director

Mr. S H Amarasekera
Independent Non Executive Director

Ms. K Fernando
Independent Non Executive Director

The Chairman, Mr. R N Asirwatham is a fellow member of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee is empowered to review and monitor the financial reporting process of the Company, so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities of ensuring the quality of financial reporting and related communications to the shareholders and the public.

The Audit Committee is empowered, to examine any matters relating to the financial affairs of the Company and to review the adequacy of the internal control procedures.

The Committee along with the Board reviewed the consolidated Financial Statements for the year ended 31st March 2015 to ensure compliance with mandatory and statutory requirements. The Managing Director and Chief Financial Officer attend the meetings by invitation.

The Audit Committee is of the view that the internal controls prevalent within the Company are satisfactory and provides reasonable assurance that the financial position of the Company is well monitored and the assets are safeguarded.

The Committee reviewed the non audit services provided by the External Auditors to ensure that the provision of these services do not impair their independence.

The Committee has recommended to the Board of Directors that Messrs Ernst & Young, Chartered Accountants be re-appointed the Auditors for the year ending 31st March 2016 subject to the approval of the shareholders at the Annual General Meeting.



R N Asirwatham
Chairman - Audit Committee

27th July 2015

Financial Statements

Financial calendar

Interim Financial statements - 2014/15 1st quarter	14th Aug 2014
Rs.0.40 per share interim Dividend 2014/15	12th Sep 2014
Interim Financial statements - 2014/15 2nd quarter	14th Nov 2014
Interim Financial statements - 2014/15 3rd quarter	13th Feb 2015
Interim Financial statements - 2014/15 4th quarter	29th May 2015
Annual report 2014/2015	27th July 2015
5th Annual General Meeting	28th August 2015

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Independent Auditors' Report



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BW/CSW/RASF

TO THE SHAREHOLDERS OF VALLIBEL ONE PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Vallibel One PLC, (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.
 - the financial statements of the Company give a true and fair view of the financial position as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
 - the financial statements of the Company and the Group, comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

27th July 2015

Colombo

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA ACMA

A member firm of Ernst & Young Global Limited


Statement of Financial Position

Year ended 31 March	Note	Company		Group	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
ASSETS					
Cash and Bank	31	19,885,841	33,413,213	7,869,209,297	3,132,573,877
Financial Assets - Fair Value Through P&L	4.2	264,800,891	274,816,280	295,327,213	446,974,706
Short Term Investments		1,895,468,651	1,140,537,466	1,141,498,788	390,537,466
Loans and Receivable	5	375,000,000	375,000,000	22,637,761,408	19,268,238,073
Lease Rentals receivables and Stock out on hire	6	-	-	33,691,338,393	30,290,731,753
Financial Investments - Available for sales	4.1	654,775,200	803,931,895	730,674,734	2,467,608,825
Other Financial Assets	7	-	-	2,265,837,328	5,250,973,023
Trade and Other Debtors, Deposits and Prepayments	8	88,370,462	88,282,402	5,079,531,604	6,725,871,596
Other Non Financial Assets	9	204,808	175,770	1,875,423,381	1,545,127,472
Investments in Subsidiaries	10	16,501,650,646	17,118,514,246	-	-
Investment in Associates	11	7,710,662,861	7,304,771,541	9,214,980,398	8,368,840,218
Amount Due From Related Parties	14	189,853,664	123,846,473	11,735,655	-
Deferred Tax Assets	12	-	-	495,294,985	524,126,127
Income Tax Recoverable		4,708,245	6,102,165	105,529,431	47,238,553
Inventories	15	-	-	8,792,756,134	9,796,077,954
Intangible Assets	16	-	-	13,173,051,382	13,192,337,148
Property, Plant and Equipment	17	28,865,605	35,273,551	21,897,706,012	23,309,853,297
Leasehold Rights Over Mining Lands	18	-	-	511,500	1,226,500
Investment Property	19	-	-	239,404,000	240,094,000
Total Assets		27,734,246,873	27,304,665,002	129,517,571,643	124,998,430,588
LIABILITIES					
Due to banks	20	-	4,482,766	10,466,126,998	4,165,352,181
Due to Customers	21	-	-	44,665,615,455	45,332,657,647
Interest Bearing Loans and Borrowings	22	-	-	16,522,220,471	22,702,309,789
Trade and Other Payables	23	2,610,359	839,918	5,466,723,449	4,911,678,375
Other Non Financial Liabilities	24	-	-	1,617,739,093	1,130,208,553
Amount Due To Related Parties	25	-	-	-	91,602,247
Dividend Payable	26	5,017,421	3,658,605	107,784,635	50,120,852
Employee Benefit Liabilities	27	2,369,044	1,776,356	1,127,384,613	1,146,769,617
Income Tax Liabilities		6,827,755	-	715,063,885	148,146,980
Deferred Tax Liabilities	12	4,090,703	3,601,776	739,509,051	608,386,252
Deferred Income and Capital grants		-	-	121,613,000	118,411,000
Total Liabilities		20,915,282	14,359,420	81,549,780,649	80,405,643,493

Statement of Financial Position

Year ended 31 March	Note	Company		Group	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Shareholders' Funds					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	28	27,163,983,720	27,163,983,720	27,163,983,720	27,163,983,720
Reserves	29	549,347,871	126,321,862	7,572,722,659	5,328,082,423
		27,713,331,591	27,290,305,582	34,736,706,379	32,492,066,143
Non Controlling Interest		-	-	13,231,084,615	12,100,720,952
Total Equity		27,713,331,591	27,290,305,582	47,967,790,994	44,592,787,095
Total Equity and Liabilities		27,734,246,873	27,304,665,002	129,517,571,643	124,998,430,588

These Financial Statements are in Compliance with the requirements of Companies Act No. 07 of 2007.



Shyamalie Weerasooriya
Chief Financial Officer

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

Signed for and on behalf of the board by;



Dhammika Perera
Chairman/Managing Director



Nimal Perera
Executive Deputy Chairman

The accounting policies and notes on pages 42 through 133 form an integral part of these Financial Statements.

27th July 2015
Colombo

Statement of Comprehensive Income

As at 31 March	Note	Company		Group	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Revenue	32	-	-	43,449,784,018	48,331,091,097
Cost of Sales		-	-	(25,831,623,050)	(33,676,500,388)
Gross Profit		-	-	17,618,160,968	14,654,590,709
Dividend Income	33	632,401,641	353,109,503	18,292,022	18,358,628
Other Operating Income	34	144,183,081	-	483,331,162	446,972,417
Administrative Expenses		(94,032,791)	(79,061,331)	(4,018,167,725)	(4,203,060,856)
Distribution Expenses		-	-	(3,155,194,318)	(2,700,871,082)
Other Operating Expenses		(12,500,000)	(4,266,500)	(3,185,069,111)	(1,694,618,265)
Gold loan auction losses		-	-	(214,928,977)	(1,371,959,171)
Result from operating activities		670,051,931	269,781,672	7,546,424,020	5,149,412,380
Finance Cost	35	(79,256,072)	(61,714,859)	(1,312,382,468)	(2,091,003,673)
Finance Income	36	302,578,994	299,962,621	284,291,965	285,064,153
Gain on Bargaining Purchase		-	-	-	25,111,110
Share of results of equity accounted Investees		-	-	1,145,562,925	576,140,117
Operating Profit before Value Added Tax		893,374,853	508,029,434	7,663,896,443	3,944,724,087
Value Added Tax on Financial Services		-	-	(315,232,097)	(112,617,882)
Profit before tax		893,374,853	508,029,434	7,348,664,346	3,832,106,205
Income Tax Expense	37	(134,233,776)	(48,257,723)	(2,003,137,060)	(770,038,305)
Profit for the year from continuing operations		759,141,076	459,771,711	5,345,527,285	3,062,067,900
Discontinued Operation					
Loss after tax for the year from discontinued operations		-	-	(143,635,637)	-
Profit for the year		759,141,076	459,771,711	5,201,891,648	3,062,067,900
Attributable to :					
Equity holders of the Parent		759,141,076	459,771,711	2,891,094,095	1,573,942,729
Non Controlling Interests		-	-	2,310,797,553	1,488,125,171
		759,141,076	459,771,711	5,201,891,648	3,062,067,900
Other Comprehensive Income					
Other comprehensive income to be classified to statement of profit or loss in subsequent periods					
Exchange difference on translation of foreign operations		-	-	(16,830,141)	3,127,231
Share of other comprehensive income of equity accounted investees		-	-	(129,002,994)	96,969,355
Net Gain/(Loss) on Available for sale Financial Assets		32,738,760	(53,151,196)	32,521,484	(10,157,838)
Reclassification of loss on Available for sale financial assets to profit or loss		65,786,663	-	65,786,663	-
Income tax effect		-	-	11,635,643	(9,769,282)

Statement of Comprehensive Income

As at 31 March	Note	Company		Group	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Other Comprehensive Income					
Other comprehensive income not to be classified to statement of profit or loss in subsequent periods					
Revaluation of Land & Building		-	-	165,260,000	817,351,313
Income Tax effect		-	-	-	(7,527,558)
Revaluation reserve on disposal of Land & Building		-	-	(10,185,000)	-
Actuarial Gain/(loss) on retirement benefit obligation		(23,263)	423,297	(9,082,272)	(107,073,573)
Income Tax effect		6,514	(118,523)	3,423,255	20,567,272
Share of other comprehensive income of equity accounted investees		-	-	(104,898,564)	162,901,023
Income tax effect		-	-	31,546,648	-
Other Comprehensive Income for the year, net of tax		98,508,674	(52,846,422)	40,174,721	966,387,943
Total Comprehensive Income for the year, net of tax		857,649,750	406,925,289	5,242,066,369	4,028,455,843
Total Other Comprehensive Income attributable to :					
Equity holders of the Parent		857,649,750	406,925,289	2,804,131,702	2,227,153,893
Non - Controlling Interests		-	-	2,437,934,668	1,801,301,950
		857,649,750	406,925,289	5,242,066,369	4,028,455,843
Basic/ Diluted Earnings Per Share	39	0.70	0.42	2.66	1.45
Basic/ Diluted Earnings Per Share for Continuing Operations	39	0.70	0.42	2.72	1.45

The accounting policies and notes on pages 42 through 133 form an integral part of these Financial Statements.

Statement of Changes in Equity

Company				
Year ended 31 March	Stated Capital	Available For Sale Reserve	Retained Earnings/ (Losses)	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2013	27,163,983,720	(202,471,716)	682,459,836	27,643,971,840
Net Profit for the Year	-	-	459,771,711	459,771,711
Other Comprehensive Income / (Loss)	-	(53,151,196)	304,774	(52,846,422)
Dividend Paid	-	-	(760,591,547)	(760,591,547)
Balance as at 31 March 2014	27,163,983,720	(255,622,912)	381,944,774	27,290,305,582
Net Profit for the Year	-	-	759,141,076	759,141,076
Other Comprehensive Income / (Loss)	-	32,738,760	(16,749)	32,722,011
Reclassification of AFS loss to profit or loss	-	65,786,663	-	65,786,663
Dividend Paid	-	-	(434,623,741)	(434,623,741)
Balance as at 31 March 2015	27,163,983,720	(157,097,489)	706,445,360	27,713,331,591

The accounting policies and notes on pages 42 through 133 form an integral part of these Financial Statements.

Statement of Changes in Equity

Group	Capital Reserve			
	Stated Capital	Treasury Shares	Reserve Fund	Investment Fund Reserve
Year ended 31 March	Rs.	Rs	Rs.	Rs.
Balance as at 01 April 2013	27,163,983,720	(66,371,631)	455,903,722	263,175,254
Profit for the Year	-	-	-	-
Other Comprehensive Income				
Share of other comprehensive income of equity accounted investees	-	-	-	-
Currency Translation Reserve	-	-	-	-
Actuarial Gain /(Loss) on defined benefit obligation	-	-	-	-
Net Gain/(Loss) on Available for Sale Financial Assets	-	-	-	-
Revaluation of Land & Buildings	-	-	-	-
Total Other Comprehensive Income	-	-	-	-
Transfers to/(from) during the year	-	-	172,327,778	115,020,541
Treasury Share adjustments	-	(1,300,000)	-	-
Structural Change Impact on Non Controlling Interest	-	-	-	-
Non Controlling Interest arising on business combination	-	-	-	-
Adjustment due to change in Holding	-	-	-	-
Written back of unclaimed dividend	-	-	-	-
Dividend Paid	-	-	-	-
Balance as at 31 March 2014	27,163,983,720	(67,671,631)	628,231,500	378,195,795
Profit for the Year	-	-	-	-
Other Comprehensive Income				
Share of other comprehensive income of equity accounted investees	-	-	-	-
Currency Translation Reserve	-	-	-	-
Actuarial Gain /(Loss) on defined benefit obligation	-	-	-	-
Net Gain/(Loss) on Available for Sale Financial Assets	-	-	-	-
Revaluation of Land & Buildings	-	-	-	-
Total Other Comprehensive Income	-	-	-	-
Transfers to/(from) during the year	-	-	280,621,424	(378,195,795)
Disposal of subsidiary	-	21,850,000	-	-
Treasury Share adjustments	-	1,709,915	-	-
Adjustment due to change in Holding	-	-	-	-
Written back of unclaimed dividend	-	-	-	-
Dividend Paid	-	-	-	-
Balance as at 31 March 2015	27,163,983,720	(44,111,716)	908,852,924	-

The accounting policies and notes on pages 42 through 133 form an integral part of these Financial Statements.

Other component of Equity			Revenue Reserve						
Available for Sale Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	General Reserve	Retained Earnings	Actuarial Gain/(loss) Reserve	Hedge Reserve	Shareholder's Fund	Non Controlling Interest	Total
Rs	Rs.	Rs.	Rs	Rs.	Rs.	Rs	Rs.	Rs.	Rs.
(832,781,092)	155,398,499	81,962,308	50,178,869	3,371,920,694	4,971,348	14,348,796	30,662,690,487	5,684,101,476	36,346,791,964
-	-	-	-	1,573,942,729	-	-	1,573,942,729	1,488,125,171	3,062,067,900
111,443,869	-	202,635,276	-	-	(39,734,253)	(14,474,514)	259,870,378	-	259,870,378
-	3,418,302	-	-	-	-	-	3,418,302	(291,071)	3,127,231
-	-	-	-	-	(14,943,364)	-	(14,943,364)	(71,562,937)	(86,506,301)
(31,788,115)	-	-	-	-	-	-	(31,788,115)	11,860,995	(19,927,120)
-	-	436,653,961	-	-	-	-	436,653,961	373,169,794	809,823,755
79,655,754	3,418,302	639,289,237	-	-	(54,677,617)	(14,474,514)	653,211,162	313,176,781	966,387,943
-	-	-	-	(287,348,318)	-	-	-	-	-
-	-	-	-	-	-	-	(1,300,000)	-	(1,300,000)
-	-	-	-	-	-	-	-	14,743,379	14,743,379
-	-	-	-	-	-	-	-	6,219,526,919	6,219,526,919
-	-	-	-	326,471,195	-	-	326,471,194	(1,286,255,619)	(959,784,425)
-	-	-	-	1,758,794	-	-	1,758,794	1,656,513	3,415,307
-	-	-	-	(724,708,223)	-	-	(724,708,223)	(334,353,668)	(1,059,061,891)
(753,125,338)	158,816,801	721,251,545	50,178,869	4,262,036,871	(49,706,269)	(125,718)	32,492,066,143	12,100,720,952	44,592,787,095
-	-	-	-	2,891,094,095	-	-	2,891,094,095	2,310,797,553	5,201,891,648
(129,778,556)	775,562	7,973,450	-	(81,319,297)	-	-	(202,348,841)	(6,069)	(202,354,910)
-	(8,457,181)	-	-	-	-	-	(8,457,181)	(8,372,959)	(16,830,141)
-	-	-	-	-	(5,671,558)	-	(5,671,558)	12,540	(5,659,018)
105,867,433	-	-	-	-	-	-	105,867,433	4,076,357	109,943,790
-	-	23,647,755	-	-	-	-	23,647,755	131,427,245	155,075,000
(23,911,124)	(7,681,619)	31,621,204	-	(81,319,297)	(5,671,558)	-	(86,962,393)	127,137,114	40,174,721
-	-	-	-	97,574,371	-	-	-	-	-
-	(152,486,439)	-	-	152,486,439	-	-	21,850,000	(585,708,438)	(563,858,438)
-	-	-	-	-	-	-	1,709,915	-	1,709,915
-	-	-	-	(151,930,975)	-	-	(151,930,974)	(20,542,402)	(172,473,376)
-	-	-	-	3,057,570	-	-	3,057,570	2,002,821	5,060,391
-	-	-	-	(434,177,977)	-	-	(434,177,977)	(703,322,986)	(1,137,500,963)
(777,036,462)	(1,351,257)	752,872,749	50,178,869	6,738,821,098	(55,377,827)	(125,718)	34,736,706,379	13,231,084,615	47,967,790,994

Cash Flow Statement

Year ended 31 March	Note	Company		Group	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Profit/ (Loss) before Taxation		893,374,853	508,029,434	7,348,664,346	3,832,106,205
Discontinued operation		-	-	(143,635,637)	-
ADJUSTMENTS FOR					
Profit/(Loss) on sale of Property, plant & equipment	34	-	-	(39,413,007)	(72,954,289)
Depreciation	38	9,157,513	8,642,595	1,561,319,934	1,545,526,344
Provision For Fall in Value of Investments		13,469,477	55,627,525	4,374,573	30,101,683
Amortization		-	-	69,828,866	73,516,644
Share of results of equity accounted Investees		-	-	(1,145,562,925)	(576,140,117)
Gain/(Loss) on foreign exchange	34/ 36	-	4,266,500	(16,830,141)	(49,574,138)
Provision for impairment of Subsidiaries	10	12,500,000	-	-	-
Provision for impairment of assets	5/ 6	-	-	908,629,399	505,486,050
Provision For Defined Benefit Plan Costs	27	569,425	436,828	204,189,192	212,103,738
Amortization of capital grants	34	-	-	(4,653,000)	(5,659,000)
Gain on disposal of AFS		-	-	67,818,662	-
Gain on Disposal of Subsidiary	34	-	-	(75,122,107)	-
Profit/ (Loss) from sale of Investment		(259,915,701)	(39,701,444)	-	-
Profit/ (Loss) from sale of Fair Value through Profit and Loss Financial Assets	36	-	-	(20,071,960)	(31,302,483)
Gain on bargaining purchase		-	-	-	(25,111,110)
Fair value change of Biological assets	34	-	-	(56,640,000)	(26,052,000)
Provision for Inventory	15	-	-	53,783,348	81,784,069
Dividend Received	33	-	-	(18,292,022)	(18,358,628)
Finance Cost		65,786,663	6,087,334	1,235,579,159	2,091,003,673
Finance Income	36	(186,846,374)	(260,261,177)	138,849,977	(184,059,220)
Operating Profit/ (Loss) before Working Capital Changes		548,095,786	283,127,595	10,072,816,658	7,382,417,421
(Increase)/Decrease in Loans and Advances	5	-	-	(3,529,839,973)	(2,482,783,363)
(Increase)/Decrease in Trade & Other Debtors, Deposits & Prepayments		(179,175)	(4,302,909)	310,082,145	(665,973,943)
(Increase)/Decrease in Other Financial Assets	7	-	-	2,985,135,695	(3,593,056,566)
(Increase)/Decrease in Lease Rental Receivable		-	-	(4,148,938,992)	(2,502,403,742)
(Increase)/Decrease in Other Non Financial Assets	9	-	-	(330,295,909)	111,431,162
Increase/(Decrease) in Due to Banks		-	-	4,438,228,573	(2,077,813,841)
Increase/(Decrease) in Due to Customers	21	-	-	(667,042,192)	7,741,473,180
Increase/(Decrease) in Trade & Other Payables		1,484,924	(240,280,126)	1,323,591,859	(688,101,943)
(Increase)/Decrease in Other Non Financial Liabilities	24	-	-	487,530,540	234,628,263
(Increase)/Decrease in Inventories		-	-	(835,407,628)	(1,119,445,216)
Increase/(Decrease) in Amounts Due to Related Companies	25	-	(25,000)	(91,602,247)	47,843,815
Increase/(Decrease) in Amounts Due from Related Companies	14	(65,716,234)	24,461,154	(11,735,655)	21,695,026
Cash Generated from Operations		483,685,300	62,980,716	10,002,522,875	2,409,910,253
Retirement Benefits Liabilities paid	27	-	-	(107,076,230)	(120,457,961)
Finance Cost Paid		-	(6,087,334)	(1,235,579,159)	(1,957,129,756)
Interest received		186,617,490	301,791,512	(138,849,977)	184,059,220
Taxes Paid		(125,231,145)	(74,840,353)	(944,125,115)	(908,658,222)
Net Cash from/(Used in) Operating Activities		545,071,645	283,844,542	7,576,892,393	(392,276,466)

Year ended 31 March	Note	Company		Group	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant & Equipment		(2,749,566)	(3,056,134)	(1,971,856,605)	(4,038,556,844)
Proceeds from Sale of Property, Plant & Equipment		-	-	154,592,762	1,478,317,190
Acquisition of Intangible Assets	16	-	-	(73,248,573)	(117,083,997)
Net change Short term Investments		(705,005,411)	661,504,967	(750,961,322)	239,945,994
Net Proceeds of Fair Value through Profit and Loss Financial Assets		-	-	129,430,744	197,500,382
Purchase of Fair Value through Profit and Loss Financial Assets		-	-	-	(62,990,578)
Disposal of subsidiary		748,546,681	-	748,546,681	-
Investment in Associate		(125,430,731)	-	(125,430,731)	-
Acquisition of Subsidiary		-	-	-	(3,519,141,595)
Proceeds from Investment property		-	-	-	80,000,000
Net proceeds from Available for Sale Financial Assets		(36,212,296)	(154,455,833)	1,415,974,519	(964,311,603)
Dividend Received		-	-	201,037,705	150,867,938
Net Cash used in Investing Activities		(120,851,325)	503,993,000	(271,914,820)	(6,555,453,113)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Change in Finance Lease Liability	22	-	-	(46,046,929)	122,269,154
Proceeds from Interest Bearing Loans & Borrowings		-	-	18,469,970,053	11,288,157,905
Acquisition of Non Controlling Interest		-	-	(164,330,640)	(959,784,419)
Proceeds from Non Controlling Interest on disposal of stake in subsidiary		-	-	15,417,182	-
Repayment of Interest Bearing Loans & Borrowings		-	-	(20,147,490,097)	(4,852,639,844)
Capital Grant Received		-	-	7,855,000	8,133,000
Dividend Written Back		-	-	4,088,225	-
Dividend Paid		(433,264,925)	(758,509,984)	(1,079,837,180)	(1,039,541,619)
Net Cash from Financing Activities		(433,264,925)	(758,509,984)	(2,940,374,387)	4,566,594,177
Net Increase / (Decrease) in Cash & Cash Equivalents		(9,044,605)	29,327,558	4,364,603,186	(2,381,135,402)
Cash and Cash Equivalents at the beginning of the Period		28,930,447	(397,112)	(241,160,483)	2,139,974,921
Cash and Cash Equivalents at the end of the Period	31	19,885,841	28,930,447	4,123,442,703	(241,160,481)

The accounting policies and notes on pages 42 through 133 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Vallibel One PLC ("Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at 29, West Tower, World Trade Centre, Echelon Square, Colombo – 01.

1.2 Principal Activities and Nature of Operations

A principal activity of the company is holding investments in other companies.

Vallibel One PLC

Group holding company manages a portfolio of diversified business holdings.

Royal Ceramics Lanka PLC Group

Royal Ceramics Lanka PLC is engaged in manufacturing and marketing of floor and wall tiles. Subsidiaries of the group were engaged in manufacturing and marketing of floor and wall tiles, sanitary ware and paints and allied products.

LB Finance PLC

LB Finance PLC is engaged in acceptance of deposits, granting lease facilities, hire purchases, mortgage loans, gold loans and other credit facilities, real estate development and related services and Factoring.

Greener Water Ltd

Greener Water Ltd is an intended hotel operator.

Delmege Ltd Group (Formally known as Lewis Brown & Company (Private) Limited)

Delmege Ltd is managing its subsidiaries, carrying out investment activities and providing management and administration services to the companies within the group. Subsidiaries of the group were engaged in the business of manufacturing, trading, shipping, logistics, airline and travel, and insurance brokering.

Orit Apparels Lanka (Private) Limited Group

(Disposed 11 August 2014)

Orit Apparels Lanka (Private) Ltd is engaged in manufacturing and selling of denim based apparels.

1.3 Parent Entity and Ultimate Parent Entity

Vallibel One PLC does not have an identifiable parent of its own. The Group's ultimate controlling party is Mr. K. D. D. Perera.

1.4 Consolidated Financial Statements

The Consolidated Financial Statements of Vallibel One PLC, as at and for the year ended 31st March 2015 encompass the Company, its Subsidiaries (together referred to as the "Group") and the Group's interest in Equity Accounted Investees (Associates).

1.5 Date of Authorisation for Issue

The Consolidated Financial Statements of Vallibel One PLC and its subsidiaries

for the Year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 17 July 2015.

1.6 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements which comprise the Statements of comprehensive income, statements of financial position, statements of changes in equity and the cash flows statements, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for land & buildings, derivative financial instruments, fair value through profit or loss financial assets and available for sale financial assets that have been measured at fair value.

The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in Sri Lankan Rupees except when otherwise indicated.

The Group presents its statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 43.

Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.3 Foreign currencies

The Group's/Company's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities/ Company at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item.

Group companies

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange at the reporting date and their Statement of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences

arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the Statement of profit or loss.

2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on Presentation of Financial Statements.

2.5 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 March 2015. Subsidiaries as at 31st March 2015 are as follows;

Company Name	Year of Incorporation	Ownership Percentage
Royal Ceramics Lanka PLC	1990/1991	51.01%
LB Finance PLC	1971/1972	64.30%
Greener Water Limited	2010/2011	100%
Delmege Limited	1915/1916	61.70%
Orit Apparels Lanka (Private) Limited (Disposed on 11 August 2014)	1997/1998	50.00%

Notes to the Financial Statements

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2015. Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Companies with different accounting years

The financial statements of all the subsidiaries in the Group other than Rocell Pty Limited and the Sampath Bank PLC (Associate of Vallibel One PLC)) are prepared for a common financial year which ends on March 31. Rocell Pvt Limited prepares their financial statements for the financial year end 30th June each year and Sampath Bank PLC prepares their financial statements for the financial year end 31st December each year.

2.5.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the

proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the

carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.5.2 Investment in Equity Accounted Investees

The Group investment in associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Statement of comprehensive income reflects the Group's share of net of tax results of operations of the associates. When there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of the statement of comprehensive income.

Equity method of accounting has been applied for associates financial statements using their corresponding/ matching 12 months financial period. In the case of associates, where the reporting dates are different to Group reporting dates, adjustments are made for any significant transactions or events up to 31 March.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in 'share of losses of an associate' in the Statement of comprehensive income. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in Statement of comprehensive income.

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Equity accounted investees as at 31 March 2015

- Waskaduwa Beach Resorts PLC
- Sampath Bank PLC
- The Fortress Resort PLC

The basis for Accounting Sampath Bank as an Equity Accounted Investee of the Group

- Vallibel One PLC is the single largest shareholder of Sampath Bank PLC owning 25,107,454 shares representing 14.95% of the issued shares of the Bank.
- Mr. Dhammika Perera who is the Chairman and Managing Director and the major shareholder of Vallibel One PLC, is the Chairman of Sampath Bank PLC.
- Mr. Dhammika Perera, also serves as the Chairman of the Strategic Planning Committee of Sampath Bank PLC and a member of the Nominations Committee of the Bank.
- The second largest shareholder of Sampath Bank PLC holds less than 10% of the issued shares of the Bank.

All of which demonstrate the existence of significant influence by Vallibel One PLC in Sampath Bank PLC.

The Board, considering the above factors, approved the preparation and presentation of Financial Statements with Sampath Bank PLC being treated an

associate of the Group in terms of LKAS 28.

3. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, ASSUMPTIONS AND POLICIES

3.1 Significant Accounting Judgments, Estimates, Assumptions

The preparation of financial statements requires the application of certain critical accounting and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has exercised judgement and estimates in determining the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying

amounts of assets and liabilities within the next financial year, are described below. The group based assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the group. Such changes are reflected in the assumptions when they occur.

The most significant uses of judgements and estimates are as follows;

i. Taxation

The Group is subject to income taxes and other taxes including VAT on financial services. Significant judgement was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Group recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax

amounts in the period in which the determination is made.

ii. **Impairment losses on loans and advances (Leases, Hire Purchase & Other Loans)**

The Group reviews individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident.

The collective assessment takes in to account data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, inflation, interest rates,).

iii. **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. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial re organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

iv. **Deferred tax assets**

Deferred tax assets are recognised in respect of tax losses to the extent it is probable that future taxable profits will be available against which such tax losses can be set off. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies.

v. **Useful life-time of the Property and equipment**

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Management estimate these values, rates, methods and hence they are subject to uncertainty.

vi. **Defined benefit plans**

The cost of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Group. Actuarial gain/loss arising on the valuation of defined

Notes to the Financial Statements

benefit obligation is recognised in the Statement of Other Comprehensive Income.

vii. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

viii. Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognized other comprehensive income and in the

statement of equity. The Group engaged independent valuation specialists to determine fair value land and buildings. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

3.2 Significant Accounting Policies

3.2.1 Statement of Financial Position

(i) Property, Plant and Equipment

Property, Plant & Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 on Property, Plant & Equipment. Initially property and equipment are measured at cost.

Recognition and measurement

Initial Recognition

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Subsequent Measurement

These are costs that are recognised in the carrying amount of an item, if it is probable that the future economic benefits embodied within that part will flow to the Group and it can be reliably measured.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives & full depreciation is charge for the month of purchase of such property and equipment & no depreciation is charged in the month of disposal.

The rates of depreciation based on the estimated useful lives are as follows:

Category of Asset	Period (years)
Building	50
Furniture and Fittings	6.67
Equipment	5
Motor Vehicles and Accessories	4-8
Computer Hardware	5
Air Condition	5
Telephone System	5
Fire Protection Equipment	5
Leasehold Improvement	6.67
Fixtures & Fittings	3
Water Supply Scheme , Electricity Distribution , Household Items - Heavy	25 – 40
Tools & Sundry Inventory & Household Items - Light	02
Factory Equipment , Plant & Machinery, Moulds & Communication Equipment	10 – 20

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of income, in which case the increase is recognised in the statement of income. A revaluation deficit is recognised in the statement of income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Cost of repairs and maintenance are charged to the statement of income during the period in which they are incurred

De-recognition

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the Statement of comprehensive income in the year the asset is derecognised.

(ii) Biological Assets

1. Bearer Biological Assets & Consumable Biological Assets

Biological assets are classified in to 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.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversifying, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long term loans used for financing immature plantations.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea and rubber 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 trees those that are to be sold as biological assets.

The expenditure incurred on bearer biological assets (Tea and Rubber) fields, which come in to bearing during the year, has been transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of each reporting period.

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.

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 option provided by the ruling issued by ICASL.

The managed timber trees are 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.

Notes to the Financial Statements

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.

Permanent impairments to Biological Assets are charged to the Statement of Comprehensive Income in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

Comprehensive Income in the year in which they are incurred.

- (iii) **Investment properties**
Properties held for capital appreciation and properties held to earn rental income have been classified as Investment Property.

The main variables in DCF model concerns,

Variable	Description of the variable
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature arrears are deducted.
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

Basis of Recognition

Investment Property is recognised if it is probable that future economic benefits that are associated with the Investment Property will flow to the Group and cost of the Investment Property can be reliably measured.

Measurement

Initial Measurement

An Investment Property is measured initially at its cost. The cost of a purchased Investment Property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment is its cost at the date when the construction or development is complete.

Subsequent Measurement

The Group applies the Cost Model for Investment Properties in accordance with Sri Lanka Accounting Standard 40 (LKAS 40), - "Investment Property". Accordingly, land and buildings classified as Investment Properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

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 the Statement of Comprehensive Income for the period in which it arises.

2. Infilling Cost on Biological Assets

The land development costs incurred in the form of in filling have been capitalised to the relevant mature field, only if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalized have been charged to the Statement of

Depreciation

Depreciation is provided on a straight line basis over the estimated life of the class of asset from the date of purchase up to the date of disposal.

Class of tangible assets	Useful life
Buildings	Over 50 years

(iv) Intangible assets

The Group's intangible assets include the value of computer software, Brand Name and goodwill on business combination. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Useful lives of Intangible Assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in

the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Amortisation

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

The Class of Intangible Assets	Useful Life	Amortisation Method
Computer software	5 Years	Straight line method
Brand Name	20 Years	Straight line method

(v) Inventories

Inventories are valued at lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition

is accounted using the following cost formulae:

- (a) Raw material - At purchase cost on weighted average cost basis, except for Ever Paint and Chemical Industries Private Limited, Ceytea Plantation Management Limited and Swisstek (Ceylon) PLC which is on a first in first out basis.
- (b) Consumable and spares - At purchase cost on weighted average cost basis, except for Ever Paint and Chemical Industries Private Limited which is on a first in first out basis.
- (c) Finished goods and Work in progress - at the cost of direct material, direct labour and appropriated proportion of production overheads based on normal operating capacity.
- (d) Goods in transit have been valued at cost.
- (e) Trading goods – At Purchase cost on weighted average basis except for Lanka Walltiles group which is on first in first out basis.
- (f) Agricultural produce harvested from Biological Assets
Agricultural produce harvested from Biological Assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi finished inventories from Agricultural produce are valued by adding the cost of conservation from agricultural value of agricultural produce.

Notes to the Financial Statements

- (g) Agricultural produce after further processing
Further processed output of agricultural produce are valued at the lower of cost and estimated net realisable value, after making due allowances for obsolete and slow moving items.

- (vi) **Impairment of Non-Financial Assets**
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of comprehensive income.

- (vi) **Finance and Operating Leases**
The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance Lease

Agreements which transfer to counterparties substantially all the risks

and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. When the Group is a lessor under finance leases the amounts due under the leases, after deduction of unearned charges, are included in 'Lease rentals receivables and stock out on hire'. The finance income receivable is recognised in 'Revenue' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

When the Group is a lessee under finance leases, the leased assets are capitalised and included in 'Property and equipment' and the corresponding liability to the lessor is included in Interest Bearing Loans and Other Borrowings. A finance lease and its corresponding liability are recognised initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. Finance charges payable are recognised in 'Net interest income' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

Operating Lease

All other leases are classified as operating leases. When acting as lessor, the Group includes the assets subject to operating leases in 'Property, Plant and Equipment' and accounts for them accordingly.

Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

When the Group is the lessee, leased assets are not recognised on the statement financial position. Rentals payable and receivable under operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Other operating expenses' and 'other operating income', respectively.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(vii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Comprehensive income net of any reimbursement.

(viii) Employee Benefit Obligations

(1) Gratuity

All the employees of the group are eligible for gratuity under the Payment of Gratuity Act No. 12 of 1983.

Employees those who have resigned or whose services are terminated other than by retirement are eligible to receive the terminal gratuity under the Payment of Gratuity Act No. 12 of 1983 at the rate of one half of the Gross Salary applicable to the last month of the financial year in which the employment is terminated or resigned, for each year of completed service, for those who have served in excess of 5 years.

The valuation was carried out as at 31st March 2015 by qualified actuaries.

Recognition of Actuarial Losses / Gains

Company/Group recognise the total actuarial gain and losses that arise in calculating the Company's/Group's obligation in respect of the plan in Other Comprehensive Income during the period in which it occurs.

Recognition of Past Service Cost

(Applicable only when a plan has been changed)

Past Service Cost are recognized as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already been vested, immediately following the

instruction of, or changes to the plan, past service costs are recognized immediately.

Funding Arrangements

The Gratuity liability is not externally funded.

(2) Defined contribution plan

The Group also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Group by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

The Group contributes to the following Schemes:

- Employees' Provident Fund

The Group and employees contribute 12%-15% and 8%-10% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund.

- Employees' Trust Fund

The Group contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

(ix) Non-current assets held for sale/ distribution to owners and discontinued operations

The Group classifies non-current assets

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and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use. Non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Comprehensive income. Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortized.

(x) **Financial Assets**

Financial Assets – Initial Recognition and Subsequent measurement

Financial assets within the scope of LKAS 39 are classified as Financial Assets held for trading, Loans and Receivables, Lease rentals receivable & Stock out on hire, financial assets available-for-sale, financial assets held-to-maturity and Other Financial Assets.

(1) **Date of Recognition**

All financial assets are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(2) **Initial Measurement of Financial Assets**

The classification of financial assets at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial assets are measured initially at their fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

(3) **Financial Assets at Fair Value through Profit or Loss**

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit of loss.

Financial assets held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in 'Finance income'. Interest and dividend income or expense is recorded in Finance Income or Finance cost according to the terms of the contract, or when the right to the payment has been established.

Financial assets may be designated by management at fair value through profit or loss in the following circumstances:

- designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis or
- the assets are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in 'Net gain or loss' on financial instrument designated at fair value through profit or loss. Interest earned or incurred is accrued in 'Interest income' using the effective interest rate (EIR), while dividend income is recorded in 'Finance Income' when the right to the payment has been established.

(4) **Held To Maturity Financial Assets**

Held to maturity financial investments are financial assets with fixed or determinable payments and fixed maturities, which the group has the intention and ability to hold to maturity. Subsequent to initial recognition, held to maturity financial investments are measured at amortised cost using the Effective Interest Rate (EIR), less impairment. Amortised cost is calculated by taking into account

any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'Interest income' in the Statement of comprehensive income. The losses arising from impairment of such investments are recognised in the Statement of comprehensive income line 'Finance Cost'.

If the group were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available for sale. Furthermore, the Group would be prohibited from classifying any financial asset as held to maturity during the following two years.

- (5) **Loans, Lease Rental Receivables, Stock out on Hire and Other Financial Assets** Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. When the Company is the lessor under finance leases the amounts due under the leases, after deduction of unearned charges, are recognised on the Statement of Financial Position. The finance income receivable is recognised in 'interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

Lease and Stock out on Hire include financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Group intends to sell immediately or in the near term and those that the Company, upon initial recognition, designates as at fair value through profit or loss
- Those that the Group, upon initial recognition, designates as available for sale
- Those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration

After initial measurement Lease and Stock out on Hire are subsequently measured at amortised cost using the effective interest rate (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'interest income' in the Statement of Comprehensive income. The losses arising from impairment are recognised in 'impairment (charge) /reversal on loans and other losses' in the Statement of Comprehensive income.

- (6) **Available for Sale Financial Assets** Available for sale financial assets 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 intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions. The group has not designated any loans or receivables as available for sale. After initial measurement, available for sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the 'Available for sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive income in 'Finance Income'. Where the group holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available for sale financial investments is reported as interest income using the EIR.

Dividends earned whilst holding available for sale financial investments are recognised in statement of comprehensive income as Finance Income when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the statement of comprehensive income in 'Finance Cost' and removed from the 'Available for sale reserve'.

Notes to the Financial Statements

(7) 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the group immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'comprehensive income'.

(8) Reclassification of financial Assets

The Group may reclassify financial assets (other than those designated at FVTPL) upon initial recognition, in certain circumstances:

- Out of the 'held for trading' category and into the 'available for sale', 'loans and receivables', or 'held to maturity' categories.
- Out of the 'available for sale' category and into the 'loans and receivables', 'held for trading category' or 'held- to-maturity'.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost. For a financial asset reclassified out of the 'available for sale' category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized

over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the Statement of Comprehensive income.

Out of the 'held for trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument by instrument basis.

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 the financial statements.

(9) De - Recognition of Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised 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 'pass-through' arrangement; and either:
 - ✓ The Group has transferred substantially all the risks and rewards of the asset
 - Or
 - ✓ The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(10) Allowance for Impairment losses

The allowance for credit losses represents our estimate of the probable loss on the collection of finance receivables from customers as of the balance sheet date. The adequacy of the allowance for credit losses is assessed monthly and the assumptions and models used in establishing the allowance are evaluated regularly. Because credit losses may vary substantially over time, estimating credit losses requires a number of assumptions about matters that are uncertain. The credit losses are attributable to lease, hire purchase, loans and receivables portfolio.

The uncollectible portion of finance receivables are charged to the provision for impairment when an account is deemed to be uncollectible taking into consideration the financial condition of the customer, borrower, or lessee, the value of the collateral, recourse to guarantors, and other factors. Recoveries on finance receivables previously taken as impaired are debited to the allowance for credit losses.

Individually Impaired Receivables

Finance receivables that are more than five months in arrears, related to repossessed collaterals, subjected to legal action /ongoing legal action, untraceable or unattainable collaterals, or are determined to be uncollectible, are identified as individually impaired. Impairment is estimated based on the present value of the expected future cash flows of the receivable discounted at the loan's original effective interest rate or the fair value of any collateral adjusted for estimated costs to sell. Loss severity/Loss Given Default (LGD) of each category of impaired receivable is assumed to be a vital factor for the allowance for impairment.

The LGD assumptions are based on historical information and may not fully reflect losses inherent in the present portfolio. Therefore, we may adjust the estimate to reflect management judgment regarding observable changes in recent

economic trends and conditions, portfolio composition, and other relevant factors.

Collectively Impaired Receivables

The collective impairment is evaluated primarily using rating migration matrixes and Loss severity models that based on historical experience, indicates credit losses have been incurred in the portfolio even though the particular accounts that are uncollectible cannot be specifically identified. In addition to the Loss Given Default (LGD), we make projections for Probability of Default (PD) to estimate the collective impairment for receivables. We have used the rating migration matrixes to compute the PD.

The rating migrating matrix models are based on the most recent years of history. Each PD is calculated by dividing default contracts of each age category by beginning-of-period total contacts of each age category (Cohort method). The loss emergence period is a key assumption within our models and represents the average amount of time between when a loss event first occurs and when it is incurred. This time period starts when the consumer begins to experience financial difficulty. It is evidenced, typically through Observable data for above average company NPL, historically low collection ratio, historically high rental arrears, and unacceptable low level of business volumes which may results into a portfolio level impairment.

Notes to the Financial Statements

Reversals of Impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the financial asset impairment allowance account accordingly. The write-back is recognised in the Statement of Comprehensive Income.

Write-off of Loans and Receivables

Financial assets (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realisation of security.

Collateral Valuation

The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, vehicles, gold, securities, letters of guarantees, real estate, receivables, inventories, other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

To the extent possible, the Company uses active market data for valuing financial assets, held as collateral. Non-financial

collateral, such as real estate, is valued based on data provided by third parties such as independent valuers.

Collateral Repossessed

Repossess collateral will not be taken into books of accounts unless the Company has taken those collaterals into its business operations.

a) Available for Sale Financial Assets

For available for sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired. In the case of debt instruments classified as available for sale, the group assesses individually whether there is objective evidence of impairment.

However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income'. If, in a subsequent period, the fair value of a debt instrument increases and the increase

can be objectively related to a credit event occurring after the impairment loss was recognised in the Statement of comprehensive income, the impairment loss is reversed through the Statement of comprehensive income.

In the case of equity investments classified as available for sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of comprehensive income is removed from equity and recognised in the Statement of comprehensive income.

Impairment losses on equity investments are not reversed through the Statement of Comprehensive income; increases in the fair value after impairment are recognised in other comprehensive income.

b) Held-To-Maturity Financial Assets

An impairment loss in respect of held-to-maturity financial assets measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original EIR and is recognized in

Statement of comprehensive income. Interest on impaired assets continues to be recognized through the unwinding of discount. When a subsequent event caused the amount of impairment loss to decrease, the decrease in impairment loss is reversed through comprehensive income.

(xi) **Financial Liabilities**

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as Due to customers (Deposits), Due to Banks, Debt issued and other borrowed funds and Other Financial Liabilities as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group classifies financial liabilities as other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities.

The Group recognizes financial liabilities in the Statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

Other Financial Liabilities

Other financial liabilities including Due to customers (Deposits), Due to Banks, Debt issued and other borrowed funds and Other Financial Liabilities are initially

measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortized cost using the EIR method.

Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

De - Recognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in Statement of comprehensive income.

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

3.2.2 Statement of Comprehensive Income

(i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group/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 Group/Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group/Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

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.

Rendering of services

Revenue from rendering of services is recognized by reference to the stage

Notes to the Financial Statements

of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Interest income and Commission fee income

Interest income and Commission fee income from the finance sector is recorded under Revenue. Interest expense from finance sector is recorded under cost of sales.

Interest Income and Interest expense

For all financial assets measured at amortised cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation of EIR takes into account all contractual terms of the financial instrument and includes any fees or

incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the company revises its estimates of payments or receipts.

The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for financial assets and 'Interest expense' for financial liabilities. However, for a reclassified financial asset for which the company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income

The group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- a) **Fee income earned from services that are provided over a certain period of time**
Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.
- b) **Fee income from providing transaction services**
Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the purchase or sale of business is recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Dividends

Revenue is recognized when the Group's/ Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted

from equity when they are approved by the company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

(ii) **Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group/Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to Statement of comprehensive income over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

(iii) **Expenditure Recognition**

a) Expenses are recognized in the Statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. 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 income in arriving at the Profit / (Loss) for the year.

b) For the purpose of presentation of Statement of comprehensive income the directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

(iv) **Taxes**

Current income tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of comprehensive income. Management periodically evaluates positions taken in

the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

VAT on Financial Services

VAT on Financial Services is calculated in accordance with Value Added Tax Act No 14 of 2002 and subsequent amendments thereto. The base for the computation of Value Added Tax on Financial Services is the accounting profit before VAT and income tax adjusted for the economic depreciation and emoluments of employees computed on prescribed rate.

Crop Insurance Levy

As per provisions of the section 14 of the Finance Act No 12 of 2013, the Crop Insurance Levy was introduced with effect from April 1, 2013 and is payable to the National Insurance Trust fund. Currently, the Crop Insurance Levy is payable at 1% of profit after tax.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

Notes to the Financial Statements

a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible differences. Carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

b) In respect of deductible temporary differences associated with investments

in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at each Financial Position date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the Financial Position date.

3.2.3 Statement of Cash Flows

The Cash flows statement is prepared using the indirect method, as stipulated in LKAS 7- "Statement of Cash Flows". Cash and cash equivalents comprise cash in hand; cash at bank, bank overdrafts

and Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.2.4 Accounting Policies

The accounting policies set out below have been applied consistently to all financial periods presented in these financial statements, unless otherwise indicated.

3.2.4.1 Changes in accounting policies

(i) **SLFRS 10 - Consolidated financial statements**
New and amended standards and Interpretations

The Group applied, for the first time, certain standards and amendments that require restatement of previous Financial Statements. These include SLFRS 10 Consolidated Financial Statements, SLFRS 11 Joint Arrangements, SLFRS 13 Fair Value Measurement and amendments to LKAS 1 Presentation of Financial Statements. In addition, the application of SLFRS 12 Disclosure of Interests in Other Entities resulted in additional disclosures in the Consolidated Financial Statements.

With the adoption of SLFRS 10 in Sri Lanka with effect from 1st January 2014, the Group changed its accounting policy for determining whether an investee is

a subsidiary based on the definition of control. The Group considers that control exists when the Company has power over an investee; has exposure or rights to variable returns from its involvement with the investee and when it has ability to use its power over the investee to affect the amount of the Company's returns. With the adoption of SLFRS 10, the Group reassessed the control conclusion for its investees and the application of this standard did not result in significant changes to the consolidation of the Group results

- (ii) **SLFRS 12 - Disclosure of interests in other entities**
SLFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in SLFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. For example, where a subsidiary is controlled with less than a majority of voting rights. While the Group has subsidiaries with material non-controlling interests, there are no unconsolidated structured entities. SLFRS 12 disclosures are provided in Notes 10 and 11 to the Financial Statements.

- (iii) **SLFRS 13 - Fair value measurement**
SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS. SLFRS 13 defines fair value as an exit price. As a result of the guidance in SLFRS 13, the Group re-assessed its policies for measuring fair values. Application of SLFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

- (iv) **LKAS 1 Presentation of items of Other Comprehensive Income – Amendments to LKAS 1**
The amendments to LKAS 1 introduce a grouping of items presented in Other Comprehensive Income. Items that will be reclassified ('recycled') to Statement of Comprehensive income at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land). The amendments affect presentation only and have no impact on the Group's financial position or performance

3.3 General

3.3.1 Earnings Per Share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

3.3.2 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Company include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill

Notes to the Financial Statements

3.3.3 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective and those are set out below.

(i) **SLFRS 9 -Financial Instruments: Classification and Measurement**

In December 2014, the CA Sri Lanka issued the final version of SLFRS 9 Financial Instruments which reflects all phases of the Financial Instruments project and replaces LKAS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 1st January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of SLFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

(ii) **SLFRS 14 Regulatory deferral accounts**

The scope of this standard is limited to first-time adopters of SLFRS that already recognise regulatory deferral account balances in their financial statements. Consequently, the financial statements of rate regulated entities that already apply SLFRS, or that do not otherwise recognize such balances, will not be affected by this standard. SLFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing SLFRS preparer, this standard would not apply.

(iii) **SLFRS 15 -Revenue from contracts with customers**

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including Sri Lanka Accounting Standard (LKAS 18) – "Revenue", Sri Lanka Accounting Standard (LKAS 11) – "Construction Contracts" and IFRIC 13 – "Customer Loyalty Programmes". This standard is effective for the annual periods beginning on or after 01 January 2017.

The Company will adopt these standards when they become effective. Pending the completion of detailed review, the financial impact is not reasonably estimable as at the date of publication of these Financial Statements.

4. FINANCIAL INVESTMENTS

4.1 Available for Sales - Financial Assets

Year ended 31 March	2015		2014	
	Number of Shares	Rs.	Number of Shares	Rs.
Company				
Quoted Investments				
Hayleys PLC	2,182,584	654,775,200	2,182,584	622,036,440
Fortress Resorts PLC	-	-	13,676,350	181,895,455
Total	2,182,584	654,775,200	15,858,934	803,931,895
Group				
Quoted Investments				
Diversified Holding				
Hayleys PLC	2,183,806	655,141,800	2,183,806	622,384,710
Manufacturing				
Blue Diamond Jewellery PLC	74	103	74	252
Ceylon Grain Elevators PLC	44	1,672	44	1,553
Dankotuwa Porcelain PLC	14,450	161,840	14,450	166,175
Samson International PLC	5,363	557,752	5,363	473,017
Hotels and Travels				
Fortress Resorts PLC	-	-	17,727,450	235,775,085
Aitken Spence Hotel Holdings PLC	308	20,636	308	21,560
Hotel Sigiriya PLC	700	61,530	700	54,600
Palm Garden Hotels PLC	36	1,652	36	2,574
Trading				
Softlogic Finance PLC	2,090,000	72,941,000	1,540,000	47,278,000
Stores and Supplies				
Hunter PLC	10	3,900	10	2,600
Bank Finance and Insurance				
Commercial Bank Of Ceylon PLC	270	44,659	266	32,718
Merchant Bank PLC	61	964	61	824
Beverages, Food and Tobacco				
Keells Food Products PLC	500	54,150	500	27,500
Lanka Milk Foods PLC	5,500	770,000	5,500	589,050
Convenience Foods (Lanka) PLC	22	7,165	22	4,620
		730,370,034		907,210,663
Un-Quoted Investments				
Rocell Ceramic Limited	-	-	-	197,136,773
Rocell Property Limited	-	-	-	73,506
Credit Information Bureau	-	104,700	-	104,700
Finance House Association	-	200,000	-	200,000
National Asset Management Ltd	-	-	-	250,000
Asian Paints (Pvt) Ltd	-	-	-	2,980,003
E Consultant Ltd	-	-	-	75,000
		304,700		200,819,982
Government Security				
		-		1,362,883,183
Provision for Financial Assets - Available for Sale				
	-	-	-	(3,305,003)
	-	304,700	-	1,560,398,162
Total	-	730,674,734	-	2,467,608,825

Notes to the Financial Statements

4. FINANCIAL INVESTMENTS (Contd...)

4.2 Fair Value Through P&L - Financial Assets

Year ended 31 March	2015		2014	
	Number of Shares	Rs.	Number of Shares	Rs.
Company				
Quoted Investments				
Lanka Ceramics PLC	1,000,000	116,600,000	1,000,000	95,900,000
The Kingsbury PLC	2,242,048	36,321,178	679,901	8,702,733
Citrus Leisure PLC	8,672,810	111,879,713	7,727,589	126,732,460
Janashakthi Insurance PLC	-	-	1,000,000	13,500,000
Peoples Leasing PLC	-	-	1,000,000	14,300,000
Richard Pieris & Company PLC	-	-	1,040,164	6,865,082
Textured Jersey Lanka PLC	-	-	557,975	8,816,005
Total		264,800,891		274,816,280
Group				
Quoted Investments				
Bank, Finance and Insurance				
Lanka Ceramics PLC	-	-	1,000,000	95,900,000
Janashakthi Insurance PLC	-	-	1,000,000	13,500,000
People's Leasing PLC	-	-	1,000,000	14,300,000
National Development Bank PLC	-	-	2,676	477,934
Union Bank of Colombo PLC	-	-	3,800	71,060
Softlogic Finance PLC	1,414,414	49,363,049	1,042,000	31,995,540
Vanik Incorporation PLC	-	-	587,900	470,320
Seylan Bank PLC (Non Voting)	93,032	5,898,228	93,032	3,442,184
Food Processing				
Bairaha Farms PLC	17,600	1,907,840	17,600	2,590,720
Manufacturing				
Lanka Walltiles PLC	19,740	1,891,092	19,740	1,214,010
Kelani Cables PLC	7,000	560,000	22,400	1,792,000
Textured Jersey Lanka PLC	-	-	557,975	8,816,005
Hotels and Travels				
Aitken Spence PLC	225,000	22,387,500	225,000	22,027,500
Hotel Developers (Lanka) PLC	71,200	6,749,760	71,200	6,749,760
Royal Palms Beach Hotels Ltd	4,299	154,764	4,299	128,970

4. FINANCIAL INVESTMENTS (Contd...)

4.2 Fair Value Through P&L - Financial Assets (Contd...)

Year ended 31 March	2015		2014	
	Number of Shares	Rs.	Number of Shares	Rs.
Group (Contd...)				
John Keels Hotels PLC	45,009	643,629	344,862	562,613
The Kingsbury PLC	2,242,048	36,321,178	679,901	9,223,309
Citrus Leisure PLC	11,441,086	147,603,806	10,495,865	172,132,186
Citrus Leisure PLC-Warrant 2015	10	2	10	10
Citrus Waskaduwa PLC	1,400,145	7,140,740	1,400,145	10,641,102
Serendib Hotels PLC	16,000	448,000	16,000	448,000
The Fortress Resorts PLC	-	-	336,100	4,470,130
Diversified Holdings				
Browns Investments PLC	522,619	836,190	522,619	1,202,024
Expolanka Holdings PLC	-	-	1,564,900	13,614,630
Free Lanka Capital Holdings Limited	1,161,600	1,858,560	1,161,600	2,439,360
Richad Pieris & Company PLC	-	-	1,040,164	6,865,082
CT Land Development PLC	-	-	100,000	2,910,000
Ascot Holding PLC	30,000	1,080,000	30,000	3,420,000
Health Care				
The Lanka Hospital Corporation PLC	45,519	1,816,208	45,519	1,893,590
		286,660,546		433,298,039
Un-Quoted Investments				
MBSL Insurance Company Limited	4,666,667	8,666,667	4,666,667	13,676,667
Total		295,327,213		446,974,706

4.3 Fair value of financial instruments

The Following Methods & Assumptions were Used to Estimate the Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Group estimate of assumptions that a market participant would make when valuing the financial instruments.

Cash & short term deposits, trade receivable, trade payable and other financial liabilities, Long term variable-rate borrowing approximate at their carrying amounts due to the short term maturities of these current financial instruments.

Hence the above carrying amounts of Group's financial instruments are reasonable approximation of their fair value.

Financial Assets - Fair Value Through Profit or Loss

Fair value of quoted equity shares is based on price quotations at the reporting date.

Notes to the Financial Statements

4. FINANCIAL INVESTMENTS (Contd...)

4.3 Fair value of financial instruments (Contd...)

Financial Assets- Available for Sale

Financial Investments - Available for Sale, primarily consist of equity securities and Government debt securities are valued using valuation techniques or pricing models. These assets are valued using models that use observable data. Government debt securities are valued using yield curves published by the Central Bank of Sri Lanka and Fair value of quoted equity shares is based on price quotations at the reporting date.

Determination of Fair Value and Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by Valuation techniques.

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

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As at 31 March 2015, the Group held the following financial instruments carried at fair value in the Statement of Financial position:

As at 31st March 2015	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets				
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	286,660,546	-	-	286,660,546
Un-Quoted equities	-	-	8,666,667	8,666,667
Financial Assets - Available for Sale				
Quoted equities	730,370,034	-	-	730,370,034
Unquoted equities	-	304,700	-	304,700
Total	1,017,030,580	304,700	8,666,667	1,026,001,947

As at 31st March 2014	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets				
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	433,298,039	-	-	433,298,039
Un-Quoted equities	-	-	13,676,667	13,676,667
Financial Assets - Available for Sale				
Government Securities	1,362,883,183	-	-	1,362,883,183
Quoted equities	907,210,663	-	-	907,210,663
Unquoted equities	-	197,514,979	-	197,514,979
Total	2,703,391,885	197,514,979	13,676,667	2,914,583,531

5. LOANS AND RECEIVABLES

Year ended 31 March	2015 Rs.	2014 Rs.
Company		
Debentures	375,000,000	375,000,000
	375,000,000	375,000,000
Group		
Debentures	375,000,000	375,000,000
Gold Loan	10,436,665,984	8,194,870,273
Real Estate Loans	3,284,964	4,744,487
Term Loans	3,839,069,484	2,399,127,751
Quick Loan	5,367,759	10,907,897
Margin Trading	54,808,517	72,955,517
Factoring Receivable	544,935,747	943,129,380
Power Drafts	605,831,788	361,267,978
Vehicle Loans	7,449,736,527	7,422,877,105
	23,314,700,770	19,784,880,388
Allowance for Impairment Losses (Note 5.1)	(676,939,362)	(516,642,315)
Net Loans and Receivables	22,637,761,408	19,268,238,073

5.1 Allowance for Impairment Losses

Year ended 31 March	Group	
	2015 Rs.	2014 Rs.
5.1.1 As at 01 April	516,642,315	474,109,627
Charge / (Reversal) for the year	185,850,697	106,634,544
Amounts written off	(27,067,804)	(63,403,284)
Effect of Interest unwinding	1,514,154	(698,572)
As at 31 March	676,939,362	516,642,315
5.1.2 Individual Impairment	567,784,305	166,874,358
Collective Impairment	109,155,057	349,767,957
Total	676,939,362	516,642,315
Gross amount of loans individually determined to be impaired, before deducting the individually assessed impairment allowance.	845,078,289	518,114,298
Gross amount of loans collectively assessed for the impairment	21,792,683,119	18,750,123,775
Gross receivables	22,637,761,408	19,268,238,073

The recorded loans and receivables that were impaired at March 31, 2015 and 2014 were 3.73% of receivables, and 2.67% of receivables, respectively. During the financial year 2014/15, Subsidiary company, LB Finance PLC has change the individual impairment threshold levels and assessment methodology to be inline with the age of the exposure.

Notes to the Financial Statements

5. LOANS AND RECEIVABLES (Contd...)

Year ended 31 March	Group	
	2015 Rs.	2014 Rs.
5.1.3 Gold Loans	55,961,947	187,823,147
Vehicle Loans	254,240,384	118,182,590
Quick Loans	410,717	541,480
Margin Trading	51,935,662	54,498,436
Term Loans	174,908,403	74,375,944
Power Drafts	41,922,039	19,863,341
Factoring Receivable	97,560,210	61,357,377
Total	676,939,362	516,642,315

5.2 Loans & Receivables Include Loans Granted to Company Officers, the Movement of which is as Follows :

Year ended 31 March	2015 Rs.	2014 Rs.
As at the Beginning of the Year	6,402,791	4,479,674
Loans Granted During the Year	79,603,957	12,889,370
Repayments During the Year	(4,725,237)	(10,966,253)
As at the End of the Year	81,281,511	6,402,791

5. LOANS AND RECEIVABLES (Contd...)

5.3 Contractual Maturity Analysis of Loans and Receivables

As at 31st March 2015	Within One Year Rs.	1 - 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Debentures	-	375,000,000	-	375,000,000
Gold Loans	10,436,665,984	-	-	10,436,665,984
Vehicle Loans	3,002,445,324	4,415,959,583	31,331,620	7,449,736,527
Medium and Short Term Loans	1,052,954,528	375,489,745	468,873	1,428,913,146
Mortgage Loans	680,960,323	1,338,562,749	390,633,266	2,410,156,338
Quick Loans	4,907,320	460,439	-	5,367,759
Power Drafts	134,208,105	471,623,683	-	605,831,788
Margin Trading	54,808,517	-	-	54,808,517
Factoring Receivable	535,539,156	9,396,591	-	544,935,747
Real Estate Loans	3,054,208	230,756	-	3,284,964
Gross Loans and Receivables	15,905,543,465	6,986,723,545	422,433,759	23,314,700,770
Allowance for Impairment Losses (Note 5.1.3)				(676,939,362)
Net Loans and Receivables				22,637,761,408

As at 31st March 2014	Within One Year Rs.	1 - 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Debentures	-	375,000,000	-	375,000,000
Gold Loans	8,194,870,273	-	-	8,194,870,273
Vehicle Loans	2,721,932,321	4,699,350,066	1,594,718	7,422,877,105
Medium and Short Term Loans	909,683,950	223,413,356	289,334	1,133,386,640
Mortgage Loans	418,997,759	846,743,352	-	1,265,741,111
Quick Loans	9,501,608	1,406,289	-	10,907,897
Power Drafts	316,548,478	44,719,500	-	361,267,978
Margin Trading	72,955,517	-	-	72,955,517
Factoring Receivable	937,714,863	5,414,517	-	943,129,380
Real Estate Loans	3,867,812	876,675	-	4,744,487
Gross Loans and Receivables	13,586,072,582	6,196,923,755	1,884,052	19,784,880,388
Allowance for Impairment Losses (Note 5.1.3)				(516,642,315)
Net Loans and Receivables				19,268,238,073

Our Loans and Receivables are pre payable, so prepayments may cause actual maturities to differ from contractual maturities.

Notes to the Financial Statements

6. LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE

	Group	
	2015 Rs.	2014 Rs.
Gross rentals receivables		
- Lease Rentals	38,033,006,105	32,910,047,808
- Amounts receivable from hirers	7,738,386,646	8,754,448,956
	45,771,392,751	41,664,496,764
Unearned Income	(10,082,076,108)	(10,124,119,112)
Net rentals receivables	35,689,316,643	31,540,377,652
Rentals Received in Advance	(7,284,527)	(11,381,101)
Allowance for Impairment Losses (Note 6.1)	(1,990,693,724)	(1,238,264,798)
	(1,997,978,251)	(1,249,645,899)
Total net rentals receivable (Note 6.2(a) & 6.2(b))	33,691,338,393	30,290,731,753

6.1 Allowance for Impairment Losses

	Group	
	2015 Rs.	2014 Rs.
As at 01 April	1,238,264,799	770,084,951
Charge / (Reversal) for the year	1,621,737,090	467,031,683
Amounts Written Off	(870,693,597)	-
Effect of Interest Unwinding	1,385,432	1,148,165
As at 31 March	1,990,693,724	1,238,264,799
Individual Impairment	1,804,560,595	122,298,883
Collective Impairment	186,133,129	1,115,965,915
	1,990,693,724	1,238,264,798
Gross amount of loans individually determined to be impaired, before deducting the individually assessed impairment allowance	2,697,097,024	214,792,295
Gross Amount of Loans Collectively Assessed for the Impairment	32,992,219,619	31,325,585,357
	35,689,316,643	31,540,377,652

6. LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE (Contd...)

As at 31st March 2015	Lease				Hire Purchase			
	Within one years Rs.	1-5 years Rs.	Over 5 years Rs.	Total Rs.	within one year Rs.	1-5 years Rs.	Over 5 years Rs.	Total Rs.
6.2 (a) As at 31st March 2015								
Gross rentals receivables	17,603,492,108	20,424,295,501	5,218,496	38,033,006,105	3,460,234,730	4,257,564,812	20,587,106	7,738,386,648
Unearned Income	(4,555,963,791)	(3,885,697,824)	(370,089)	(8,442,031,704)	(857,135,384)	(781,416,076)	(1,492,946)	(1,640,044,406)
Net rentals receivables	13,047,528,317	16,538,597,677	4,848,407	29,590,974,401	2,603,099,346	3,476,148,736	19,094,160	6,098,342,242
Rentals Received in Advance				(7,284,527)				-
Allowance for Impairment Losses				(1,548,990,052)				(441,703,672)
Total net rentals receivable				28,034,699,823				5,656,638,570
Total net rentals receivable from lease and hire purchase								33,691,338,393

6.2 (b) As at 31st March 2014

Gross rentals receivables	15,809,746,705	17,098,996,151	1,304,953	32,910,047,809	3,939,140,667	4,774,841,008	40,467,280	8,754,448,955
Unearned Income	(4,462,752,499)	(3,517,731,694)	(87,160)	(7,980,571,353)	(1,087,452,931)	(1,051,619,248)	(4,475,581)	(2,143,547,760)
Net rentals receivables	11,346,994,206	13,581,264,457	1,217,793	24,929,476,456	2,851,687,736	3,723,221,760	35,991,699	6,610,901,195
Rentals Received in Advance				(11,381,101)				-
Allowance for Impairment Losses				(956,450,743)				(281,814,054)
Total net rentals receivable				23,961,644,612				6,329,087,141
Total net rentals receivable from lease and hire purchase								30,290,731,753

6.3 Lease & Hire Purchase facilities granted to Company Officers, the movement of which is as follows :

As at 31st March 2015	2015 Rs.	2014 Rs.
As at the beginning of the year	134,211,105	101,794,484
Add : Loans granted during the year	44,788,076	110,595,207
Less : Repayments during the year	(37,487,983)	(78,178,586)
As at the end of the year	141,511,198	134,211,105

Notes to the Financial Statements

7. OTHER FINANCIAL ASSETS

	2015	2014
	Rs.	Rs.
Group		
Treasury Bill / Repurchases	875,190,762	1,854,469,777
Investment in Commercial Papers	129,742,674	103,412,820
Investment in Fixed Deposits	1,258,985,351	3,272,444,925
Others	1,918,541	20,645,501
	2,265,837,328	5,250,973,023

8. TRADE AND OTHER RECEIVABLES

	2015	2014
	Rs.	Rs.
Company		
Deposits	40,022,664	39,484,524
Interest Receivable	36,819,401	36,881,476
Other Advances	10,715,401	11,734,402
Other Receivable	812,996	182,000
	88,370,462	88,282,402
Group		
Debtors	4,179,142,273	5,702,134,102
Deposits	117,584,451	236,254,772
Other Advances	48,666,401	82,803,453
Interest Receivables	25,853,064	24,333,873
Other Receivables	708,285,414	680,345,395
	5,079,531,604	6,725,871,596

9. OTHER NON FINANCIAL ASSETS

	2015	2014
	Rs.	Rs.
Company		
Advances and Pre-Payments	204,808	175,770
	204,808	175,770
Group		
Receivable From Inland Revenue Department	35,441,828	105,081,945
Real Estate Stock	317,176,363	150,221,398
Advance for Vehicle Stock	527,494,240	66,802,600
Advances & Pre-Payments	923,329,816	1,096,647,832
Gold Stock	6,203,219	7,360,165
Stationary Stock	7,568,046	4,298,515
Sundry Debtors	841,837	810,125
Pre-paid Staff Cost	6,084,302	57,977,442
Receivables & Others	23,998,729	28,642,450
Advance Company Tax Receivable	27,285,000	27,285,000
	1,875,423,381	1,545,127,472

10. INVESTMENT IN SUBSIDIARIES

Company	Holding (%)		Number of Shares	
	2015	2014	2015	2014
Quoted Investments				
Royal Ceramics Lanka PLC	51	51	56,502,600	5,652,600
LB Finance PLC	51	51	35,321,200	35,321,200
Unquoted Investments				
Orit Apparels Lanka (Pvt) Ltd	-	50	-	18,400,676
Delmege Ltd	51	51	253,314	253,314
Greener Water Ltd	100	100	36,673,000	36,673,000

Company	Cost		Market Value	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Quoted Investments				
Royal Ceramics Lanka PLC	9,228,728,572	9,228,728,572	6,384,793,800	4,480,656,180
LB Finance PLC	5,325,333,098	5,325,333,098	5,301,712,120	3,535,652,120
	14,554,061,670	14,554,061,670	11,686,505,920	8,016,308,300

Company	Cost		Director's Valuation	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Unquoted Investments				
Orit Apparels Lanka (Pvt) Ltd	-	604,363,600	-	604,363,600
Delmege Ltd	1,592,025,326	1,592,025,326	1,592,025,326	1,592,025,326
Greener Water Ltd	368,063,650	368,063,650	368,063,650	368,063,650
Provision for Impairment	(12,500,000)	-	(12,500,000)	-
	1,947,588,976	2,564,452,576	1,947,588,976	2,564,452,576
Total	16,501,650,646	17,118,514,246	13,634,094,896	10,580,760,876

11.3 Summarised financial information of equity accounted investees has not been adjusted for group share,

11.3.1 Statement of profit or loss

	2015 Rs.	2014 Rs.
Revenue	42,202,174,738	46,729,963,903
Cost of sales	(21,480,790,217)	(27,021,625,989)
Income (Includes Other Income, Finance Income)	2,908,368,490	(2,064,432,058)
Expenses (Includes Operating, Administration & Distribution expenses)	(14,050,728,760)	(11,552,501,344)
Finance Cost	(164,199,994)	(2,365,228)
Value Added Tax on Financial Services	(1,730,592,406)	(1,027,408,225)
Income Tax	(2,284,116,122)	(1,209,899,626)
Profit after Tax	5,400,115,730	3,851,731,434
Other comprehensive income	(1,367,248,940)	1,735,534,835

11.3.2 Statement of Financial Positions

	2015 Rs.	2014 Rs.
Non current assets	363,669,458,473	267,531,914,498
Current assets	92,151,529,012	68,301,819,405
Non current liabilities	54,979,749,063	39,900,766,089
Current liabilities	363,251,347,082	266,314,469,382
Net assets	37,589,891,340	29,618,498,432

11.3.3 Commitments and Contingencies

	2015 Rs.	2014 Rs.
Capital Expenditure		
Approved and contracted for	117,527,000	249,634,000
Approved and but not contracted for	141,553,000	243,160,000
Commitments		
Commitment for unutilised facilities	51,227,794,715	37,464,520,000
Finance Lease Commitment in Present Value term	12,451,958	-
Operating lease commitments	58,259,732	-
Contingent Liabilities	106,358,179,897	108,220,722,999

Notes to the Financial Statements

12 DEFERRED TAX ASSETS (LIABILITIES)

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
As at 01 April	(3,601,776)	(2,828,934)	(84,260,125)	124,070,146
Recognized in Profit or Loss	(495,442)	(654,319)	(152,089,924)	(211,600,703)
Recognized in Other Comprehensive Income	6,514	(118,523)	15,058,898	3,270,432
Deferred Tax on disposal of subsidiary	-	-	(22,922,917)	-
At the end of the year	(4,090,703)	(3,601,776)	(244,214,067)	(84,260,125)
Deferred Tax Assets	-	-	495,294,985	524,126,127
Deferred Tax Liabilities	(4,090,703)	(3,601,776)	(739,509,051)	(608,386,252)
	(4,090,703)	(3,601,776)	(244,214,067)	(84,260,125)

12.1 The closing net differed tax liability relate to the following;

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Property, Plant & Equipments	(4,754,036)	(4,099,155)	(1,506,990,659)	(1,073,674,313)
Defined Benefit Obligation	663,332	497,380	233,538,841	212,374,259
Provision	-	-	278,753,322	25,081,000
Deferred Taxation on Un distributable Associate Profit	-	-	24,825,274	-
Unutilized tax losses	-	-	725,659,153	751,958,929
Total	(4,090,703)	(3,601,775)	(244,214,067)	(84,260,125)

13. DISPOSAL OF CONTROLLING INTEREST DURING THE PERIOD

In August 2014 the Company has disposed its interest in one of its subsidiary, namely Orit Apparels Lanka (Private) Limited for Rs. 748 Mn. The resultant gain of Rs. 75Mn has been reflected in the consolidated income statement.

Value recognised on disposal	Rs.'000
Assets	
Cash and cash equivalents	1,490,514
Receivables and prepayments	1,333,589
Financial assets at fair value through Profit and loss	31,058
Inventories	1,784,946
Deferred tax assets	23,438
Intangible assets	24,110
Property, plant and equipment	1,919,219
	6,606,874
Liabilities	
Borrowings	(4,456,522)
Defined benefit obligations	(122,157)
Deferred tax liabilities	(515)
Trade and other payables	(768,547)
	(5,347,741)
Total identifiable net assets	1,259,133
Non controlling interest	(585,708)
Net asset directly associated with disposal group	673,425
Profit on disposal of non current investment	75,122
Net cash inflow on disposal of non current investment	748,547

13.1 INVESTMENT DURING THE PERIOD

The Company acquired an additional 5.68% of voting shares of "The Fortress Resorts PLC" by paying a cash consideration of Rs.125 Mn, increasing its share ownership to 18.02%. From the date of transaction, "The Fortress Resorts PLC" treated as an associate of Vallibel One PLC due to availability of significant influence over The Fortress Resorts PLC.

The carrying value of the net assets of The Fortress Resort PLC, at the subsequent acquisition date was Rs. 1.25 Bn, and the carrying value of the additional interest acquired was Rs. 71 Mn. The difference between the consideration and the carrying value of the interest acquired of Rs. 179 Mn has been included in investment in associate according to the equity method.

Notes to the Financial Statements

14. AMOUNTS DUE FROM RELATED PARTIES

Relationship	Company		Group		
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	
Greener Water Limited	Subsidiary	156,630,119	100,017,222	-	-
Orit Apparels Lanka (pvt) Ltd	Subsidiary	-	2,632,320	-	-
Delmege Limited	Subsidiary	21,487,890	21,196,932	-	-
Queensberry Leisure Limited	Related Company	11,735,655	-	11,735,655	-
		189,853,664	123,846,473	11,735,655	-

15. INVENTORIES

	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Raw Materials	-	-	1,515,159,127	1,619,311,329
Construction Consumables	-	-	11,178,749	14,431,089
Spares and Consumables	-	-	831,940,131	1,067,394,081
Work In Progress	-	-	280,617,367	945,523,690
Harvested crops	-	-	196,866,000	213,001,000
Seat Covers and Accessories	-	-	410,421,235	223,905,370
Finished Goods	-	-	5,479,263,422	5,553,039,934
Machinery Spares	-	-	-	35,065,369
Goods in Transit	-	-	302,063,118	305,375,759
	-	-	9,027,509,148	9,977,047,621
Less : Provision for Obsolete and Slow Moving Inventory	-	-	(234,753,015)	(180,969,667)
	-	-	8,792,756,134	9,796,077,954

16. INTANGIBLE ASSETS

	Group			
	Software Rs.	Brand Name Rs.	Good will Rs.	Total Rs.
Cost				
As at 01 April 2013	210,025,260	904,891,300	11,321,538,356	12,436,454,916
Acquired during the year	85,483,937	-	992,122,841	1,077,606,778
As at 31 March 2014	295,509,197	904,891,300	12,313,661,197	13,514,061,694
Acquired during the year	71,216,773	-	2,031,800	73,248,573
Disposal of subsidiaries	(26,014,415)	-	-	(26,014,415)
As at 31 March 2015	340,711,555	904,891,300	12,315,692,997	13,561,295,852
Amortization				
As at 01 April 2013	48,681,911	109,341,032	96,524,136	254,547,079
Charge for the year	23,217,041	45,244,566	-	68,461,607
Exchange equalization reserve	(1,284,140)	-	-	(1,284,140)
As at 31 March 2014	70,614,812	154,585,598	96,524,136	321,724,546
Disposal during the year	(1,903,942)	-	-	(1,903,942)
Charge for the year	23,179,300	45,244,566	-	68,423,866
As at 31 March 2015	91,890,170	199,830,164	96,524,136	388,244,470
Net Book Value				
Net book value as at 31.03.2014	224,894,385	750,305,702	12,217,137,061	13,192,337,148
Net book value as at 31.03.2015	248,821,385	705,061,136	12,219,168,861	13,173,051,382

16. INTANGIBLE ASSETS (Contd...)

16.1 Goodwill

Goodwill allocated through business combination have been allocated to four Cash Generating Units (CGU) for impairment testing as follows ;

	2015 Rs.
Royal Ceramic Lanka PLC and its Subsidiaries	7,446,706,564
LB Finance PLC	3,966,204,093
Greener Water Limited	3,419,869
Delmege Ltd and its Subsidiaries	802,838,335
	12,219,168,861

The recoverable amount of all CGU's have been determine based on the fair value less to cost to sell or the value in use (VIU) calculation.

Key assumptions used in VIU calculation

Gross Margin

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount Rate

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

Inflation

The basis used to determine the value assigned to budgeted cost inflation, is the inflation rate based on projected economic conditions.

Volume Growth

Volume growth has been budgeted on a reasonable and realistic basis by taking in to account to account the growth rates of one of four years immediately subsequent to the budgeted year based on industry growth rates. Cash flows beyond the five years period are extrapolated using 0% growth rate.

17. PROPERTY, PLANT & EQUIPMENT

17.1 COMPANY

	Computers Rs.	Furniture & Fittings Rs.	Office Equipments Rs.	Motor Vehicales Rs.	Total Rs.
Gross Carrying Amounts					
Balance as at 31 March 2014	16,120,828	32,439,632	1,634,428	7,914,740	58,109,627
Additions	2,713,566	36,000	-	-	2,749,566
Balance as at 31 March 2015	18,834,394	32,475,632	1,634,428	7,914,740	60,859,193
Depreciation					
Balance as at 31 March 2014	9,948,331	9,141,617	417,486	3,328,642	22,836,077
Depreciation charge for the year	4,164,159	3,246,961	163,443	1,582,948	9,157,511
Balance as at 31 March 2015	14,112,490	12,388,578	580,929	4,911,590	31,993,588
Net Book value					
As at 31 March 2014					35,273,551
As at 31 March 2015					28,865,605

Notes to the Financial Statements

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

17.2 Group

Gross Carrying Amounts	2015						
	Balance	Additions	Increase/	Transfers/	Exchange	Disposals	Balance
	as at 01.04.2014	During the Year	Decrease/ Revaluation	Disposals	Translation Difference	through Subsidiaries	as at 31.03.2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ Valuation							
Land & Building	11,911,491,815	318,999,777	165,260,000	(10,806,917)	-	(1,129,687,218)	11,255,257,456
Furniture and Fittings	721,771,837	109,850,478	-	12,596,976	(1,221)	(56,276,402)	787,941,667
Equipment	1,272,050,111	114,440,653	-	(50,837,124)	(85,914)	(116,336,310)	1,219,231,416
Fire Protection Equipment	13,127,389	257,200	-	-	-	-	13,384,589
Motor Vehicles and Accessories	957,823,786	107,099,566	-	26,030,482	(24,420)	(77,455,553)	1,013,473,861
Computer Hardware	367,622,380	32,525,716	-	(2,430,550)	-	-	397,717,546
Air Conditioning	114,442,337	13,170,338	-	(64,594)	-	-	127,548,081
Telephone System	72,823,112	166,750	-	-	-	-	72,989,862
Leasehold Improvements	466,846,434	96,895,223	-	-	-	-	563,741,657
Fixtures and Fittings	512,097,468	52,545,088	-	-	-	-	564,642,556
Water Supply Scheme	329,673,568	14,311,325	-	-	-	-	343,984,893
Electricity Distribution	30,086,845	-	-	-	-	-	30,086,845
Tools and Implements	635,680,025	86,048,342	-	(55,325,908)	(1,665)	-	666,400,794
Plant and Machinery - Polishing Plant	11,371,200,534	383,831,801	-	25,878,395	-	(1,087,688,895)	10,693,221,834
Moulds	128,589,710	190,199	-	-	-	-	128,779,909
Household Item - Light	209,490	-	-	-	-	-	209,490
Stores Buildings on Leasehold Land	313,272,127	4,613,980	-	-	-	-	317,886,107
Civil Construction	59,942,899	33,738,590	-	-	-	-	93,681,489
	29,278,751,869	1,368,685,025	165,260,000	(54,959,241)	(113,220)	(2,467,444,379)	28,290,180,054
Assets on Finance Lease							
Plant & Machinery	66,972,680	19,159,207	-	(29,856,000)	-	-	56,275,887
Furniture and Fittings	12,653,596	6,600,000	-	(12,653,596)	-	-	6,600,000
Leasehold Land	14,600,000	-	-	-	-	-	14,600,000
Transport & Communication Equipment	44,712,000	17,617,000	-	(3,165,000)	-	-	59,164,000
Motor Vehicle	115,833,573	-	-	(89,358,348)	-	-	26,475,225
	254,771,849	43,376,207	-	(135,032,944)	-	-	163,115,112
Total Value of Depreciable Assets	29,533,523,718	1,412,061,232	165,260,000	(189,992,185)	(113,220)	(2,467,444,379)	28,453,295,166
Capital Work in Progress	As at	Additions	Increase/	Transfers/	Exchange	Disposals	Balance
	01.04.2014	During the	Decrease/	Disposals	Translation	through	as at
	Rs.	Year	Revaluation	Rs.	Difference	Subsidiaries	31.03.2015
		Rs.	Rs.		Rs.	Rs.	Rs.
Capital Work In Progress	393,376,005	838,063,808	-	(616,210,188)	-	(37,176,260)	578,053,365
	393,376,005	838,063,808	-	(616,210,188)	-	(37,176,260)	578,053,365

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

2015

Gross Carrying Amounts	Balance as at 01.04.2014 Rs.	Charge for the Year Rs.	Transfers/ Disposals Rs.	Disposals through Subsidiaries Rs.	Exchange Translation Difference Rs.	Balance as at 31.03.2015 Rs.
Depreciation						
Building	654,858,731	122,789,554	(1,897,736)	(115,220,283)	-	660,530,266
Furniture and Fittings	352,743,146	67,961,383	5,955,193	(24,663,045)	(25)	401,996,651
Equipment	781,818,213	86,307,634	(30,252,148)	(61,238,274)	(2,137)	776,633,288
Fire Protection Equipment	6,130,648	24,586,109	-	-	-	30,716,757
Motor Vehicles and Accessories	446,983,487	100,703,472	4,870,499	(33,889,294)	(453)	518,667,711
Computer Hardware	234,855,237	15,168,912	(899,996)	-	-	249,124,153
Air Conditioning	55,183,310	101,187,902	(59,210)	-	-	156,312,002
Telephone System	44,160,519	38,873,491	-	-	-	83,034,011
Leasehold Improvements	199,444,033	20,997,868	-	-	-	220,441,901
Fixtures and Fittings	153,453,139	43,735,645	-	-	-	197,188,784
Water Supply Scheme	200,028,071	92,125,260	-	-	-	292,153,331
Electricity Distribution	7,048,963	6,107,058	-	-	-	13,156,021
Tools and Implements	466,915,830	68,321,488	(60,177,615)	(372,099)	(46)	474,687,558
Plant and Machinery	4,956,683,648	636,700,661	(33,408)	(350,018,443)	-	5,243,332,459
Molds	75,629,840	10,453,389	-	-	-	86,083,229
Household Item - Light	102,591	26,132	-	-	-	128,723
Stores Buildings on Leasehold Land	9,144,977	14,717,624	-	-	-	23,862,601
	8,645,184,383	1,450,763,583	(82,494,422)	(585,401,438)	(2,661)	9,428,049,446
Assets on Finance Lease						
Plant & Machinery	14,475,170	19,504,373	(10,814,166)	-	-	23,165,376
Furniture and Fittings	4,745,100	1,265,360	(6,010,459)	-	-	-
Leasehold Land	568,000	487,000	(81,000)	-	-	974,000
Transport & Communication Equipment	27,454,000	11,963,000	(2,713,000)	-	-	36,704,000
Motor Vehicle	60,387,773	14,263,619	(59,767,422)	-	-	14,883,970
	107,630,043	47,483,352	(79,386,047)	-	-	75,727,346
Total	8,752,814,426	1,498,246,934	(161,880,468)	(585,401,438)	(2,661)	9,503,776,792
Net Book Value						
As at 31 March 2014						20,780,709,292
As at 31 March 2015						18,949,518,374
Capital working progress						
As at 31 March 2014						393,376,005
As at 31 March 2015						578,053,365

Notes to the Financial Statements

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

Carrying Amount	Note	As at 31st March 2015	As at 31st March 2014
Property, plant and equipment		19,527,571,739	21,174,085,297
Immovable JEDB/SLSPC estate assets on finance leases (other than right to bare land)	17.3	73,161,000	82,342,000
Leasehold right to bare land of JEDB/SLSPC Estates	17.4	116,852,000	120,719,000
Bearer Biological Assets	17.5	1,830,608,273	1,648,779,000
Consumable Biological Assets	17.6	349,513,000	283,928,000
		21,897,706,012	23,309,853,297

17.3 Immovable JEDB/SLSPC estate assets on finance leases (other than right to bare land)

	Beare Biological Assets					2015	2014
	Immature Plantations	Mature Plantations	Permanent Land Development Cost	Buildings	Plant & Machinery		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revaluation							
As at 22.06.1992	145,993,000	68,817,000	4,014,000	47,173,000	6,818,000	272,815,000	272,815,000
Transfers to mature							
At the beginning of the year	(145,993,000)	145,993,000	-	-	-	-	-
At the end of the year	-	214,810,000	4,014,000	47,173,000	6,818,000	272,815,000	272,815,000
Amortisation							
Opening Balance	-	139,644,000	2,915,000	41,096,000	6,818,000	190,473,000	181,292,000
During the period	-	7,160,000	134,000	1,887,000	-	9,181,000	9,181,000
At the end of the year	-	146,804,000	3,049,000	42,983,000	6,818,000	199,654,000	190,473,000
Written Down Value							
At the end of the year	-	68,006,000	965,000	4,190,000	-	73,161,000	82,342,000

All immovable estate property, plant and equipment under finance leases have been taken into the books of Horana Plantation PLC retrospective to 22nd June 1992. For this purpose all estate immovable have been revalued at their book values as they appear in the books of the lessor (JEDB/SLSPC), as the case may be on the day immediately preceding the date of formation of Horana Plantation PLC.

Investments in Bearer Biological assets which were immature, at the time of handing over to the Company by way of estate lease, are shown under Bearer Biological assets - immature (Revalued as at 22.06.1992). Further investments in such a bearer biological assets (Immature to mature bring them to maturity are shown under " Note 17.5 Bearer Biological assets (Immature Plantation).

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

17.4 Leasehold right to bare land of JEDB/SLSPC estates

	2015 Rs.	2014 Rs.
Capitalised value		
As at 22.06.1992	204,931,000	204,931,000
Amortisation		
Opening Balance	84,212,000	80,345,000
Charge for the year	3,867,000	3,867,000
At the end of the year	88,079,000	84,212,000
Carrying Amount		
At the end of the year	116,852,000	120,719,000

The leasehold rights to the bare land on all estates (except for Dumbara Estate which is under an operating lease) have been taken into the books of Horana Plantations PLC.(HPPLC), as at 22nd June 1992, immediately after formation of HPPLC, in terms of the opinion obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose lands have been revalued at Rs.204.931 Mn. being the value established for these lands by Valuation Specialist, D.R.Wickremasinghe just prior to the formation of HPPLC. However 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 2013. As per the SoRP right to use land does not permit further revaluation.

17.5 Bearer Biological Assets

	Tea	Rubber	Oil Palm	Diversification	Total 2015 Rs.	Total 2014 Rs.
Immature Plantations						
Cost or Valuation :						
Opening Balance	182,325,000	505,649,000	41,497,000	5,380,000	734,851,000	627,112,000
Additions	69,703,000	133,163,000	23,703,000	5,285,273	231,854,273	277,536,000
Transfers to Mature	(82,010,000)	(112,814,000)	-	(4,127,000)	(198,951,000)	(169,797,000)
At the end of the year	170,018,000	525,998,000	65,200,000	6,538,273	767,754,273	734,851,000
Mature Plantations						
Cost or Valuation :						
Opening Balance	494,711,000	686,696,000	-	19,695,000	1,201,102,000	1,031,305,000
Transfers from Immature	82,010,000	112,814,000	-	4,127,000	198,951,000	169,797,000
At the end of the year	576,721,000	799,510,000	-	23,822,000	1,400,053,000	1,201,102,000
Accumulated Amortization						
Opening Balance	91,401,000	190,580,000	-	5,193,000	287,174,000	244,423,000
Charge for the year	14,841,000	34,335,000	-	849,000	50,025,000	42,751,000
At the end of the year	106,242,000	224,915,000	-	6,042,000	337,199,000	287,174,000
Written Down Value	470,479,000	574,595,000	-	17,780,000	1,062,854,000	913,928,000
Total Bearer Biological Assets	640,497,000	1,100,593,000	65,200,000	24,318,273	1,830,608,273	1,648,779,000

These are investments in immature/mature plantations since the formation of Horana Plantations PLC. The lease liability over the assets (including plantations) taken over by way of estate leases are set out in Note 17.3. Further investments in the immature plantations taken over by way of these lease are also shown in the above. When such plantations become mature, the additional investments since take over to bring them to maturity have been (or will be) moved from immature to mature under this category as and when field become mature.

Notes to the Financial Statements

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

17.6 Consumable Biological Assets

	2015 Rs.	2014 Rs.
Immature Plantations		
Cost :		
At the beginning of the year	20,916,000	14,790,000
Additions	8,945,000	11,200,000
Transfers to Mature Plantations	(6,425,000)	(5,074,000)
At the end of the year	23,436,000	20,916,000
Mature Plantations		
Cost :		
At the beginning of the year	263,012,000	231,886,000
Increase due to new plantations	6,425,000	5,074,000
Change in Fair Value less costs to sell	56,640,000	26,052,000
At the end of the year	326,077,000	263,012,000
Total Consumable Biological Assets	349,513,000	283,928,000

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

17.7 Basis of Valuation

Under LKAS 41 the company has valued its managed plantations at fair value less cost to sell, Managed timber plantations as at 31st March 2015 comprised approximately 350 hectares.

Managed trees which are less than three years old are considered to be immature consumable biological assets, amounting Rs. 24.43 Mn as at 31st March 2015. The cost of immature trees is treated as approximate fair value, particularly on the ground that little biological transformation has taken place and the impact of the biological transformation on price is not material. When such plantation become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.

The mature consumable biological assets were valued by Chartered Valuers Mr.S.M.Wijepala for 2014/15 using Discounted Cash Flow (DFC) method . In ascertaining the fair value of timber, physical verification was carried covering all the estates.

Information about fair value measurement using unobservable inputs (Level 3)

Unobservable Inputs	Range of Unobservable Inputs	Relationship of unobservable inputs to fair value
Discounting Rate	10% - 12%	The higher the discount rate, the lesser will be the fair value.

Other key assumption used in valuation;

The prices adopted are net of expenditure

The valuation, as presented in the external valuation model based on the net present value, takes into accounts the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisation value. The Board of Directors retains their view that commodity markets are inherently volatile and their long-term price projection are highly unpredictable. Hence, the sensitivity analysis regarding the selling price and discount rate variation as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the valuation against his own assumptions.

The biological assets of the Group are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concession can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

Notes to the Financial Statements

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

The Group is exposed to the following risks relating to its timber plantation:-

Regulatory and Environmental Risks

The Group is subject to laws and regulations in Sri Lanka. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and Demand Risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and Other Risks

The Group's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

Sensitivity Analysis

Sensitivity Variation on Sales Price

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the average sales price applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price has the following effect on the Net Present Value of the Biological assets.

Managed Timber	-10%		10%
2014	Rs. 237.39 Mn	Rs. 263.01 Mn	Rs. 290.63 Mn
2015	Rs. 293.47 Mn	Rs. 326.08 Mn	Rs. 358.69 Mn

Sensitivity Variation on Discount Rate

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the Net Present Value of the Biological assets.

Managed Timber	-1%		1%
2014	Rs. 274.49 Mn	Rs. 263.01 Mn	Rs. 254.67 Mn
2015	Rs. 340.37 Mn	Rs.326.08 Mn	Rs. 312.82 Mn

Capitalisation of borrowing cost

Borrowing costs amounting to Rs.48.664 Mn (Rs.43.195 Mn in 2013/14) directly relating to investment in Biological Assets (Immature Plantations) have been capitalised during the period, at an average borrowing rate of 7.58% (10.87% in 2013/14).

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

17.8 Fair Value Hierarchy - Non Financial Assets

The following properties are revalued and recorded under freehold land & clay mining land. Fair Value measurement disclosure for revalued land based on un-observable input as follows.

- (A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level -1).
- (B) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level - 2)
- (C) Input for the assets or liability that are not based on observable market data (that is, unobservable inputs) (Level -3).

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	“Significant unobservable input : price per perch/ acre/range”	Fair Value measurement using Significant unobservable inputs (Level 3) Rs. Mn
Royal Ceramics Lanka PLC	Factory at Ehaliyagoda	A49-R1-P29.45	Mr. A.A.M. Fathihu	30-Apr-12	Market based evidence	Rs. 31,534/- per perch	247.150
	Showroom and Cutting Centered Land at Kottawa	A1-R1-P30.72	Mr. A.A.M. Fathihu	30-Apr-12	Market based evidence	Rs. 457,199/- per perch	105.485
	Land at Meegoda Warehouse	A2-R2-P24	Mr. A.A.M. Fathihu	30-Apr-12	Market based evidence	Rs. 119,043/- per perch	46.6
	Land at Nawala for Nawala New Showroom	P24.96	Mr. A.A.M. Fathihu	30-Apr-12	Market based evidence	Rs. 3,491,586/- per perch	87.150
	Land at Nattandiya	A10	Mr. A.A.M. Fathihu	30-Apr-12	Market based evidence	Rs. 12,500/- per perch	20
	Land at kaluthara	A04-R3-P8.16	Mr. A.A.M. Fathihu	30-Apr-12	Market based evidence	Rs. 15,003/- per perch	11.525
Royal Porcelain (Pvt) Ltd	Factory Land at Horana	A13-R3-P27.07	Mr. A.A.M. Fathihu	31-Mar-12	Market based evidence	Rs. 40,000/- per perch	89.088
Rocell Bathware Ltd	Factory land at Homagama	A1-R2-P19.60	Mr. A.A.M. Fathihu	01-Apr-12	Market based evidence	Rs. 85,000/- per perch	22.066
	Land at Meegoda Warehouse	R3	Mr. A.A.M. Fathihu	01-Apr-12	Market based evidence	Rs. 90,000/- per perch	10.8
Ever paint And Chemical Industries (Pvt) Ltd	Factory land at Hanwella	A1-R2-P22.75	Mr. A.A.M. Fathihu	31-Mar-12	Market based evidence	Rs. 24,689/- per perch	6.487

Notes to the Financial Statements

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

17.8 Fair Value Hierarchy - Non Financial Assets (Contd...)

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	“Significant unobservable input : price per perch/ acre/range”	Fair-Value measurement using Significant unobservable inputs (Level 3) Rs. Mn
Lanka Walltiles PLC	No. 215, Nawala Road, Narahenpita, Colombo 05	A1-R1-P2.1	Messrs. Sunil Fernando and Associates (Pvt) Ltd.	28-Dec-12	Market based evidence	Rs. 1,750,000/- per perch	353.675
	Plan No 2205 Situated at Mawathgama and Galagedara Village	A23-R1-P24.16	Mr. Ranjan J Samarakone	31-Mar-13	Market based evidence	Rs. 94,013/- per perch	352
Lanka Tiles PLC	Factory at Jaltara, Ranala & Ball Clay land at Kaluthara	A40-R3-P34	Mr. Ranjan J Samarakone	31-Mar-13	Market based evidence	Rs. 85,837/- to Rs. 115,321/- per perch	524.639
	Warehouse at Biyagama	A2-R0-P16	Mr. Ranjan J Samarakone	31-Mar-13	Market based evidence	Rs. 649,863/- per perch	218.354
	Land at Madampe	A13-R0-P2	Mr. Ranjan J Samarakone	31-Mar-13	Market based evidence	Rs. 17,187/- per perch	35.784
Uni Dil Packing Ltd	Land at Narampola road, Moragala, Deketana	A9-R0-P17.8	Mr. Anton Rich	31-Mar-14	Market based evidence	Rs. 60,000/- per perch	87.968
Uni Dil Paper Sacks (Pvt) Ltd.	Land at Narampola road, Moragala, Deketana	A2-R2-P35	Mr. Anton Rich	31-Mar-14	Market based evidence	Rs. 50,000/- per perch	21.750
Swisstek (Ceylon) PLC	Balumbara, Imbulgoda	A06-R01-P01	Mr. K. D. T. Tissera	31-Mar-15	Market based evidence	Rs. 464,535/- per perch	465
Swisstek Aluminium Ltd.	Land at Pahala Dompe, Dompe	A08-R02-P20	Mr. T. J. Tissera	18-Feb-13	Market based evidence	Rs. 98,898/- per perch	160
Lanka Ceramic PLC	Mining Land at Owala	25A-2R-14.2P	Mr.B.L.Ariyathilake	22-Apr-13	Market based evidence	Rs. 450/- to Rs. 1,150/- per perch	3.528
	Mining Land at Meetiya goda	41A-OR-20.3P	Mr.B.L.Ariyathilake	22-Apr-13	Market based evidence	Rs. 125,000/- to Rs. 1,225,000/- per acre	18.68
	Mining Land at Dediya wala	38A-3R-23.4P	Mr.B.L.Ariyathilake	22-Apr-13	Market based evidence	Rs. 150,000/- to Rs. 160,000/- per acre	5.94
	Land situated at Meetiya goda	4A-2R-12P	Messrs.Ariyathilake & Company (Pvt) Limited	18-May-12	Market based evidence	Rs. 400,000/- to Rs. 960,000/- per acre	4.112

Significant increases (decreases) in estimated price per perch in isolation would result in a significantly higher (lower) fair value.

17 PROPERTY, PLANT & EQUIPMENT (Contd...)

17.9 The useful lives of the assets are estimated as follows ;

	2015 Years	2014 Years
Non plantation assets		
Buildings on free hold land and roadway	25,40 & 50	25,40 & 50
Plant and machinery	5-20	5-20
Water supply and electricity distribution scheme	5-25	5-25
Tools, implements and furniture and fittings	2,4,5 & 10	2,4,5 & 10
Transport and communication equipment	4 to 12	4 to 12
Plantation assets		
The leasehold rights to JEDB/ SLSPC are amortised in equal amounts over the following years		
Bare land	53	53
Mature plantations	30	30
Permanent land development costs	30	30
Buildings	25	25
Plant and machinery	15	15
Mature Plantation(re-planting and new planting)		
Mature plantations (Tea)	33 1/3	33 1/3
Mature plantations (Rubber)	20	20
Mature plantations (Coconut)	50	50
Mature plantations (Cinnamon)	15	15
Mature plantations (Coffee and pepper)	4	4
Mature plantations (Pineapple)	3	3

18. LEASEHOLD RIGHT OVER MINING LAND

	Group	
	2015 Rs.	2014 Rs.
Cost		
At the beginning of the year	7,800,000	27,665,000
Disposals	-	(19,865,000)
At the end of the year	7,800,000	7,800,000
Accumulated Depreciation		
At the beginning of the year	6,573,500	25,186,000
Charge for the year	715,000	1,252,500
Disposals	-	(19,865,000)
At the end of the year	7,288,500	6,573,500
Written Down Value	511,500	1,226,500

Notes to the Financial Statements

19. INVESTMENT PROPERTY

	Group	
	2015 Rs.	2014 Rs.
At the beginning of the year	240,094,000	-
Acquisition through Subsidiary	-	349,294,000
Disposal of investment property	-	(80,000,000)
Transferred to PPE	-	(29,200,000)
Depreciation of Investment Property	(690,000)	-
At the end of the year	239,404,000	240,094,000

Lanka Ceramics PLC

As at 31 March 2015, the investment property includes land and building at No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03 (1R - 1,12 P). The fair value of freehold land and buildings were determined by Mr. B.L Ariyathilake an independent professionally qualified valuer in reference to market based evidence (valuation report dated 21 May 2012 - Rs. 240.094Mn.) at the time of transferring the property from property plant and equipment to investment property.

Lanka Walltiles PLC

As at 01 April 2013, the investment property includes land and building at Balangoda and the investment property has been sold out in the previous financial year 2013/14.

Swisstek Ceylon PLC

Factory complex at Balummahara, Imbulgoda has transferred to Property, Plant and Equipment during the previous financial year 2013/14.

19.1 Fair Value of Investment Property

The fair value of freehold land and buildings were determined by the by P.B Kalugalagedara & Associates an independent professionally qualified valuer (Valuation report dated 07 May 2015). The basis of valuation is the Direct Capital Comparison Method using the depreciated value of buildings and current market value of land.

Investment Property	Group	
	Fair Value measurement using Significant unobservable inputs (Level 3)	
	2015 Rs.	2014 Rs.
Date of valuation	07 May 2015	07 May 2015
Land at fair value	370,000,000	329,000,000
Building at fair value	75,000,000	68,500,000
Significant unobservable input :		
Price per perch	9,000,000	8,000,000
Price per square feet	2,000 - 3,250	1,750 - 3,000

Significant increases (decrease) in estimated price per perch/ price per square feet in isolation would result in a significantly higher (lower) fair value.

19. INVESTMENT PROPERTY (contd...)

19.2 Rental Income earned from Investment Property by the Group amounted Rs. 36. 75 Mn. (2014 - Rs. 36.75 Mn). Direct operating expenses incurred by the Group amounted to Rs. 1.2 Mn. (2014 - Rs. 1.1 Mn.).

20. DUE TO BANKS

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Bank Overdrafts	-	4,482,766	3,745,766,594	3,373,734,360
Securitised Borrowings, Syndicated Loans and Other Bank Facilities	-	-	6,720,360,404	791,617,821
	-	4,482,766	10,466,126,998	4,165,352,181

20.1 Securitised Borrowings, Syndicated Loans and Other Bank Facilities

	As at 01.04.2014 Rs.	Loans Obtained Rs.	Interest Recognized Rs.	Repayment Capital Rs.	Repayment Interest Rs.	As at 31.03.2015 Rs.
Syndicated Loans						
Syndication 1	75,321,935	-	3,020,478	(75,000,052)	(3,342,361)	-
Syndication 2	413,951,825	-	34,297,071	(70,312,500)	(36,096,599)	341,839,797
	489,273,760	-	37,317,549	(145,312,552)	(39,438,960)	341,839,797
Term Loans						
Bank of Ceylon 1	62,346,659	-	5,229,693	(32,508,000)	(5,267,099)	29,801,253
Bank of Ceylon 2	67,277,326	-	3,730,287	(67,200,000)	(3,807,613)	-
Bank of Ceylon 3	166,012,603	-	15,353,463	(82,500,000)	(15,859,766)	83,006,301
Bank of Ceylon 4	6,707,473	-	429,936	(6,666,560)	(470,849)	-
Bank of Ceylon 5	-	2,000,000,000	46,779,110	(125,000,001)	(41,102,741)	1,880,676,368
	302,344,061	2,000,000,000	71,522,489	(313,874,561)	(66,508,067)	1,993,483,921
Money Market Loans						
Commercial Bank	-	2,000,000,000	57,534,247	-	(54,657,535)	2,002,876,711
Nations Trust Bank PLC	-	400,000,000	9,852,055	-	(7,643,838)	402,208,217
NDB Bank PLC	-	2,000,000,000	26,322,854	(33,330,000)	(13,041,097)	1,979,951,757
	-	4,400,000,000	93,709,155	(33,330,000)	(75,342,470)	4,385,036,685
	791,617,821	6,400,000,000	202,549,193	(492,517,113)	(181,289,498)	6,720,360,403

Notes to the Financial Statements

21. DUE TO CUSTOMER

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Fixed Deposits	-	-	42,017,159,746	44,255,194,382
Certificates of Deposit	-	-	207,246,189	291,049,483
Saving Deposit	-	-	2,441,209,520	786,413,782
	-	-	44,665,615,455	45,332,657,647

22. INTEREST BEARING LOANS AND OTHER BORROWINGS

Group	2015			2014		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Finance Leases (Note 22.1)	22,338,963	119,711,580	142,050,543	47,973,476	140,123,996	188,097,472
Commercial Papers (Note 22.3)	-	-	-	235,656,225	-	235,656,225
Bank Loans / Term loans	3,665,729,834	7,553,910,745	11,219,640,579	8,329,493,900	7,835,945,551	16,165,439,451
Short Term Loan	2,563,479,932	-	2,563,479,931	3,483,901,283	-	3,483,901,283
Unsecured Debentures (Note 22.3)	-	2,597,049,417	2,597,049,417	-	2,593,507,396	2,593,507,396
Others	-	-	-	-	35,707,962	35,707,962
	6,251,548,729	10,270,671,742	16,522,220,470	12,097,024,884	10,605,284,905	22,702,309,789

22.1 FINANCE LEASE

	2015 Rs.	2014 Rs.
JEDB/SLSPC estates (22.1.1)	156,840,000	162,068,000
Other finance lease creditors (22.1.2)	61,162,009	114,133,391
Gross Liability	218,002,009	276,201,391
Finance charges allocated to future periods	(75,951,466)	(88,103,920)
Net Liability	142,050,543	188,097,471
Payable within 1 years	22,338,963	47,973,476
Payable within 1 years before 5 years	119,711,580	140,123,996
Total	142,050,543	188,097,472

22. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd...)

22.1.1 JEDB/SLSPC estates

	2015 Rs.	2014 Rs.
At the beginning of the year	162,068,000	-
On the acquisition of subsidiaries	-	167,296,000
New leases obtained during the year	12,393,000	11,287,000
Repayments during the year	(17,621,000)	(16,515,000)
At the end of the year	156,840,000	162,068,000

22.1.1.1 The lease rentals have been amended with effect from 22 June 1996 to an amount substantially higher than the previous nominal lease rental of Rs.500/-per estate per annum. The basic rental payable under the revised basis is Rs.5.228 Mn per annum. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflator in the form of contingent rent.

This lease agreement was further amended on 10 June 2005, freezing the annual lease rental at Rs.7.472 Mn for a period of six years commencing from 22 June 2002. Hence, the GDP Deflator adjustment is frozen at Rs.2.244 Mn per annum until 21 June 2008. Accordingly, the Financial Statements have been adjusted, in order to reflect the future net liability in the following manner:-

Future liability on the revised annual lease payment of Rs.7.472 Mn will continue until 21 June 2008, and thereafter from 22 June 2008, annual lease payment will remain at Rs.5.228 Mn, until 21 June 2045. The Net Present Value of this liability at a 4% discounting rate would result in a liability of Rs.89.551 Mn.

	2015 Rs. Mn
The net present value as at date is represented by :-	
Gross Liability	
- Overdue	-
- 30 Years @ Rs. 5.228 million per annum	156,840
	156,840
Less : Interest in Suspense	(67,289)
Net Present Value	89,551

The contingent rental charged during the current year to Statement of Comprehensive Income amounted to Rs. 12,393,029/- and the gross liability to make contingent rentals for the remaining 30 years of lease term at the current rate would be estimated to Rs. 371,790,870/- as at 31 March 2015.

22.1.2 Other Financial lease creditors

	2015 Rs.	2014 Rs.
At the beginning of the year	114,133,391	80,822,210
On acquisition of subsidiaries	-	108,077,000
New leases obtained during the year	34,109,000	16,912,333
Repayments during the year	(87,080,382)	(91,678,152)
At the end of the year	61,162,009	114,133,391

Notes to the Financial Statements

22. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd...)

22.2 Details of The Long Term Loans - Group

Lender	Approved Facility Rs.	Repayment Terms	Security
Delmege Limited Group			
Standard Chartered Bank	676Mn	3 months	Fixed deposit.
National Development Bank PLC	1173Mn	2 months	Fixed deposit, stock & Debtors Mortgage.
Commercial Bank of Ceylon PLC	54Mn	-	Corporate Guarantee - DF & Co.Ltd.
DFCC Bank PLC	175Mn 79Mn	2 months 54 installments with 6 months grace period	Letter of Comfort/Negative Pledge/ Fixed deposit. Land & Buildings.
Nation Trust Bank PLC - Factor	100Mn	4 months	Land & Building.
Union Bank PLC	150Mn	4 months	Stock & Debtor Mortgage.
Union Bank PLC - Factor	75Mn	4 months	Corporate Guarantee - Delmege Frosyth & co.(shipping) Ltd
Union Bank	200Mn	24 Installments	Biona Stock.
MCB	250Mn	3 months	Letter of Comfort - Delmege Ltd.
Hatton National Bank PLC	1,303Mn 700Mn	3 months 95 installments with 12 months grace period	Mortgage - Land & Building.
Amana Bank PLC	600Mn	3 months	Corporate Guarantee- Delmege Ltd.
Pan Asia Bank Corporation PLC	80Mn	-	-
Seylan Bank PLC	25Mn	-	Corporate Guarantee.
Royal Ceramics Lanka PLC			
Commercial Bank of Ceylon PLC	500Mn	60 equal monthly instalments	Tripartite Agreement with company, share broker and the bank over 10.5Mn shares of LB Finance PLC Corporate guarantee of Royal Porcelain (Pvt) Ltd.
Commercial Bank of Ceylon PLC	620Mn	47 equal monthly instalments	Simple deposit of 100001 (20.01% stake) of Lewis Brown and Company Corporate guarantee of Royal Porcelain (Pvt) Ltd.

22. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd...)

22.2 Details of The Long Term Loans - Group (Contd...)

Lender	Approved Facility Rs.	Repayment Terms	Security
Commercial Bank of Ceylon PLC	175 Mn	48 equal monthly instalments	174.9 Mn in mortgage over properties at Baddegadaramulla, Meegoda, No 101, Nawala Road, Nawala and No 472, Highlevel Road Kottawa. Corporate guarantee of Royal Porcelain (Pvt) Ltd.
Commercial Bank of Ceylon PLC	41Mn	48 monthly instalments	Primary mortgage bond for 41Mn over the Polishing line. Corporate guarantee of Royal Porcelain (Pvt) Ltd.
Commercial Bank of Ceylon PLC	24Mn	60 equal monthly installments	Primary mortgage bond for 24Mn over the two LP Gas Tanks. Corporate guarantee of Royal Porcelain (Pvt) Ltd.
Commercial Bank of Ceylon PLC	3.0Bn	8 years - (first 48 monthly instalment of Rs 20Mn each and subsequent 48 monthly instalments of Rs 42.5Mn each	Tripate agreement between the company /custodian company and bank over a portfolio of 23,009,036 shares of Lanka Ceramics PLC and 7,545,422 shares of LB Finance PLC (Market value as at 15/09/2014 -Rs 3,905 Mn).
Commercial Bank of Ceylon PLC	260Mn	60 equal monthly installments	Primary mortgage bond over Land and Building at No 20, R.A.De Mel Mawatha, Colombo 03.
Hatton National Bank PLC	100Mn	59 equal monthly installments	Registered Primary concurrent mortgage bond of Rs 650Mn -(HSBC 500Mn/HNB 150Mn) over factory premises at Eheliyagoda to be executed.
Hatton National Bank PLC	50Mn	59 equal monthly installments	Primary registered concurrent mortgage bond of Rs 650Mn -(HSBC 500Mn/HNB 150Mn) over factory premises at eheliyagoda to be executed.
Hatton National Bank PLC	23Mn	59 equal monthly installments	Corporate guarantee of Royal Porcelain (Pvt) Ltd.
Hatton National Bank PLC	07Mn	59 equal monthly installments	Corporate guarantee of Royal Porcelain (Pvt) Ltd.
HSBC Bank	USD 4Mn	60 equal monthly installments	Pari-Pasu Concurrent Registered Primary Mortgage Bond (between HNB & HSBC) over the manufacturing plant in Eheliyagoda to be executed.

Notes to the Financial Statements

22. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd...)

22.2 Details of The Long Term Loans - Group (Contd...)

Lender	Approved Facility Rs.	Repayment Terms	Security
Royal Porcelain (Pvt) Ltd			
Commercial Bank of Ceylon PLC	280Mn	59 equal monthly installments	Corporate Guarantee from Royal Ceramics Lanka PLC.
Hatton National Bank PLC	75Mn	60 equal monthly installments	Corporate Guarantee from Royal Ceramics Lanka PLC. Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery therein.
DFCC Bank PLC	150Mn	60 equal monthly installments	Corporate Guarantee from Royal Ceramics Lanka PLC. Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery therein.
Commercial Bank of Ceylon PLC	80Mn	59 equal monthly installments	Corporate Guarantee from Royal Ceramics Lanka PLC.
Commercial Bank of Ceylon PLC	56 Mn	59 equal monthly installments	Mortgage over line Sorting Palertizer Machine.
Commercial Bank of Ceylon PLC	67Mn	59 equal monthly installments	Corporate Guarantee from Royal Ceramics Lanka PLC. Mortgage over Tile Printing Machine. Corporate Guarantee from Royal Ceramics Lanka PLC.
Commercial Bank of Ceylon PLC	48Mn	60 equal monthly installments	Mortgage over Glazed Polishing Line. Corporate Guarantee from Royal Ceramics Lanka PLC.
Commercial Bank of Ceylon PLC	67Mn	60 equal monthly installments	Mortgage over Digital Ceramic Printing Machine. Corporate Guarantee from Royal Ceramics Lanka PLC.
Commercial Bank of Ceylon PLC	200Mn	60 equal monthly installments	Mortgage over warehouse premises at Meegoda owned by Rocell Bathware Ltd.
Commercial Bank of Ceylon PLC	48.56Mn	60 equal monthly installments	Mortgage over 4 units 4 wheel Forklifts and 4 units reach trucks.
Commercial Bank of Ceylon PLC	53Mn	60 equal monthly installments commencing from March-2014	Mortgage over the Nano coating line , Unloading Polythene Machine, Batching and mill Feeding Machine and Air Compressor. Corporate Guarantee from Royal Ceramics Lanka PLC.

22. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd...)

22.2 Details of The Long Term Loans - Group (Contd...)

Lender	Approved Facility Rs.	Repayment Terms	Security
Commercial Bank of Ceylon PLC	37Mn	59 equal monthly installments	Primary Mortgage over the Automatic easy Line Sorting Line. Corporate Guarantee from Royal Ceramics Lanka PLC.
Rocell Bathware Limited			
Hatton National Bank PLC	160Mn	54 monthly instalments	Primary Mortgage bond for Rs 250Mn over leasehold land and building and machinery (excluding Unimack) at Templeburg Industrial Estate, Panagoda to be executed. Corporate guarantee of RCL.
Hatton National Bank PLC	70Mn	54 monthly instalments	Primary Mortgage bond for Rs 250Mn over leasehold land and building and machinery (excluding Unimack) at Templeburg Industrial Estate, Panagoda to be executed. Corporate guarantee of RCL.
Hatton National Bank PLC	20Mn	64 equal monthly instalments	Corporate guarantee of RCL.
Ever Paint and Chemical Industries (Pvt) Ltd			
Commercial Bank of Ceylon PLC	100Mn	59 monthly instalments	Primary concurrent Mortgage bond over company factory premise at Hanwella, stocks in trade and assignment over book debts and mortgage over movable machinery equipment, furniture fittings at Malabe. Corporate guarantee of RCL.
Lanka Ceramic PLC			
Hatton National Bank PLC	500Mn	08 annual installments	Mortgage for Rs. 500Mn over Lanka Walltiles PLC shares.
Lanka Walltiles PLC			
Hatton National Bank PLC	300Mn	60 monthly installments	Primary mortgage bond for Rs. 390 million over the project assets comprising land, building and machinery at Meepe.

Notes to the Financial Statements

22. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd...)

22.2 Details of The Long Term Loans - Group (Contd...)

Lender	Approved Facility Rs.	Repayment Terms	Security
Hatton National Bank PLC	USD 1.8Mn	60 monthly installments	Secondary mortgage bond for USD 1.8 million over the project assets comprising land, building and machinery at Meepe.
Commercial Bank of Ceylon PLC	200Mn	60 monthly installments	Primary mortgage bond for Rs.200 million over the property situated at 215, Nawala Road, Colombo 5.
Commercial Bank of Ceylon PLC	80Mn	60 monthly installments	Primary Mortgage bond for Rs.80Mn over the ceramic printer.
DFCC Bank PLC	200Mn	60 monthly installments	Primary mortgage over movable machinery at Meepe.
Lanka Tiles PLC			
DFCC Bank PLC	150Mn	48 monthly installments	A primary mortgage over land, building and plant and machinery of Lanka Floortiles PLC at Ranala amounting to Rs.300 million.
	165Mn	84 monthly installments	A primary mortgage over land, building and plant and machinery of Lanka Floortiles PLC at Ranala amounting to Rs.300 million.
	287.71Mn (USD 3Mn)	85 monthly installments	A primary mortgage over land, building and plant and machinery of Lanka Floortiles PLC at Ranala amounting to Rs.300 million.
	80Mn		A primary mortgage over land, building and plant and machinery of Lanka Floortiles PLC at Ranala amounting to Rs.300 million.
Commercial Bank of Ceylon PLC	22.24Mn	59 monthly installments	A primary mortgage over land, building and immovable assets of Lanka Floortiles PLC at Ranala amounting to Rs.100 million.

22. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd...)

22.2 Details of The Long Term Loans - Group (Contd...)

Lender	Approved Facility Rs.	Repayment Terms	Security
Uni Packaging Limited			
Central Finance PLC	42.5Mn	LKR 991,106 monthly installments	Mortgage bond for 42.5 Mn over Moveable machinery.
HSBC	USD 310,000	US\$ 7,380.95 monthly installments	Mortgage bond for USD 310,000 over Moveable machinery.
Hatton National Bank PLC	10Mn	LKR 308,300 monthly installments	Concurrent Mortgage bond for LKR 110 Mn over immovable property.
Horana Plantations PLC			
Peoples Leasing Co., Ltd (Out of DFCC e-friends Line of Credit).	12Mn	48 monthly installments	Promissory Notes and Primary mortgage over the leasehold rights of Hillstream Estate of Hirana Plantations PLC to the value of Rs.12Mn.
Hatton National Bank PLC	550Mn	72 monthly installments	Primary mortgage for 550Mn over the leasehold rights of Frocestor Estate.
Indian Bank	75Mn	54 monthly installments	Primary mortgage over leasehold rights of Tillicoultry Estate.
Hatton National Bank PLC	100Mn	60 monthly installments	Primary mortgage over leasehold rights of Alton, Bambarakelly, Eildon Hall and Gouravilla.
Swisstek (Ceylon) PLC			
Bank of Ceylon	25.817	58 equal monthly installments	Mortgage over Immovable property at Balummahara, Imbulgoda.
Swisstek Aluminium Limited			
DFCC Bank PLC	290Mn	78 equal monthly installments	Mortgage over Land, Building, Plant & Machinery Stocks & Book Debts.
	50Mn	60 monthly installments	
	10Mn	60 monthly installments	
Vallibel Plantation Management Limited			
Commercial Bank of Ceylon PLC	145Mn	60 monthly installments	12,750,000 shares of Horana Plantations PLC.

Notes to the Financial Statements

22. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd...)

22.2 Details of The Long Term Loans - Group (Contd...)

Lender	Approved Facility Rs.	Repayment Terms	Security
LB Finance PLC			
Securitised Borrowings			
Trust 16	410Mn	48 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 19	549Mn	48 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 21	1,470Mn	36 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Syndicated Loans			
Syndication 2	414Mn	96 equal monthly installments	Mortgage over Land and Building
Direct Bank Borrowings			
Bank of Ceylon 1	62Mn	48 equal monthly installments	Mortgage over Lease receivables
Bank of Ceylon 3	166Mn	48 equal monthly installments	Mortgage over Hire Purchase receivables
Bank of Ceylon 5	1,881Mn	48 equal monthly installments	Mortgage over Hire Purchase receivables
Commercial Bank of Ceylon PLC	2,003Mn	60 equal monthly installments	Mortgage over Hire Purchase receivables
Nation Trust Bank PLC	402Mn	36 equal monthly installments	Mortgage over Hire Purchase receivables
Hatton National Bank PLC	1,980Mn	60 equal monthly installments	Mortgage over Hire Purchase receivables

22.3 Debt Instruments Issued and Other Borrowed Funds

	2015 Rs.	2014 Rs.
Commercial papers	-	235,656,225
Unsecured Debentures (Note 22.3.1)	2,597,049,417	2,593,507,396
	2,597,049,417	2,829,163,621

22. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd...)

22.3.1 Unsecured Debentures

The face value of Rs. 2,545,000,000 Unsecured Redeemable Subordinated listed Debentures were issued at following rates and will mature on 4th December 2016, 1st March 2017 and 29th November 2018.

Category	Interest payable	Amortized Cost Rs.	Face Value Rs.	Interest rate	Issued date	Maturity Date
RUSRD II	Annually	223,350,005	215,000,000	12.68% p.a	05-Dec-11	04-Dec-16
RUSRD I	Bi Annually	103,762,127	100,000,000	12.30% p a	05-Dec-11	04-Dec-16
RUSRD I	Bi Annually	231,998,884	230,000,000	12.30% p a	01-Mar-12	01-Mar-17
Type A	Monthly	636,571,440	640,140,000	14.00% p a	29-Nov-13	29-Nov-18
Type B	Bi Annually	779,704,748	757,010,000	14.50% p a	29-Nov-13	29-Nov-18
Type C	Annually	621,662,213	602,850,000	15.00% p a	29-Nov-13	29-Nov-18
Total		2,597,049,417	2,545,000,000			

23. TRADE & OTHER PAYABLES

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Trade & Other Payables	50,000	50,000	3,705,882,141	3,723,808,552
Accrued Expenses	2,560,359	789,918	1,760,841,307	1,187,869,823
	2,610,359	839,918	5,466,723,448	4,911,678,375

24. OTHER NON FINANCIAL LIABILITIES

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Provisions	-	-	68,741,982	75,481,297
Advances	-	-	516,174,275	174,293,583
Others	-	-	1,032,822,835	880,433,673
	-	-	1,617,739,093	1,130,208,553

25. AMOUNTS DUE TO RELATED PARTIES

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Amount Due To Directors	-	-	-	60,335,420
California Link (Pvt) Ltd	-	-	-	31,266,827
	-	-	-	91,602,247

Notes to the Financial Statements

26. DIVIDENDS PAYABLE

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Unclaimed Dividend	5,017,421	3,658,605	107,784,635	50,120,852
	5,017,421	3,658,605	107,784,635	50,120,852

27. EMPLOYEE BENEFIT LIABILITIES

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Balance at the beginning of the year	1,776,356	1,762,825	1,146,769,617	376,222,424
Amount Charged/(Reversed) for the year	391,789	260,545	97,249,530	103,905,606
Interest cost	177,636	176,283	106,939,661	108,199,131
Actuarial gain/loss	23,263	(423,297)	9,082,272	107,073,573
Acquisition/(Disposal) during the year	-	-	(122,156,983)	568,849,149
(Payments)/Transfers made during the year	-	-	(104,932,155)	(120,457,961)
Benefits Payable	-	-	(5,567,330)	(313,040)
Impact of Exchange rate changes on conversions	-	-	-	3,290,734
Balance at the end of the year	2,369,044	1,776,356	1,127,384,613	1,146,769,617

An actuarial valuation of the gratuity of subsidiary companies was carried out as at 31 March 2014 and 2015 by a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method", recommended by LKAS 19.

Actuarial assumptions	2015	2014
Discount Rate	9.5% - 11%	10% - 11%
Future Salary increase	5%-16%	5%-16%
Staff Turnover	10%-25%	10%-25%
Retirement age	55-60	55-60

28. STATED CAPITAL

	2015		2014	
	Number of Voting Shares	Rs.	Number of Voting Shares	Rs.
Balance as at the beginning of the year	1,086,559,353	27,163,983,720	1,086,559,353	27,163,983,720
Balance as at the end of the year	1,086,559,353	27,163,983,720	1,086,559,353	27,163,983,720

29. RESERVES

29.1 RESERVES - COMPANY

	Retained	Available for	Total	Retained	Available for	Total
	Profits/ (Losses)	Sale Reserve	2015	Profits/ (Losses)	Sale Reserve	2014
	2015	2015	2015	2014	2014	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	381,944,774	(255,622,912)	126,321,862	682,459,836	(202,471,716)	479,988,120
Profit for the year	759,141,076	-	759,141,076	459,771,712	-	459,771,712
Other Comprehensive Income	(16,749)	32,738,760	32,722,011	304,774	(53,151,196)	(52,846,422)
Reclassification of AFS loss to profit or loss	-	65,786,663	65,786,663	-	-	-
Dividend paid	(434,623,741)	-	(434,623,741)	(760,591,547)	-	(760,591,547)
At the end of the year	706,445,360	(157,097,489)	549,347,871	381,944,774	(255,622,912)	126,321,862

Notes to the Financial Statements

29. RESERVES (Contd...)

29.1 RESERVES - GROUP

2015	Capital Reserve	
	Reserve Fund	Investment Fund
	Rs.	Rs.
At the beginning of the year	628,231,500	378,195,795
Profit for the year	-	-
Other Comprehensive Income		
Share of other comprehensive income of equity accounted investees	-	-
Currency Translation Reserve	-	-
Actuarial Gain/(loss) on defined benefit obligation	-	-
Net Gain/(Loss) on Available for sale Financial Assets	-	-
Revaluation of Land & Buildings	-	-
	-	-
Transfers to/(from) during the year	280,621,424	(378,195,795)
Disposal of subsidiaries	-	-
Treasury Share adjustment	-	-
Adjustment due to change in Holding	-	-
Write back of unclaimed dividends	-	-
Dividend paid	-	-
At the end of the year	908,852,924	-

Other Component of Equity					Revenue Reserve				Total
Revaluation Reserve	Currency Translation Reserve	Available for Sale Reserve	Treasury Shares	Actuarial Gain/(loss) Reserve	General Reserve	Retained Earnings	Hedge Reserve		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
721,251,545	158,816,801	(753,125,338)	(67,671,631)	(49,706,269)	50,178,869	4,262,036,871	(125,718)	5,328,082,424	
-	-	-	-	-	-	2,891,094,095	-	2,891,094,095	
7,973,450	775,562	(129,778,556)	-	-	-	(81,319,297)	-	(202,348,841)	
-	(8,457,181)	-	-	-	-	-	-	(8,457,181)	
-	-	-	-	(5,671,558)	-	-	-	(5,671,558)	
-	-	105,867,433	-	-	-	-	-	105,867,433	
23,647,755	-	-	-	-	-	-	-	23,647,755	
31,621,204	(7,681,619)	(23,911,124)	-	(5,671,558)	-	(81,319,297)	-	(86,962,393)	
-	-	-	-	-	-	97,574,371	-	-	
-	(152,486,439)	-	21,850,000	-	-	152,486,439	-	21,850,000	
-	-	-	1,709,915	-	-	-	-	1,709,915	
-	-	-	-	-	-	(151,930,973)	-	(151,930,973)	
-	-	-	-	-	-	3,057,570	-	3,057,570	
-	-	-	-	-	-	(434,177,977)	-	(434,177,977)	
752,872,749	(1,351,257)	(777,036,462)	(44,111,716)	(55,377,827)	50,178,869	6,738,821,101	(125,718)	7,572,722,659	

Notes to the Financial Statements

29. RESERVES (Contd...)

29.1 RESERVES - GROUP (Contd...)

2014	Capital Reserve	
	Reserve Fund	Investment Fund
	Rs.	Rs.
At the beginning of the year	455,903,722	263,175,254
Profit for the year	-	-
Other Comprehensive Income		
Share of other comprehensive income of equity accounted investees	-	-
Currency Translation Reserve	-	-
Actuarial Gain/(loss) on defined benefit obligation	-	-
Net Gain/(Loss) on Available for sale Financial Assets	-	-
Revaluation of Land & Building	-	-
	-	-
Transfers to/(from) during the year	172,327,778	115,020,541
Treasury Share Adjustments	-	-
Adjustment due to change in Holding	-	-
Write back of unclaimed dividends	-	-
Dividend Paid	-	-
At the end of the year	628,231,500	378,195,795

Reserve Fund is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction No. 1 of 2003.

The maintenance of the investment fund was a mandatory requirement and comprised retentions of 8% of profit calculated for payment of financial services VAT and 5% of profit before tax computed for payment of income tax as per the relevant direction issued by the Central Bank of Sri Lanka (CBSL). Investment fund account was abolished by CBSL with effect from 01 October 2014. Consequently the Company transferred the investment fund account balance back to retained earnings.

Other component of equity					Revenue Reserve				Total
Revaluation Reserve	Currency Translation Reserve	Available for Sale Reserve	Treasury Shares	Actuarial Gain/(loss) Reserve	General Reserve	Retained Earnings	Hedge Reserve		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
81,962,308	155,398,499	(832,781,092)	(66,371,631)	4,971,348	50,178,869	3,371,920,694	14,348,796	3,498,706,767	
-	-	-	-	-	-	1,573,942,729	-	1,573,942,729	
202,635,276	-	111,443,869	-	(39,734,253)	-	-	(14,474,513)	259,870,379	
-	3,418,302	-	-	-	-	-	-	3,418,302	
-	-	-	-	(14,943,364)	-	-	-	(14,943,364)	
-	-	(31,788,115)	-	-	-	-	-	(31,788,115)	
436,653,961	-	-	-	-	-	-	-	436,653,961	
639,289,237	3,418,302	79,655,754	-	(54,677,617)	-	-	(14,474,513)	653,211,163	
-	-	-	-	-	-	(287,348,319)	-	-	
-	-	-	(1,300,000)	-	-	-	-	(1,300,000)	
-	-	-	-	-	-	326,471,193	-	326,471,193	
-	-	-	-	-	-	1,758,794	-	1,758,794	
-	-	-	-	-	-	(724,708,223)	-	(724,708,223)	
721,251,545	158,816,801	(753,125,338)	(67,671,631)	(49,706,269)	50,178,869	4,262,036,871	(125,718)	5,328,082,424	

Notes to the Financial Statements

30. PRINCIPLE SUBSIDIARIES WITH NON CONTROLLING INTERESTS

Summarised financial information in respect of Vallibel One PLC's subsidiaries that have non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

	Royal Ceramics Lanka PLC	LB Finance PLC	Delmege Limited
Non controlling Interests in %	48.99	35.70	38.30
Accumulated Balance of Non Controlling Interest	11,108,260,090	1,707,107,662	415,716,863
Summarised statement of profit or loss for the year ended 31 March 2015			
Revenue	22,379,069,221	14,646,909,976	6,431,803,518
Cost of sales	(15,071,039,608)	(5,949,496,347)	(4,876,676,024)
Administrative expenses	(1,319,493,545)	(1,854,966,116)	(738,822,248)
Finance cost	(971,088,131)	-	(385,336,766)
Finance Income	1,803,658	2,468,577	57,732,878
Profit/loss before tax	3,643,581,630	3,331,853,747	(206,647,302)
Income Tax	(576,674,380)	(1,149,727,591)	(21,292,323)
Profit/loss after tax	3,066,907,250	2,182,126,156	(227,939,624)
Attributable to owners	1,088,851,459	1,403,107,118	(124,455,143)
Attributable to non controlling interests	1,978,055,791	779,019,038	(103,484,481)
Total Comprehensive income	3,212,680,224	2,170,574,494	(228,527,943)
Dividend paid to non controlling interest	(504,755,266)	(160,711,198)	-
Summarised statement of financial position as at 31 March 2015			
Current Assets	12,067,464,133	39,991,449,701	4,534,469,825
Non Current Assets	23,029,068,299	27,551,069,304	2,666,932,902
Current Liabilities	9,261,200,863	42,358,178,245	4,822,105,470
Non Current Liabilities	7,824,519,522	17,257,248,791	803,364,714
Total Equity	18,010,812,047	7,927,091,969	1,575,932,544
Attributable to :			
Equity holders of parent	6,057,335,443	5,097,120,136	871,389,029
Non controlling interests	11,953,476,604	2,829,971,833	704,543,515
Summarised statements of cash flows for the year ended 31 March 2015			
Operating Cash Flows	4,384,218,530	(1,407,550,813)	(430,362,652)
Investing Cash Flows	(1,380,559,035)	1,728,468,750	(5,601,545)
Financing Cash Flows	(2,360,933,643)	3,520,941,407	706,668,487
Net increase/(decrease) in cash & cash equivalents	642,725,853	3,841,859,344	270,704,290

31. CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Cash in hand and at Bank	19,885,841	33,413,213	2,688,692,895	2,036,376,122
Short Term Bank Deposits	-	-	11,720,332	56,790,138
Treasury Bill Repurchase Agreement	-	-	5,168,796,070	1,039,407,617
	19,885,841	33,413,213	7,869,209,297	3,132,573,877
Bank Overdrafts (Note 20)	-	(4,482,766)	(3,745,766,594)	(3,373,734,360)
Cash and Cash Equivalents at the end of the Period	19,885,841	28,930,447	4,123,442,703	(241,160,483)

32. INCOME

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Manufacturing Sector	-	-	22,379,069,222	29,529,767,740
Financial Services Sector	-	-	14,646,909,976	13,491,703,996
Sale of goods	-	-	5,968,329,002	4,943,470,768
Rendering of services	-	-	455,475,818	366,148,593
	-	-	43,449,784,018	48,331,091,097

33. DIVIDEND INCOME

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Income from Investment in Related Parties	632,401,641	353,109,503	-	-
Income from Other Investments	-	-	18,292,022	18,358,628
	632,401,641	353,109,503	18,292,022	18,358,628

Notes to the Financial Statements

34. OTHER OPERATING INCOME

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Profit on Sale of Property, Plant & Equipment	-	-	39,413,007	72,954,289
Real Estate Income (net of cost)	-	-	536,306	11,845,734
Commission Income	-	-	14,763,381	31,206,177
Hiring Income	-	-	134,047,030	119,706,711
Recoveries of Bad Debts on write offs	-	-	-	1,246,000
Rent income	-	-	26,988,000	38,302,233
Change in fair value of consumable biological assets	-	-	56,640,000	26,052,000
Amortisation of capital & revenue grants	-	-	4,653,000	5,659,000
Exchange gain	-	-	-	34,858,413
Sundry Income	-	-	131,168,331	105,141,860
Profit on Disposal of Investment	144,183,081	-	75,122,107	-
	144,183,081	-	483,331,162	446,972,417

35. FINANCE COST

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Interest on Loans	-	6,087,334	1,069,579,380	1,714,496,261
Interest on Bank Overdrafts	-	-	143,984,598	202,001,897
Interest on Finance Leases	-	-	20,849,180	23,645,045
RTS international and Trade card charged	-	-	1,166,002	1,805,082
Interest expense on TR bills	-	-	-	64,054,247
Net loss on Financial Assets at fair value through profit or loss	13,469,410	55,627,525	7,431,500	85,001,141
Net Loss on Available for sale Financial Assets	65,786,662	-	65,786,662	-
Write off of Intercompany Balances	-	-	2,032,000	-
Loss on fair valuation of Financial Assets	-	-	1,553,147	-
	79,256,072	61,714,859	1,312,382,468	2,091,003,673

36. FINANCE INCOME

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Exchange gain	-	-	25,964,385	14,715,725
Profit on Financial Assets at fair value through profit or loss	17,167,485	39,701,444	17,855,541	43,563,066
Profit on Disposal of Investment	-	-	-	31,302,483
Deposit fair value adjustment	-	87,266	-	87,266
Interest Income	186,846,374	260,173,911	138,849,977	184,059,220
Depreciation/Appreciation in Market Value of Quoted Shares	-	-	3,056,927	11,336,392
Realized Gain on Disposal of AFS Investment	98,565,135	-	98,565,135	-
	302,578,994	299,962,621	284,291,965	285,064,153

37. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March are as follows :

Income Statement	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Current Income Tax				
Current Income Tax charge (Note: 37.1)	52,316,984	47,634,937	1,448,436,070	885,924,899
Share of Associate Company Income Tax	-	-	410,685,776	119,373,188
Under/(over) provision of current taxes in respect of prior years	81,421,350	(31,532)	(8,074,710)	(23,659,079)
	133,738,334	47,603,405	1,851,047,136	981,639,008
Deferred Income Tax				
Deferred tax charge / (reversal)	495,442	654,318	152,089,924	(211,600,703)
Income tax expense reported in the Income Statement	134,233,776	48,257,723	2,003,137,060	770,038,305
Consolidated Statements of Other Comprehensive Income				
Income Tax On available for Sale	-	-	11,635,643	(9,769,282)
Income Tax on Revaluation of Buildings	-	-	-	(7,527,558)
Income Tax on actuarial gain/(loss)	6,514	(118,523)	3,423,255	20,567,272
	6,514	(118,523)	15,058,898	3,270,432

Notes to the Financial Statements

37. INCOME TAX EXPENSE (Contd...)

37.1 Reconciliation between tax charge and the product of accounting profit

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Accounting Profit (PBT)	893,374,853	508,029,435	7,352,433,911	3,832,106,205
Share of results of associates	-	-	(1,145,562,925)	(576,140,117)
	893,374,853	508,029,435	6,206,870,985	3,255,966,088
Exempt Profit	-	-	(2,433,528,621)	(850,731,297)
Non deductible expenses	189,019,453	64,768,424	2,846,865,932	2,581,696,859
Deductible expenses	(895,547,932)	(402,673,084)	(4,133,823,176)	(3,021,317,078)
Tax losses utilized	-	-	(212,809,829)	(61,847,267)
Interest Income	-	-	43,019,135	11,501,895
Taxable Income	186,846,374	170,124,775	2,316,594,427	1,915,269,200
Income Tax on Profit of the local sales @ 28%	52,316,984	47,634,937	1,356,580,272	781,302,709
Income Tax on Profit of the export sales @ 12%	-	-	17,581,159	27,023,855
Income Tax on Profit @ 10%	-	-	74,274,639	77,598,335
	52,316,984	47,634,937	1,448,436,070	885,924,899

38. PROFIT FROM OPERATION STATED AFTER THE FOLLOWING EXPENSES

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Directors' Fees	7,200,000	7,200,000	41,581,119	50,250,074
Auditors' Remuneration (Fees and Expenses)	190,400	180,000	16,217,538	18,697,673
Depreciation	9,157,513	8,642,595	1,561,319,934	1,545,526,344
Amortization of Intangible Assets	-	-	69,828,866	73,516,644
Employee Benefits including the following				
Other Staff Costs	13,248,898	14,680,809	5,220,351,908	4,240,950,510
Defined Benefit Plan Costs - Gratuity	569,425	436,828	204,189,192	212,104,738
Defined Contribution Plan Costs - EPF & ETF	1,504,489	1,670,550	477,471,020	408,989,708
Export Duty Rebate	-	-	(8,662,402)	(8,710,627)
Loss on translation of foreign currency	-	-	14,919,199	25,052,415
Donation	-	-	2,257,916	4,085,848
Damage Stocks net of insurance claims received	-	-	33,473,034	21,736,499

Notes to the Financial Statements

39. EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the Income and Share data used in the Basic Earnings Per Share computation.

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Amounts Used as the Numerators:				
Net Profit Attributable to Ordinary Shareholders of the Parent for Basic Earnings Per Share	759,141,076	459,771,711	2,891,094,095	1,573,942,729

	2015	2014	2015	2014
	Number	Number	Number	Number
Number of Ordinary Shares Used as Denominators for Basic Earnings per share				
Weighted Average number of Ordinary Shares in issue Applicable to Basic Earnings Per Share	1,086,559,353	1,086,559,353	1,086,559,353	1,086,559,353

	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Weighted average number of ordinary shares for basic earnings per share				
Effect of dilution:				
Effect of potential ordinary shares (ie share options, convertible preference shares etc)	-	-	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	1,086,559,353	1,086,559,353	1,086,559,353	1,086,559,353

39. EARNINGS PER SHARE (Contd...)

To calculate the earnings per share amounts for discontinued operation the weighted average number of ordinary shares for both the basic and diluted amounts is as per the table above. The Following table provides the profit/(loss) amount used:

Amounts Used as the Numerators:	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Net profit attributable to ordinary equity holders of the parent from continuing operations	759,141,076	459,771,711	2,957,707,306	1,573,942,729
Profit/(loss) attributable to ordinary equity holders of the parent from discontinued operations	-	-	(66,613,211)	-
Net profit attributable to ordinary equity holders of the parent for basic earnings	759,141,076	459,771,711	2,891,094,095	1,573,942,729
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	759,141,076	459,771,711	2,891,094,095	1,573,942,729

Amounts Used as the Numerators:	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Basic/ Diluted Earnings Per Share	0.70	0.42	2.66	1.45
Basic/ Diluted Earnings Per Share for Continuing Operations	0.70	0.42	2.72	1.45

Notes to the Financial Statements

40. OPERATING SEGMENT INFORMATION

	Investment Sector		Tiles Sector	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Revenue	-	-	14,824,351,788	14,198,807,474
Cost of Sales	-	-	(8,873,799,449)	(8,869,548,457)
Gross Profit	-	-	5,950,552,339	5,329,259,017
Dividend Income	17,012,938	12,736,516	472,784	1,835,528
Other Operating Income	75,122,107	-	69,204,298	9,981,182
Administrative Expenses	(94,032,790)	(79,061,331)	(988,045,104)	(995,114,216)
Distribution Expenses	-	-	(2,165,089,442)	(1,868,415,629)
Other Operating Expenses	-	(4,266,500)	(8,393,707)	(25,173,435)
Results from Operating Activities	(1,897,745)	(70,591,315)	2,858,701,168	2,452,372,447
Finance Cost	(65,786,663)	(61,714,859)	(652,168,207)	(1,186,416,684)
Finance Income	225,855,383	161,468,225	1,244,156	58,783,659
Net Finance Cost	160,068,720	99,753,366	(650,924,051)	(1,127,633,025)
Negative Goodwill	-	-	-	-
Share of Results of Equity accounted investees	-	-	-	-
Gold loans auction losses	-	-	-	-
Profit Before Value Added Tax	158,170,975	29,162,051	2,207,777,117	1,324,739,422
Value Added Tax on Financial Services	-	-	-	-
Profit/(Loss) before tax	158,170,975	29,162,051	2,207,777,117	1,324,739,422
Tax Expense	(179,250,918)	(45,257,723)	(131,798,466)	(7,102,145)
Profit/(Loss) for the period	(21,079,943)	(16,095,672)	2,075,978,651	1,317,637,277

	Consumer Sector		Life Style Sector	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Revenue	2,834,295,409	2,150,977,335	1,394,165,857	1,287,932,366
Cost of Sales	(2,299,000,308)	(1,719,696,706)	(1,048,920,606)	(958,915,155)
Gross Profit	535,295,101	431,280,629	345,245,251	329,017,211
Dividend Income	-	1,379,365	-	-
Other Operating Income	712,441	38,697,278	16,897,427	18,076,344
Administrative Expenses	(132,473,568)	(147,715,415)	(132,295,633)	(144,009,812)
Distribution Expenses	(384,396,626)	(350,078,691)	(139,977,884)	(139,493,922)
Other Operating Expenses	(51,465,736)	(34,785,759)	-	-
Results from Operating Activities	(32,328,388)	(61,222,593)	89,869,161	63,589,831
Finance Cost	(200,121,503)	(224,677,330)	(47,411,967)	(70,626,249)
Finance Income	12,413,729	-	10,672,890	9,104,222
Net Finance Cost	(187,707,775)	(224,677,330)	(36,739,077)	(61,522,027)
Negative Goodwill	-	-	-	-
Share of Results of Equity accounted investees	-	-	-	-
Gold loans auction losses	-	-	-	-
Profit Before Value Added Tax	(220,036,163)	(285,899,923)	53,130,084	2,067,804
Value Added Tax on Financial Services	-	-	-	-
Profit/(Loss) before tax	(220,036,163)	(285,899,923)	53,130,084	2,067,804
Tax Expense	-	-	(435,573)	(153,573)
Profit/(Loss) for the period	(220,036,163)	(285,899,923)	52,694,511	1,914,231

Sanitaryware Sector		Plantation Sector		Bank & Finance		Hotel	
2015	2014	2015	2014	2015	2014	2015	2014
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,353,789,249	1,124,666,917	2,164,859,000	2,069,471,000	14,646,909,976	13,491,703,996	-	-
(880,230,620)	(709,963,492)	(2,023,283,000)	(1,796,996,000)	(5,883,907,418)	(7,012,629,639)	-	-
473,558,628	414,703,425	141,576,000	272,475,000	8,763,002,558	6,479,074,357	-	-
	-	-	-	806,300	2,407,219	-	-
307,157	592,575	69,493,000	29,085,000	134,820,417	141,000,907	-	-
(25,370,917)	(20,861,214)	(87,406,000)	(81,770,000)	(1,848,849,019)	(1,541,578,057)	(18,807,629)	(22,523,315)
(56,448,823)	(33,680,932)	-	-	-	-	-	-
	-	-	-	(3,121,280,057)	(1,616,125,403)	-	-
392,046,046	360,753,854	123,663,000	219,790,000	3,928,500,199	3,464,779,023	(18,807,629)	(22,523,315)
	-	-	-	-	-	-	-
(36,204,311)	(51,832,407)	(39,793,000)	(58,644,000)	-	(6,886,870)	(42,010)	(28,750)
1,501	-	-	315,000	2,468,577	272,137	201,034	198,079
(36,202,810)	(51,832,407)	(39,793,000)	(58,329,000)	3,930,968,776	(6,614,733)	159,024	169,329
-	-	-	-	-	-	-	-
-	-	-	-	1,167,035,242	577,750,832	(21,472,317)	(1,610,714)
-	-	-	-	(214,928,977)	(1,371,959,171)	-	-
355,843,236	308,921,447	83,870,000	161,461,000	4,883,075,042	2,663,955,951	(40,120,922)	(23,964,700)
	-	-	-	(315,232,097)	(112,617,882)	-	-
355,843,236	308,921,447	83,870,000	161,461,000	4,567,842,944	2,551,338,069	(40,120,922)	(23,964,700)
(16,695,227)	(16,916,767)	(24,576,000)	(29,969,000)	(1,149,727,591)	(650,726,306)	(15,681)	(1,591)
339,148,009	292,004,680	59,294,000	131,492,000	3,418,115,353	1,900,611,763	(40,136,603)	(23,966,291)

Health Sector		Apparel		Other		Group	
2015	2014	2015	2014	2015	2014	2015	2014
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,691,265,122	1,175,239,904	-	9,780,967,638	4,540,147,616	3,051,324,467	43,449,784,018	48,331,091,097
(1,369,502,181)	(988,952,171)	-	(9,127,897,735)	(3,452,979,468)	(2,491,901,034)	(25,831,623,050)	(33,676,500,388)
321,762,941	186,287,733	-	653,069,903	1,087,168,148	559,423,433	17,618,160,968	14,654,590,709
	-	-	-	-	-	18,292,022	18,358,628
7,526	20,519,286	-	4,559,327	116,766,789	184,460,518	483,331,162	446,972,417
(74,273,813)	(98,724,512)	-	(575,914,401)	(620,753,253)	(495,788,584)	(4,018,167,725)	(4,203,060,856)
(151,620,627)	(104,373,047)	-	-	(257,660,916)	(204,828,882)	(3,155,194,318)	(2,700,871,082)
-	(2,188,809)	-	-	(3,929,612)	(12,078,370)	(3,185,069,111)	(1,694,618,265)
95,876,027	1,520,651	-	81,714,829	321,591,156	31,188,115	7,761,352,997	6,521,371,551
	-	-	-	-	-	-	-
(55,300,532)	(31,644,735)	-	(236,220,194)	(215,554,274)	(162,311,596)	(1,312,382,468)	(2,091,003,673)
5,131,481	-	-	48,555,361	26,303,214	6,367,470	284,291,965	285,064,153
(50,169,050)	(31,644,735)	-	(187,664,833)	(189,251,060)	(155,944,126)	(1,028,090,502)	(1,805,939,520)
-	-	-	-	-	-	25,111,110	25,111,110
-	-	-	-	-	-	1,145,562,925	576,140,118
-	-	-	-	-	-	(214,928,977)	(1,371,959,171)
45,706,977	(30,124,084)	-	(105,950,005)	132,340,096	(99,644,901)	7,663,896,443	3,944,724,087
	-	-	-	-	-	(315,232,097)	(112,617,882)
45,706,977	(30,124,084)	-	(105,950,005)	132,340,096	(99,644,901)	7,348,664,345	3,832,106,205
-	-	-	(15,333,772)	(500,637,604)	(4,577,428)	(2,003,137,060)	(770,038,305)
45,706,977	(30,124,084)	-	(121,283,777)	(368,297,508)	(104,222,329)	5,345,527,286	3,062,067,900

Notes to the Financial Statements

40. OPERATING SEGMENT INFORMATION (Contd...)

	Investment Sector		Tiles Sector	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Assets and Liabilities				
Segment Assets	10,174,901,586	14,962,427,903	25,049,116,229	19,805,794,518
Total assets	10,174,901,586	14,962,427,903	25,049,116,229	19,805,794,518
Segment liabilities	21,561,119	14,359,420	11,849,888,841	13,486,430,226
Total Liabilities	21,561,119	14,359,420	11,849,888,841	13,486,430,226

	Consumer Sector		Life Style Sector	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Assets and Liabilities				
Segment Assets	2,018,150,792	848,223,817	948,671,117	908,935,728
Total assets	2,018,150,792	848,223,817	948,671,117	908,935,728
Segment liabilities	2,400,816,484	1,953,308,943	543,877,565	577,406,621
Total Liabilities	2,400,816,484	1,953,308,943	543,877,565	577,406,621

	Investment Sector		Tiles Sector	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Other Segment Information				
Total cost incurred during the period to acquire				
Property, Plant & Equipment	2,749,566	3,056,134	1,147,936,735	1,996,007,749
Intangible Assets	-	-	60,194,091	1,045,499,412
Depreciation & Amortisation	9,157,513	8,642,595	821,726,764	620,184,416
Amortisation of leasehold right over land	-	-	-	-
Provisions for Employment benefit liability	569,425	436,828	84,252,538	82,017,061

	Consumer Sector		Life Style Sector	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Other Segment Information				
Total cost incurred during the period to acquire				
Property, Plant & Equipment	5,427,038	914,882	19,608,306	10,183,674
Intangible Assets	-	-	257,141	4,003,214
Depreciation & Amortisation	3,209,134	2,307,296	12,680,746	12,588,632
Amortisation of leasehold right over land	-	-	-	-
Provisions for Employment benefit liability	2,659,658	499,077	1,593,099	4,814,802

Sanitaryware Sector		Plantation Sector		Bank & Finance		Hotel	
2015	2014	2015	2014	2015	2014	2015	2014
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,416,563,244	3,137,785,387	3,705,607,000	3,091,589,000	74,050,416,509	68,852,504,958	437,799,111	728,645,319
3,416,563,244	3,137,785,387	3,705,607,000	3,091,589,000	74,050,416,509	68,852,504,958	437,799,111	728,645,319
721,123,027	779,365,629	2,070,230,000	1,860,766,000	58,850,490,836	53,845,144,225	23,285,854	10,256,895
721,123,027	779,365,629	2,070,230,000	1,860,766,000	58,850,490,836	53,845,144,225	23,285,854	10,256,895

Health Sector		Apparel		Other		Group	
2015	2014	2015	2014	2015	2014	2015	2014
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,846,302,748	1,128,840,623		5,913,350,064	7,870,043,306	5,620,333,270	129,517,571,643	124,998,430,588
1,846,302,748	1,128,840,623	-	5,913,350,064	7,870,043,306	5,620,333,270	129,517,571,643	124,998,430,588
1,425,094,892	1,028,978,496		4,517,138,369	3,643,412,032	2,332,488,669	81,549,780,649	80,405,643,493
1,425,094,892	1,028,978,496	-	4,517,138,369	3,643,412,032	2,332,488,669	81,549,780,649	80,405,643,493

Sanitaryware Sector		Plantation Sector		Bank & Finance		Hotel	
2015	2014	2015	2014	2015	2014	2015	2014
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
111,748,626	514,324,565	277,779,000	565,921,000	260,481,444	489,067,767	48,870,199	31,782,840
-	-	-	-	11,353,396	21,831,823	-	-
100,912,895	98,401,389	121,246,000	146,453,000	351,423,046	313,691,430	92,067	26,213
-	-	-	-	-	-	-	-
321,294	2,379,731	62,526,000	69,047,231	29,799,053	27,905,586	280,105	120,322

Health Sector		Apparel		Other		Group	
2015	2014	2015	2014	2015	2014	2015	2014
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,852,774	3,647,080	-	211,112,894	95,402,916	212,538,259	1,971,856,604	4,038,556,844
1,443,945		-	2,850,268	-	3,422,060	73,248,573	1,077,606,778
1,759,316	1,691,217	-	239,826,249	208,941,319	175,230,552	1,631,148,800	1,619,042,988
-	-	-	-	715,000	1,252,500	715,000	1,252,500
2,579,117	719,349	-	10,720,125	19,608,902	13,444,625	204,189,192	212,104,737

Notes to the Financial Statements

41. COMMITMENTS AND CONTINGENCIES

41.1 Contingent Liabilities

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Cases Pending Against the Company (Values Claimed)	-	-	70,083,323	73,383,703
Guarantees issued to Banks and other Institutions	-	-	18,150,000	2,832,573,070
Import LC and Ordinary Guarantees	-	-	254,449,909	78,718,461
Total	-	-	342,683,232	2,984,675,234

Litigation

Royal Ceramics Lanka PLC & Its Subsidiaries

- a) Companies within the group issued corporate guarantees in favour of Royal Ceramics Lanka PLC, Royal Porcelain (Pvt) Ltd, Rocell Bathware Ltd and Ever Paint and Chemical Industries (Pvt) Ltd guaranteeing loans, interest and other charges of the loans as stated in note 22.
- b) The Lanka Walltiles PLC, Ceytea Plantation Management Limited and Horana Plantations PLC are defendants in lawsuits in respect of labour tribunal cases filed by employees for which maximum liability cannot be reliably measured as at the reporting date. Although there can be no assurance, the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely to have a material adverse effect on the results of operations, financial position or liquidity. Accordingly no provision for any liability has been made in the financial statements.
- c) **Lanka Walltiles PLC**
As at the reporting date, the Lanka Walltiles PLC has received assessments issued by the Department of Inland revenue in respect of Income tax, Value added tax and economic service charge totalling Rs. 224,275,000/- for the year of assessment 2008/09, 2009/10. The Company has appealed against the assessments in the appeal hearing branch.

The Directors believe, based on the information currently available, the ultimate resolution of such assessment is not likely to have a material adverse effect on the company, Accordingly no provision for liability has been made in these financial statement.

41. COMMITMENTS AND CONTINGENCIES (Contd...)

41.1 Contingent Liabilities (Contd...)

d) Horana Plantations PLC

Unfulfilled condition on capital grants - Capital grants received from Ceylon Electricity Board for stand by power generators is subject to a condition of minimum usage of CEB power as against the Generator power. A liability will arise only if the above condition is not fulfilled.

The case bearing No 27692/L filed by Rev Hadapanagoda Mahinda Thero, claiming the possession of Dumbara Estate, on the basis that the terms of the indenture of the aforesaid lease agreement have been violated. The thero also made the claims for the value of rubber trees excavated together with the interest. Furthermore he claims for the loss incurred due to the non cultivation on the property leased.

Delmege Limited

The above company have contingent liabilities in respect of legal claims arising in the ordinary course of business. Based on the information currently available, the Board of the opinion that the ultimate resolution of the litigations would not likely to have a material impact on the Group.

41.2 Commitments

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Contracted but not provided for	-	-	106,568,084	253,813,296
Unutilised facilities	-	-	833,384,923	548,118,887
Rent	-	-	-	8,135,401
	-	-	939,953,007	810,067,584

Notes to the Financial Statements

42. RELATED PARTY DISCLOSURES

Transactions with Key Managerial persons.

The Key Managerial personnel of the Company are the members of its Board of Directors. Following transactions are entered between the company and its Key Management Personnel and their close family members.

42.1 Compensation to Key Managerial Personnel

	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Short Term Employment Benefits - Executive Directors	2,400,000	2,400,000	287,316,147	329,152,549
- Non Executive Directors	4,800,000	4,800,000	19,897,500	7,304,285
Post Employment Benefits - Executive Directors	-	-	12,442,518	16,326,927

42.2 Other transactions with Key Managerial Personnel

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Fixed Deposits Accepted during the year	-	-	287,547,120	565,221,193
Interest Expense on Fixed Deposits	-	-	42,229,455	86,119,111
Rental Paid	-	-	8,184,306	6,906,262
Sales	-	-	879,629	1,928,660
Transport Charges	-	-	1,327,500	1,190,155

Transactions with entities that are controlled, jointly controlled or significantly influenced by Key Managerial Personnel or their close member of family, or shareholders who have either control, significant influences or joint control over entity.

Transactions with related parties other than disclosed above Note 42.2

		Company		Group	
	Note	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Nature of Transaction					
Fixed Deposits Accepted during the period		-	-	37,483,545	131,021,038
Dividend paid on shareholding		-	-	3,259,718	4,503,538
Other Interest Income	42.3	116,140,472	121,679,535	116,140,472	121,679,535
Dividend Income	42.3	10,912,920	9,821,628	10,912,920	9,821,628
Investment in Fixed Deposits / Debenture	42.3	1,510,350,843	794,537,466	1,510,350,843	794,537,466

42. RELATED PARTY DISCLOSURES (Contd...)

42.3 Related Companies

	Company	
	2015 Rs.	2014 Rs.
Other Interest Income		
Vallibel Finance PLC	82,668,942	115,590,081
Pan Asia Banking Corporation PLC	33,471,531	6,089,454
	116,140,472	121,679,535
Dividend Income		
Hayleys PLC	10,912,920	9,821,628
	10,912,920	9,821,628
Investment in Fixed Deposits / Debenture		
Vallibel Finance PLC		
Investment in Debentures	375,000,000	375,000,000
Investment in Fixed Deposit	551,794,240	390,537,466
Pan Asia Banking Corporation PLC		
Investment in Fixed Deposit	571,556,603	-
Investment in Repurchase agreements	12,000,000	29,000,000
	1,510,350,843	794,537,466

Notes to the Financial Statements

42. RELATED PARTY DISCLOSURES (Contd...)

42.4 Transaction with Related Entities

	Note	Company	
		2015 Rs.	2014 Rs.
Subsidiaries			
Fund Transfers		56,575,800	42,826,896
Interest Received	42.5	72,076,819	134,387,765
Investment made in Fixed Deposit	42.5	1,522,117,808	750,000,000
Dividend Income Received	42.5	455,598,200	230,822,457
Associates			
Dividend Income			
Sampath Bank PLC		200,859,632	146,230,182
Equity Investment in Associates			
The Fortress Resorts PLC		125,430,731	
		125,430,731	-

42.5 Transaction with Related Entities

		Company	
		2015 Rs.	2014 Rs.
Investment made in Fixed Deposit			
LB Finance PLC		1,522,117,808	750,000,000
		1,522,117,808	750,000,000
Dividend Income Received			
LB Finance PLC		229,587,800	229,587,800
Royal Ceramics Lanka PLC		226,010,400	-
Delmege Limited		-	1,234,657
		455,598,200	230,822,457
Interest Received			
Delmege Limited		6,487,890	6,487,890
Orit Apparels Lanka (Pvt) Ltd		-	2,632,320
LB Finance PLC		65,588,929	125,267,555
		72,076,819	134,387,765

43. CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	2015			2014		
	With in 12 months	After 12 months	Total	With in 12 months	After 12 months	Total
ASSETS						
Cash and Bank	7,869,209,297	-	7,869,209,297	3,132,573,877	-	3,132,573,877
Fair Value Through P&L - Financial Investment	295,327,213	-	295,327,213	446,974,706	-	446,974,706
Short Term Investments	1,141,498,788	-	1,141,498,788	390,537,466	-	390,537,466
Loans and Receivables	15,558,330,588	7,079,430,820	22,637,761,408	13,182,825,320	6,085,412,753	19,268,238,073
Lease Rentals receivables and Stock out on hire	14,868,344,490	18,822,993,903	33,691,338,393	13,626,191,850	16,664,539,903	30,290,731,753
Available for sales - Financial Investment	730,674,734	-	730,674,734	2,467,608,825	-	2,467,608,825
Other Financial Assets	2,265,837,328	-	2,265,837,328	5,250,973,023	-	5,250,973,023
Trade and Other Debtors, Deposits and Prepayments	5,079,531,604	-	5,079,531,604	6,725,871,596	-	6,725,871,596
Other Non Financial Assets	1,875,423,380	-	1,875,423,381	1,430,155,300	114,972,172	1,545,127,472
Investment Associate	-	9,214,980,398	9,214,980,398	-	8,368,840,218	8,368,840,218
Amount Due From Related Parties	11,735,655	-	11,735,655	-	-	-
Deferred Tax Assets	-	495,294,985	495,294,985	-	524,126,130	524,126,130
Income Tax Recoverable	105,529,431	-	105,529,430	47,238,553	-	47,238,553
Inventories	8,792,756,134	-	8,792,756,134	9,796,077,954	-	9,796,077,954
Intangible Assets	-	13,173,051,382	13,173,051,382	-	13,192,337,148	13,192,337,148
Property, Plant and Equipment	-	21,897,706,012	21,897,706,012	-	23,309,853,297	23,309,853,297
Mining Lands	-	511,500	511,500	-	1,226,500	1,226,500
Investment Property	-	239,404,000	239,404,000	-	240,094,000	240,094,000
Total Assets	58,594,198,640	70,923,373,003	129,517,571,643	56,497,028,469	68,501,402,119	124,998,430,588
LIABILITIES						
Due to banks	4,854,885,753	5,611,241,245	10,466,126,998	3,713,241,431	452,110,750	4,165,352,181
Due to Customers	35,680,359,017	8,985,256,438	44,665,615,455	39,144,117,776	6,188,539,871	45,332,657,647
Interest Bearing Loans and Borrowings	6,251,548,729	10,270,671,742	16,522,220,471	12,097,024,884	10,605,284,905	22,702,309,789
Trade and Other Payables	5,466,723,449	-	5,466,723,449	4,911,678,375	-	4,911,678,375
Other Non Financial Liabilities	1,617,739,093	-	1,617,739,093	1,130,208,553	-	1,130,208,553
Amount Due To Related Parties	-	-	-	91,602,247	-	91,602,247
Dividend Payable	107,784,635	-	107,784,635	50,120,852	-	50,120,852
Retirement Benefit Liability	-	1,127,384,613	1,127,384,613	-	1,146,769,617	1,146,769,617
Income Tax Liabilities	715,063,885	-	715,063,885	148,146,980	-	148,146,980
Deferred Tax Liabilities	-	739,509,051	739,509,051	-	608,386,252	608,386,252
Deferred Income and Capital grants	-	121,613,000	121,613,000	-	118,411,000	118,411,000
Total Liabilities	54,694,104,562	26,855,676,089	81,549,780,651	61,286,141,098	19,119,502,395	80,405,643,493

Notes to the Financial Statements

44. ASSETS PLEDGED

The following assets have been pledged as security for liabilities other than that is disclosed under Note 22.2.

Nature of assets	Nature of Liability	Carrying Amount	Carrying Amount	Included Under
		Pledge 2015 Rs.	Pledge 2014 Rs.	
Lease Rental Receivables & Stock out on Hire	Loans and Overdrafts	9,624,616,863	4,960,951,274	Lease Rentals Receivables and Stock out on hire
Real Estate Loan	Overdraft	65,000,000	65,000,000	Other Non Financial Assets
Freehold Land	Overdraft	-	8,000,000	Property, Plant & Equipment
Freehold building	Syndicated loans	341,839,797	413,951,825	Property, Plant & Equipment
Fixed deposit	Overdraft	10,000,000	10,000,000	Cash & Bank
Deposits	Overdraft & Guarantee	60,000,000	60,000,000	Investment
Fixed deposits	Overdraft & Corporate Guarantee	6,641,144	5,129,000	Cash & Bank
Fixed deposits	Overdraft & Corporate Guarantee	78,703,700	108,796,295	Property, Plant & Equipment
Inventory & Debtors	Overdraft	19,575,000	19,575,000	Inventory & Receivables
Debtors	Loan	41,000,000	41,000,000	Trade and other receivables
Deposits	Overdraft	-	517,499	Cash & Bank
Land & Building	LC/Import Loan, Overdraft, Term Loan & Bank Guarantee	2,282,316,176	-	Property, Plant & Equipment
Fixed deposits	Overdraft, LC, Import Finance, Short term loan and Guarantee	63,000,000	-	Cash and Bank
Stocks and Receivables	Concurrent Mortgage - HSBC	-	388,770,000	Inventory & Receivables
Stocks and Receivables	Concurrent Mortgage - NDB	-	239,273,939	Inventory & Receivables
		12,592,692,680	6,320,964,832	

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to the following risk from financial Instruments

1. Credit risk
2. Liquidity risk
3. Market risk

1. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

Credit risk constitutes the Group's largest risk exposure category. This can be broadly categorized into two types; default and concentration risk.

Default risk

The risk of the potential financial loss resulting from the failure of customer or counterparty to meet its debt or contractual obligations and arises principally from the group's loans and advances to customers.

Concentration risk

The credit exposure being concentrated as a result of excessive buildup of exposure to a single counterparty, industry, product, geographical location or insufficient diversification.

Gold Loan

Given the importance of Gold Loan business to Group overall lending operation, fluctuations to the gold prices could have an adverse impact to earnings from this particular segment. Gold price risk could arise from either of adverse movements in the world prices, exchange rates, basis between local and world prices.

The Group currently manages the credit risk of lending's against gold by adopting following two strategies;

- Quicker re-pricing cycle: Group as a strategy grants for shorted periods allowing it to re-price its cost promptly
- Frequent revision of Loan-To-Value (LTV) ratio: Company practices a process of revising advancing ratio to allow for market value fluctuations.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The requirement credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored.

Notes to the Financial Statements

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Statement of Financial Position. The Group hold collateral/bank guarantee as security when it necessary. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

2. Liquidity risk

Liquidity risk refers to the possibility of Group not having sufficient cash to meet its payment obligations. This arises primarily due to mismatches in the maturity profile of Group's assets and liabilities. Adequate liquidity is critical to meet the Group's financial commitment and to accommodate additional funding needs of the growing business volumes.

The Group's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the asset and liability management committee (ALCO) analyses and monitors liquidity risk, maintains an adequate margin of safety in liquid assets. As well the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, equity investments classified as fair value through profit or loss financial assets, equity investments classified as available for sale financial assets.

Foreign currency risk

Foreign currency risk is the risk that the changes in future cash flows because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

Interest rate risk

"Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

Due to the nature of operations of the business segment of the group, the impact of interest rate risk is mainly on the earnings of the financing segment rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Excessive movements in market interest rate could result in severe volatility to group's net revenue and net margin. The Group's exposure to interest rate risk is primarily associated with factors such as;

- Repricing risk arising from a fixed rate borrowing portfolio where repricing frequency is different to that of the lending portfolio.
- Yield curve risk arising from unanticipated shifts of the market yield curve

Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the Group conducts periodic reviews and re-prices its assets accordingly.

	Company	Group
	Change in Basis Points (+/-) Rs' 000	Effect on Profit Before Tax (+/-) Rs' 000
2015	100bps	- 137,831
2014	100bps	- 198,850

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification of equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity shares at fair value was Rs 1,017,030,580 (2014 – 1,340,508,702). A decrease of 10% on the ASPI could have a negative impact of approximately Rs 28,666,055 (2014 – 43,329,804) on the statement of Comprehensive income and Rs. 73,037,003 (2014 – 90,721,066) on statement of other comprehensive income depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed shares could have a positive impact of approximately Rs 28,666,055 (2014 – 43,329,804) on the statement of income and Rs 73,037,003 (2014 – 90,721,066) on the statement of other comprehensive income.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group includes within debt, interest bearing loans and borrowings, Due to customers & Due to Banks(Long term)

Notes to the Financial Statements

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

	2015 Rs.	2014 Rs.
Interest-bearing loans and borrowings (Note 22)	16,522,220,470	22,702,309,789
Due to customers (Note 21)	44,665,615,455	45,332,657,647
Due to Banks - Long term loan (Note 20)	6,720,360,404	791,617,821
Total Debt	67,908,196,328	68,826,585,257
Equity	34,736,706,379	32,492,066,143
NCI	13,231,084,615	12,100,720,952
	47,967,790,994	44,592,787,095
Total capital	115,875,987,322	113,419,372,352
Gearing ratio	59%	61%

45.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

An analysis of the LB Finance PLC's assets employed and total liabilities at the year end ,based on the remaining respective contractual maturity dates/recovery cycle as at the balance sheet date are given below.

As at 31 March 2015	On Demand Rs.	Less than 03 Months Rs.	03-12 Months Rs.	01-05 Years Rs.	Over 05 Years Rs.	Total Rs.
Financial Assets						
Cash and Bank Balances	898,874,309	5,204,582,741	-	-	-	6,103,457,050
Financial Investments - Held for Trading	10,063,760	-	-	-	-	10,063,760
Loans and Receivables	3,993,776,357	8,166,526,499	6,018,935,037	7,946,393,588	583,098,141	26,708,729,621
Lease Rentals Receivable and Stock out on Hire	2,462,718,428	5,092,649,638	13,502,445,034	24,714,180,230	25,805,602	45,797,798,932
Financial Investments - Available for Sale	140,587,435	-	-	-	-	140,587,435
Other Financial Assets	131,661,215	434,891,226	1,629,836,416	-	-	2,196,388,857
Total Financial Assets	7,637,681,504	18,898,650,104	21,151,216,487	32,660,573,818	608,903,743	80,957,025,656
Financial Liabilities						
Due to Banks	981,916,626	415,318,241	1,200,899,986	6,527,520,937	-	9,125,655,791
Due to Customers	2,441,209,520	14,961,588,429	20,860,164,878	10,396,900,080	-	48,659,862,907
Debt Instruments Issued and Other Borrowed Funds	-	438,102,008	939,299,061	3,452,419,450	-	4,829,820,519
Other Financial Liabilities	1,776,066,139	-	-	-	-	1,776,066,139
Total Financial Liabilities	5,199,192,285	15,815,008,679	23,000,363,925	20,376,840,467	-	64,391,405,356
Total Net Financial Assets/(Liabilities)	2,438,489,219	3,083,641,425	(1,849,147,438)	12,283,733,351	608,903,743	16,565,620,300

46. EVENTS AFTER THE REPORTING DATE

LB Finance PLC

Subsequent to the reporting date, the Board of Directors of the Company approved a first & final dividend of Rs. 10.00 per share for the year ended 31st March 2015. Details of the above dividend are disclosed in Note 4.10 to the Financial Statements.

The Board of Directors recommended to the Shareholders, the increase in the number of Ordinary Shares of the Company in issue by way of a sub-division whereby the 69,257,142 ordinary shares currently in issue would be sub-divided into 2 Ordinary Shares each, thereby increasing the number of Ordinary Shares in issue to 138,514,284. The Basic Earnings per Ordinary Share (EPS) disclosed in the Statement of Comprehensive Income and in Note 4.9 to these Financial Statements has not been adjusted where the sub-division of shares is yet to be approved at the Annual General Meeting.

Royal Ceramics Lanka PLC

Subject to the approval of the shareholders at the Annual General Meeting Directors recommended payment of a final dividend of Rs 2/- per share for the year ended 31 March 2015 on 15 May 2015.

Super Gain Tax

An imposition of a Super Gain Tax has been recommended for the approval of Parliament per a Bill dated 27 March 2015. Since the bill had not been approved by the parliament as at the reporting date, being 31 March 2015, the Group has not provided for the potential liability in the Financial Statements for the year ended 31 March 2015.

Other than the above there have been no material events occurring after the reporting date that requires adjustment or disclosure in the financial statements.

Five Year Summary - Company

	2015	2014	2013	2012	2011
Statement of Income (Rs'000)					
Dividend Income	632,402	353,110	379,366	360,072	-
Other Income	446,762	299,963	368,887	347,691	85,860
Profit/(Loss) Before Tax	893,375	508,029	651,123	545,771	(83,391)
Tax Reversal / (Expenses)	(134,234)	(48,258)	(54,266)	(73,853)	23,264
Profit / (Loss) After Tax	759,141	459,772	596,071	471,918	(60,127)

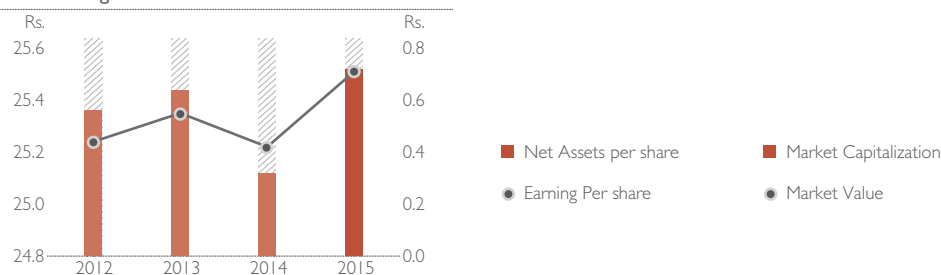
Statement of financial position (Rs'000)

Stated Capital	27,163,984	27,163,984	27,163,984	27,163,984	26,631,187
Reserves	549,348	126,322	479,988	390,187	(60,127)
Shareholders Fund	27,713,332	27,290,306	27,643,972	27,554,171	26,571,060
Assets	27,734,247	27,304,665	27,917,891	28,054,780	26,601,820
Liabilities	20,915	14,359	273,920	500,609	30,760

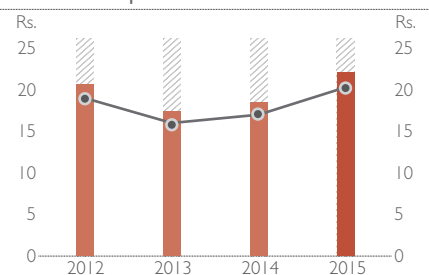
Ratios and Statistics

Ordinary Dividends (Rs'000)	434,624	760,592	325,968	-	-
Dividend Per Share (Rs.)	0.40	0.70	0.30	-	-
Dividend Payout ratio (%)	57	167	55	-	-
Earning Per share (Rs.)	0.70	0.42	0.55	0.44	(0.14)
Market Value per share (Year-End) (Rs.)	20.30	17.00	16.00	19.00	-
Net Assets per share (Rs.)	25.51	25.12	25.44	25.36	24.57

Earnings and Net Assets Per Share



Market Capitalization & Market Value

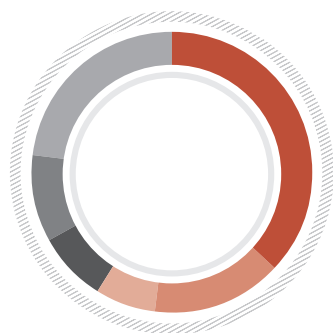


Group Value Added Statement

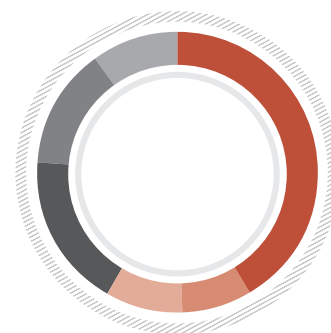
	2015 Rs.'000	2014 Rs.'000
Turnover	43,449,784	48,331,091
Finance & Other Income	785,915	775,506
Share of Associate Company's Profit	1,145,563	576,140
	45,381,262	49,682,737
Less: Cost of Material & Services bought in	(29,619,333)	(38,240,236)
	15,761,929	11,442,501

	2015		2014	
	Rs.'000	%	Rs.'000	%
Employees	5,902,012	37	4,862,045	42
Government of Sri Lanka	2,318,369	15	882,665	8
Shareholders as dividend	1,137,501	7	1,059,062	9
Lenders of Capital	1,235,579	8	2,006,003	18
Retained for future as depreciation	1,561,320	10	1,545,526	14
Retained Profit	3,607,148	23	1,087,200	10
	15,761,929	100	11,442,501	100

Value Addition - 2015



Value Addition - 2014



- Employees
- Government of Sri Lanka
- Shareholders
- Lenders of Capital
- Retained for future as depreciation
- Retained Profit

Share Information

1 General

Stated Capital Rs. 27,163,983,720.

2 Stock Exchange Listing

Vallibel One PLC is a public quoted company, the ordinary shares of which are listed on the Diru Savi Board of the Colombo Stock Exchange. The date of listing was 08 July 2011.

3 Public Holding

Shares held by the public as at 31st March 2015 was 19.128%, comprising of 12,838 shareholders.

4 Distribution of shareholders as at 31st March 2015

From	To	No of Holder	No of Shares	%
1	1,000	9,442	2,850,077	0.26
1,001	10,000	2,655	7,401,178	0.68
10,001	100,000	610	21,480,735	1.98
100,001	1,000,000	118	30,445,456	2.80
Over 1,000,000		29	1,024,381,907	94.28
		12,854	1,086,559,353	100.00

5. Analysis of Shareholders as at 31st March 2015

	No of Holders	No of Shares	%
Local Individuals	12,445	743,628,656	68.44
Local Institutions	357	336,960,990	31.01
Foreign Individuals	48	2,064,707	0.19
Foreign Institutions	4	3,905,000	0.36
	12,854	1,086,559,353	100.00

6. Directors' Shareholding as at 31st March 2015

	No of Shares	%
Mr. K D D Perera	689,726,471	63.478
Mr. W D N H Perera	-	-
Mr. J A S S Adihetty	100,000	0.009
Ms. K Fernando	800,000	0.074
Mr. R N Asirwatham	800	0.000
Mr. S H Amarasekara		
Shares held in the following manner		
Pan Asia Banking Corporation PLC / Mr SH Amarasekara	1,000,000	0.092

7. Twenty Major Shareholders

	31st March 2015		31st March 2014	
	No of Shares	%	No of Shares	%
Mr. K D D Perera	689,726,471	63.478	689,726,471	63.478
Employees Provident Fund	101,549,200	9.346	85,241,342	7.845
Vallibel Investments (Private) Limited	91,966,451	8.464	91,966,451	8.464
Vallibel Leisure (Private) Limited	91,929,063	8.461	91,929,063	8.461
Bank of Ceylon A/c Ceybank Unit Trust	6,497,409	0.598	7,352,412	0.677
Mercantile Investment and Finance PLC	5,176,000	0.476	5,176,000	0.476
National Savings Bank	3,330,000	0.306	-	-
Mellon Bank N. A. - UPS group Trust	2,800,000	0.258	2,800,000	0.258
Rosewood (Private) Limited - Account No 1	2,799,300	0.258	4,303,300	0.396
Merill J Fernando & Sons (Private) Limited	2,299,000	0.212	2,299,000	0.212
Mr. H R S Wijeratne	2,069,000	0.190	2,069,000	0.190
Mr. A M Weerasinghe	2,000,000	0.184	2,000,000	0.184
Wicramaratnes (Private) Limited	1,865,000	0.172	1,865,000	0.172
Employees Trust Fund Board	1,722,140	0.158	2,024,600	0.186
Prof. M.T.A Furkhan	1,672,000	0.154	1,672,000	0.154
First Capital Markets Limited / Mr. S N Kumar	1,610,134	0.148	1,603,400	0.148
Bank of Ceylon No. 1 Account	1,567,604	0.144	-	-
Mr. A Sithampalam	1,567,000	0.144	1,567,000	0.144
Bartleet Asset Management (Private) Limited	1,314,000	0.121	-	-
Mr. K D A Perera	1,231,361	0.113	-	-
	1,014,691,133	93.386	993,595,039	91.444
Others	71,868,220	6.614	92,964,314	8.556
Total	1,086,559,353	100.000	1,086,559,353	100.000

Share Information

8 Share Trading Information

Market price per share	2014/2015		2013/2014	
	Date	Price	Date	Price
Highest during the year	17.11.2014	Rs. 27.90	08.05.2013	Rs. 22.40
Lowest during the year	07.04.2014	Rs. 16.70	10.09.2013	Rs. 14.50
As at end of the year		Rs. 20.30		Rs. 17.00

9 Net Asset Per Share

Net asset per share of the company is Rs. 25.51 (2014- Rs. 25.12)

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Fifth (05th) Annual General Meeting of the Company will be held at "Balmoral" The Kingsbury, No. 48, Janadhipathi Mawatha, Colombo 01 on 28th August 2015 at 09.30 a.m. for the following purposes.

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the period ended 31st March 2015 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr S H Amarasekera who retires by rotation in terms of Article 87 of the Articles of Association of the Company.
3. To pass the ordinary resolution set out below to re-appoint Mr R N Asirwatham who is 72 years of age, as a Director of the Company;

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr R N Asirwatham who is 72 years of age and that he be and is hereby re-appoint a Director of the Company."

4. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.
5. To authorize the Directors to determine donations for the year ending 31st March 2016 and up to the date of the next Annual General Meeting.

By order of the Board
Vallibel One PLC



P W Corporate Secretarial (Pvt) Ltd
Director / Secretaries

27th July 2015
Colombo

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Secretariat Office of the Company, P W Corporate Secretarial (Pvt) Ltd, 3/17, Kynsey Road, Colombo 08, not later than 47 hours before the time appointed for the meeting.

Form of Proxy

I/We* (NIC No.)
of
being a shareholder / shareholders* of VALLIBEL ONE PLC hereby appoint..... (NIC No.)
of (or failing him).

- Mr. K D D Perera or failing him*
- Mr. W D N H Perera or failing him*
- Mr. S H Amarasekera or failing him*
- Mr. J A S S Adihetty or failing him*
- Ms. K Fernando or failing her*
- Mr. R N Asirwatham

as my/our* proxy to represent and speak and vote for me/us* and on my/our* behalf at the fifth (5th) Annual General Meeting of the Company to be held on 28th August 2015 and at any adjournment thereof and every poll which may be taken in consequence of the aforesaid meeting.

I/We,* the undersigned, hereby authorize my/our proxy to vote for me/us* and on my /our* behalf in accordance with the preference as indicated below

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the period ended 31st March 2015 with the Report of the Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr S H Amarasekera who retires by rotation as a Director	<input type="checkbox"/>	<input type="checkbox"/>
3. To pass the ordinary resolution set out in the Notice of Meeting under item 3 for the re-appointment of Mr R N Asirwatham	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messrs Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine donations for the year ending 31st March 2016 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Fifteen

*Please delete as appropriate

.....
Signature of Shareholder/s

- Notes: 1. A proxy need not be a shareholder of the Company.
2. Instructions as to completion appear overleaf.

Form of Proxy

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy must be deposited at the Secretariat Office of the Company, P W Corporate Secretarial (Pvt) Ltd. 3/17, Kynsey Road, Colombo 08, not later than 47 hours before the time appointed for the meeting.
3. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided (above the names of the Board of Directors) on the Proxy Form.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. If the appointer is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.

Corporate Information

Name of Company

Vallibel One PLC

Legal Form

A Public Quoted Company with limited liability incorporated under the Provision of the Companies Act, No.07 of 2007.

Date of Incorporation

09th June 2010

Company Registration Number

PB 3831 PQ

Nature of the Business

Diversified holding company with strategic investments.

Board of Directors

K D D Perera (Chairman/Managing Director)
W D N H Perera (Executive Deputy Chairman)
S H Amarasekara
J A S S Adhihetty
K Fernando
R N Asirwatham

Head Office and Registered Office

29 West Tower, World Trade Center, Echelon Square, Colombo 1

Telephone: 011 2445577

Fax: 011 2441444

Email: info@vallibel.com

Web: www.vallibelone .com

Subsidiary Companies Quoted

L B Finance PLC
Royal Ceramic Lanka PLC

Subsidiary Companies Un-quoted

Delmege Limited
Greener Water Limited

Associate Companies Quoted

Sampath Bank PLC
Waskaduwa Beach Resorts PLC
The Fortress Resorts PLC

Company Secretaries

P W Corporate Secretarial (Pvt) Limited
No.3/17, Kynsey Road, Colombo 8.

Telephone: 0114640360

Fax: 0114740588

E-mail: pwcs@pwcs.lk

Auditors

Ernst & Young
Chartered Accountants
No .201, De Saram Place, Colombo 10

Bankers

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