TOKYO CEMENT
ANNUAL REPORT
2014/15

"Drop of ink swirling in pristine water, conjuring magnificent art, until, in its wake,
it becomes evenly distributed with both ink and water merging into a distinctive synergy.."

GREEN ENERGY IS OUR SOURCE OF STRENGTH

Having pursued a sustainable development strategy for over 3 decades, it is our deepest desire to give back to the environment what we've taken from it. Today we can proudly say that as the largest manufacturer and supplier of cement in Sri Lanka, our green energy Initiatives have helped build sustainable dreams over these past 30 years. Through the commitment and deep investment thrust into the world of eco-friendly power generation, we have also continued to provide consistent returns to our valued shareholders. Thus, embracing the green energy initiatives have helped us to gain independence from the national energy grid and confidently say that **'Going Green'** has laid the foundation for an even stronger future for the nation.

CONTENTS

Performance Highlights | 4
Our Products | 6
Chairman's Message | 24
Message of the Japanese Joint Venture Partner | 27
Managing Director's review | 28
Board of Directors | 32
Management Discussion and Analysis | 36
Our Power Plant | 42
Ready Mixed Concrete 43
Group Structure | 44
Annual Report of the Directors | 46
Corporate Governance | 52
Risk Management | 57
Sustainability Report | 64

FINANCIAL INFORMATION

Directors Responsibilities | 74
Audit Committee Report | 76
Report Of The Remuneration Committee | 78
Nomination Committee Report | 79
Independent Auditor's Report | 80
Statement of Comprehensive Income | 81
The Statement of Financial Position | 82
Statement of Changes In Equity | 84
Statement of Cash Flow | 85
Notes to the Cash Flow Statement | 86
Significant Accounting Policies to the Financial Statements | 87
Shareholder & Investor Information | 150
Five Year Summary | 154
Five Year Summary Graphical Review | 156
Notes | 158
Notice of Meeting | 159
Text of Resolutions to be Passed at the Annual General Meeting | 160
Form of Proxy Voting Ordinary Shares | 161
Form of Proxy Non Voting Ordinary Shares | 163
Corporate Information | Inner back cover

VISION

To be the leading partner in nation building; setting standards that exceed expectations.

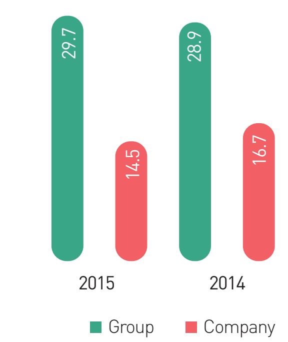
MISSION

Reinforcing market leadership by empowering our people, driving innovation, pursuing sustainable development, assuring consistent quality, and committing to impeccable service; thereby building shareholder value and cementing consumer trust.

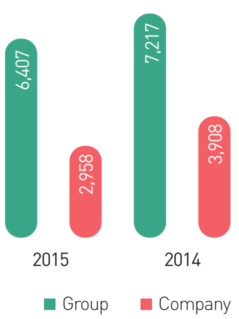
PERFORMANCE HIGHLIGHTS

	Group		Company	
	2015	2014	2015	2014
Rs. Mn.				'Restated*
PERFORMANCE				
Turnover	29,674	28,908	14,520	16,737
Less: Cost of Sales	(23,267)	(21,691)	(11,562)	(12,829)
Gross Profit	6,407	7,217	2,958	3,908
Profit Before Tax	2,165	2,627	978	1,469
Profit After Tax	1,689	2,175	711	1,087
Total Comprehensive Income	1,674	2,156	698	1,071
INFORMATION TO SHAREHOLDERS				
Earnings Per Share - Voting	5.06	6.51	2.13	3.25
Earnings Per Share - Non Voting	5.06	6.51	2.13	3.25
Dividend Per Share - Voting	-	-	1.19	1.50
Dividend Per Share - Non Voting	-	-	1.19	1.50
Net Asset Value Per Share	29.88	27.01	21.32	20.73
Market Value Per Share - Voting (As at 31st March 2015)	54.90	36.20	54.90	36.20
Market Value Per Share - Non Voting (As at 31st March 2015)	37.40	29.00	37.40	29.00
KEY FINANCIAL INDICATORS				
Return on Capital Employed (ROCE)	17.15%	22.17%	11.78%	18.78%
Interest Cover (Times)	5.63	5.70	5.09	6.31
Price Earnings Ratio - Voting	10.85	5.56	25.77	11.14
Price Earnings Ratio - Non Voting	7.39	4.45	17.56	8.92
Current Ratio	1.39 : 1	0.97 : 1	0.77 : 1	1.02 : 1
Quick Asset Ratio	1.06 : 1	0.65 : 1	0.54 : 1	0.75 : 1
Dividend Payout Ratio	-	-	47%	46%

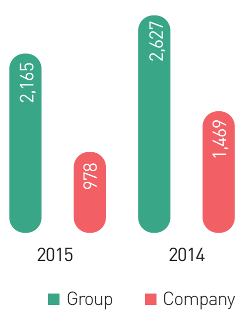
Revenue (Rs.Bn)



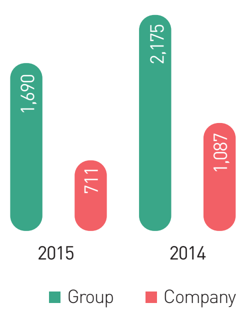
Gross Profit (Rs.Mn)



Pre Tax Profit (Rs.Mn)

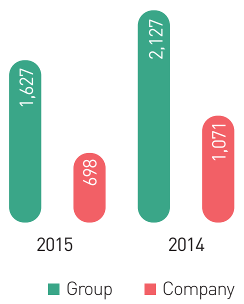


Post Tax Profit (Rs.Mn)

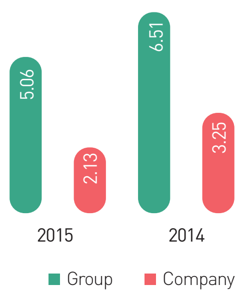


	Group		Company	
Revenue	**29.6 Bn**	2013/14 **28.9Bn**	**14.5 Bn**	2013/14 **16.7Bn**
Gross Profit	**6.4 Bn**	2013/14 **7.2Bn**	**3.0 Bn**	2013/14 **3.9Bn**
Profit Before Tax	**2.2 Bn**	2013/14 **2.6Bn**	**1.0 Bn**	2013/14 **1.5Bn**

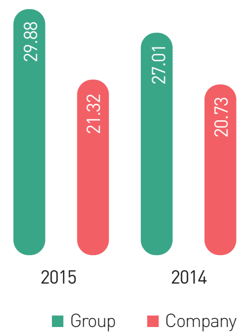
Profit Attributable to Equity Holders (Rs.Mn)



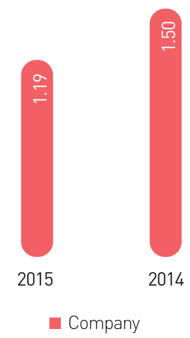
Earning Per Share (Rs.)



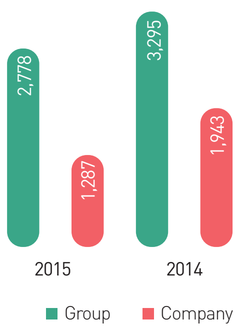
NAV Per Share (Rs.)



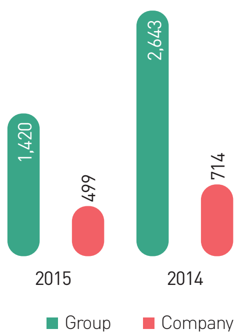
Divedend per share (Rs.)



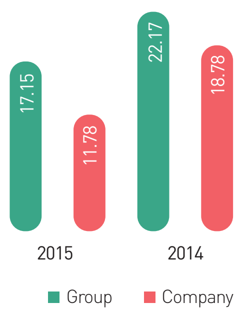
Net Operating Cash Flow (Rs.Mn)



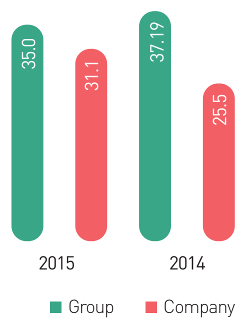
Capital Expenditure (Rs.Mn)



ROCE (%)



Gearing Ratio (%)



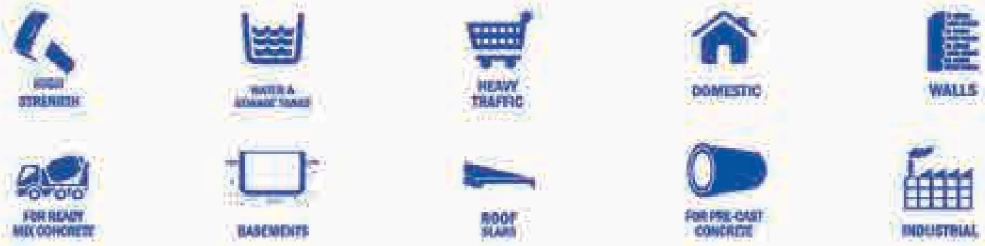
OUR PRODUCTS

NIPPON CEMENT

BONDED FOR LIFE

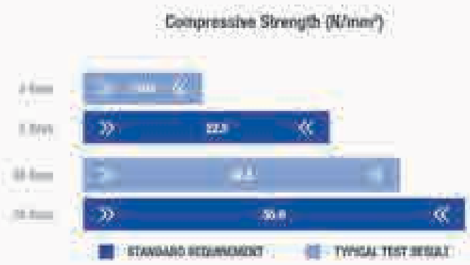
"Nippon" is the premium brand of Ordinary Portland Cement manufactured by Tokyo Cement Co. (Lanka) PLC. "Nippon" cement meets the stringent quality requirement specified by Sri Lanka Standard Institution Standard SLS 107 : 2008 Strength Class 42.5 N for Ordinary Portland Cement. The cement is suitable for structural and pre-cast concrete requiring high compressive strength. This cement also can be used as a general purpose cement.

"Nippon" cement is compatible with most of the admixture complying to BSEN & ASTM standards. Recommend to test for compatibility before use.



42.5N
STRENGTH CLASS

SLS 107:2008
ORDINARY PORTLAND CEMENT



TOKYO SUPER OPC

ORDINARY PORTLAND CEMENT

"Tokyo Super" brand OPC is a general purpose cement which can be used in the production of all types of concrete used in structural and non-structural applications.

Typical applications:

- Concrete slabs, drive ways
- Mortars for brick & block work

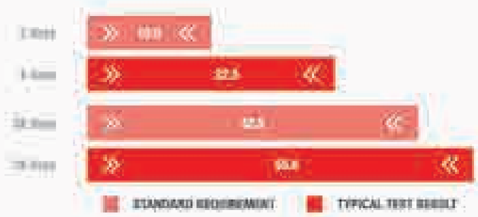
"Tokyo Super" OPC is compatible with most of the admixture complying to BSEN & ASTM standards. Recommend to test for compatibility before use.

HIGH STRENGTH | WATER & SEWAGE TANKS | HEAVY TRAFFIC | DOMESTIC | WALLS

FOR READY MIX CONCRETE | BASEMENTS | ROOF SLABS | FOR PRE-CAST CONCRETE | INDUSTRIAL

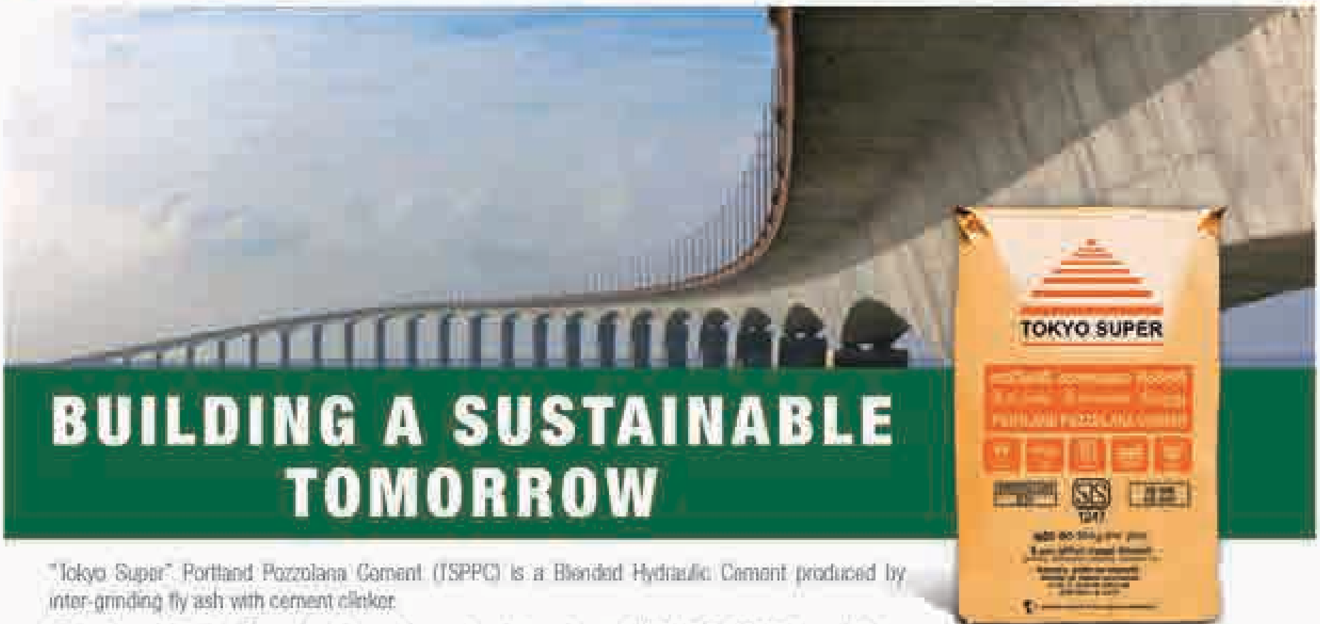
42.5N
STRENGTH CLASS

SLS 107:2008
ORDINARY PORTLAND CEMENT



TOKYO SUPER PPC

PORTLAND POZZOLANA CEMENT



BUILDING A SUSTAINABLE TOMORROW

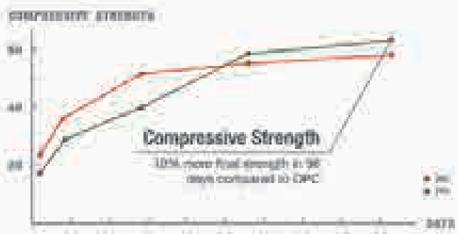
"Tokyo Super" Portland Pozzolana Cement (TSPPC) is a Blended Hydraulic Cement produced by inter-grinding fly ash with cement clinker.

"Tokyo Super" Portland Pozzolana Cement is produced to conform to SLS 1247 : 2008 Strength Class 42.5 N standard specification. This cement is highly resistant to chemical attack and suitable for concreting and in mortar in marine and sulphate containing soil environments. The cement is low heat cement and can sue for mass scale concreting.

Blended cements are a lever to reduce carbon dioxide emission and It's a "Greener Cement".

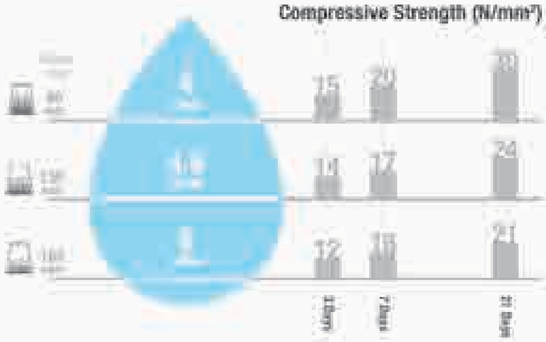
42.5N STRENGTH CLASS

SLS 1247:2008 PORTLAND POZZOLANA CEMENT



TOKYO SUPERMIX

CONCRETE MIX



TOKYO SUPERBOND

TILE ADHESIVE

WHY USE A TILE ADHESIVE?

Traditionally, cement mortars are used to bond the porous ceramic tiles to substrate by using a thick mortar bed. Fine cement particles in the mortar migrate into the porous back of the tile and into the substrate and harden providing the mechanical interlocking.

Freshly laid tile using cement mortar or pure cement will slip on walls and therefore only be laid from the bottom to top using spacers. However, the tile technology is moving progressively towards more vitrified tiles (porcelain tile), which have now become standard. Most industrial countries therefore now use the thin-bed method.

The thin-bed method instead of traditional cement mortar of cement uses a formulated tile adhesive, which can be applied to a large area with a notched trowel to produce a uniform adhesive bed with a thickness of 2 to 4 mm.

Cement Mortar	Tile Adhesive
Requires thick-bed	Requires thin-bed
High material consumption	Low material consumption
Very time consuming	Fast and efficient tile laying
Requires highly skilled labour	Reliable to use
Very limited applicability	Can be optimized for any application
Require spacers to lay tiles on a vertical surface	Spacers are not required to lay tiles on vertical surfaces, can lay tiles from top to bottom
Frequent popping out of tiles due to temperature variation	Polymer modified adhesive withstand heating and cooling effect

TILE ADHESIVE GLOSSARY

Pot Life
Maximum time interval during which the adhesive can be used after mixing.

Open Time
Maximum interval after application at which tiles can be embedded in the applied adhesive and meet the specified tensile adhesion strength requirement.

Setting Time
Time during which the adhesive will start to harden.

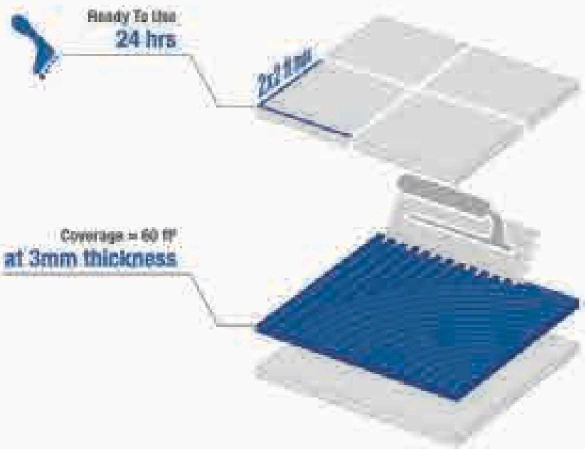
Slip
Downward movement of tile applied to a combed adhesive layer in a vertical or inclined surface.

Adhesion Strength
Maximum strength per unit surface are which can be measured by shear or tensile testing.

TOKYO SUPERBOND

TILE ADHESIVE STANDARD SET

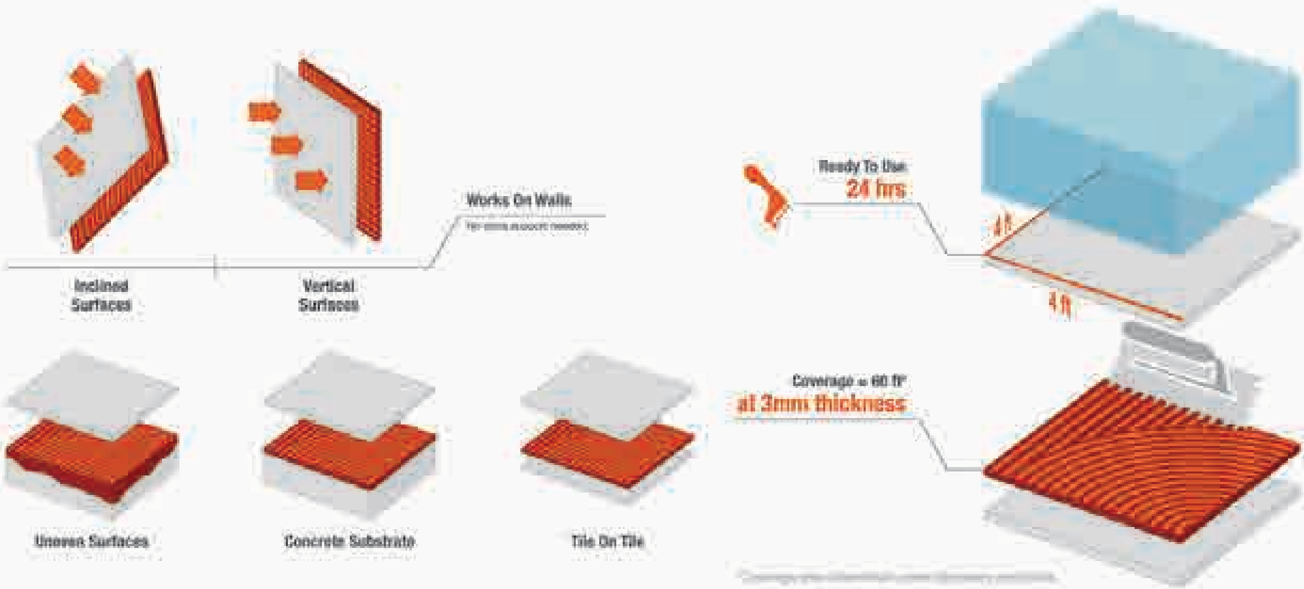
TOKYO SUPERBOND TILE ADHESIVE (STANDARD SET) is a thinset cement-based tile adhesive, which can be used for fixing ceramic, porcelain terracotta, granite tiles etc. on mortar screed or concrete base on walls and floors. Highly workable mix with high water retention capability make fixing tiles on floors and walls easier, economical and resulting in high bond strength.

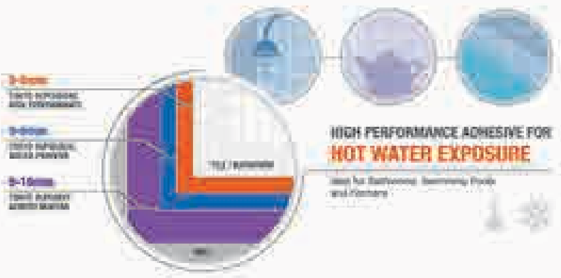


TOKYO SUPERBOND

TILE ADHESIVE HIGH PERFORMANCE

TOKYO SUPERBOND HIGH PERFORMANCE TILE ADHESIVE is specially formulated to result high bonding strength. In addition to use of this adhesive for fixing all types of tile, it is highly recommended for fixing large format (3'X3' or 4'X4') porcelain or fully vitrified tiles on floors and walls. This adhesive is formulated to provide the highest bonding strength. In addition to the fixing of all types of tiling materials, it is highly recommended for fixing large format tiles (3'X3' or 4'X4') on floors and walls. This adhesive is suitable for fixing tiles on top of existing tiled or cemented floors without breaking and levelling. Suitable for tiling kitchens and bathrooms where hot water is frequently used.

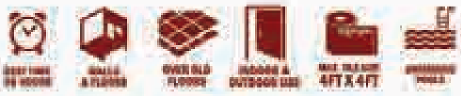


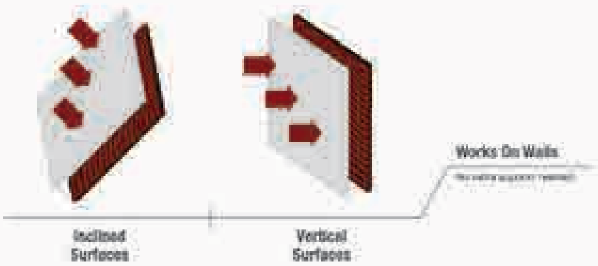


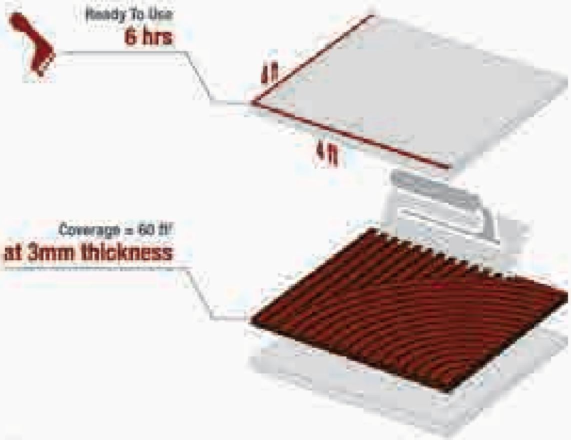
TOKYO SUPERBOND

TILE ADHESIVE **RAPID SET**

TOKYO SUPERBOND RAPID SET TILE ADHESIVE is a specially formulated tile adhesive to develop high bond strength within a short time of 6 hours. This adhesive is suitable for fixing any type of tiles, marble, granite etc. on new or existing tiled or cemented surfaces. Advantage of using this adhesive allows for grouting in 2 hours and use of the premises after 6 hours of laying tiles.







FOR COMMERCIAL USE
REFURBISH WITH SHORT TIMELINES

TOKYO SUPERSEAL

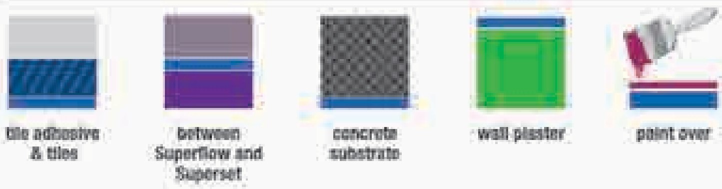
WATER PROOFER

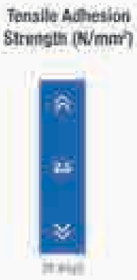
TOKYO SUPERSEAL WATER PROOFER is a one-component cement base material suitable for both interior and exterior surfaces, wherever waterproofing may be required. Traditionally, waterproofing requires the mixture of two components. The main limitation of this is the extremely short pot life that forces the user to apply a coat within 3-4 minutes of mixing. This leads to a lot of errors and re-dos, thereby wasting materials.z

JUST ADD WATER

With TOKYO SUPERSEAL WATER PROOFER you can just add water and apply within 15 minutes. This allows for ample time to do the job right, the first time.

Application

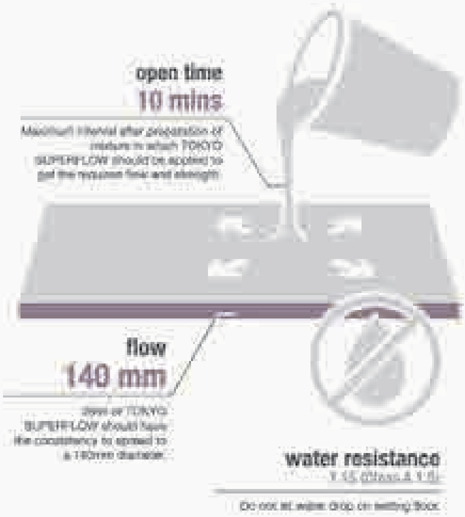




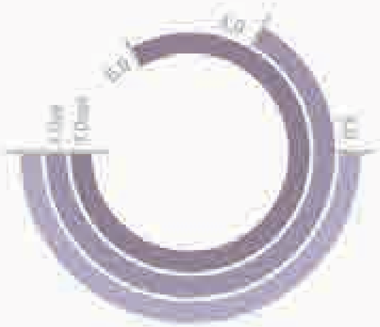
TOKYO SUPERFLOW

FLOORING COMPOUND

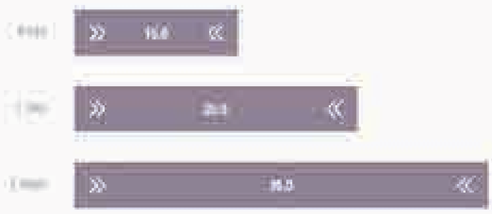
TOKYO SUPERFLOW FLOORING COMPOUND is a self-leveling cementitious flooring compound which can be applied manually or by pump to achieve rapid, flat levelled substrate prior to the application of the final floor finish. Typical uses are in warehouses, factories, manufacturing facilities, hospitals, commercial buildings, residential and domestic properties etc.



Flexural Strength (N/mm²)



Compressive Strength (N/mm²)



Coverage Area

TOKYO SUPERCAST

INTERNAL PLASTER

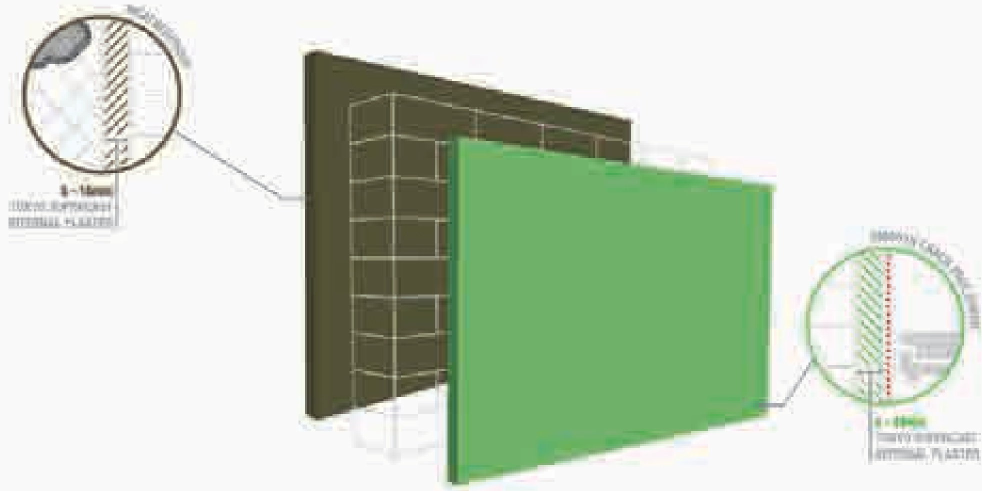
EXTERNAL PLASTER

Add Water

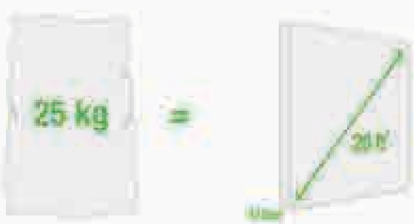
Just add water, mix and apply TOKYO SUPERCAST. Alternative plasters require sourcing and mixing several ingredients and the results aren't always the same.

Ordinary Plaster

Traditionally, plasters are made by mixing cement and sand at site. Inhomogeneous mixing of cement and sand sometimes causes the plaster layer to form porous areas resulting in hairline cracks.



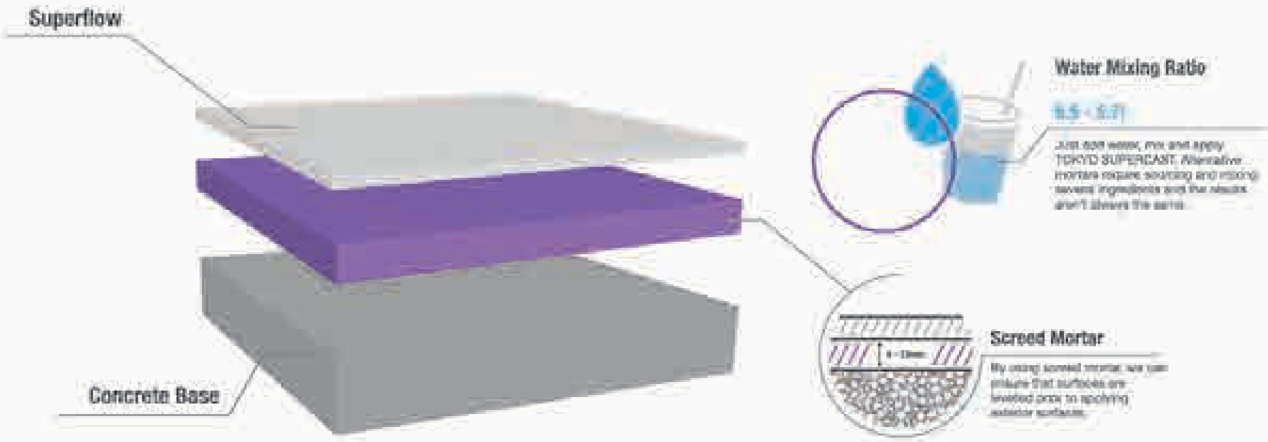
COVERAGE AREA



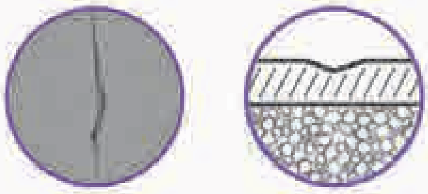
TOKYO SUPERSET

SCREED MORTAR

TOKYO SUPER SCREED MORTAR is a mix of cement with filler and fiber. It is a ready-to-use mortar requiring only the addition of water. It can be used for interior and horizontal concrete slabs, balconies, side walk, parking decks and ramps.



Ordinary Mortar



Traditionally, cement and sand at a 1:3 ratio is mixed at site. Add water to make a paste. Inhomogeneous mixing of cement and sand causes low strength areas to form in the floor resulting in hollow sounds and subsequently in the formation of cracks.

Compressive Strength (N/mm²)

Coverage Area

TOKYO SUPERSET

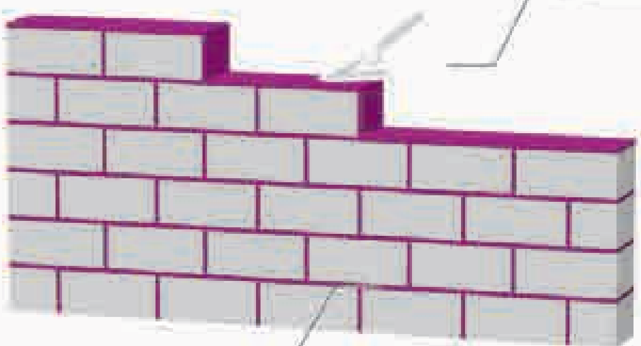
BLOCK BOND

In the conventional cement/ sand masonry mortar, the mortar layer dries out before it reaches peak strength, resulting in cracks. This lowers the adhesion strength between bricks or blocks.

TOKYO SUPERLIGHT BLOCK BOND is a self-curing type mortar and does not need pre-wetting of block surface or curing after application.

TOKYO SUPERSET BLOCK BOND is the most suitable masonry mortar for laying AAC, CLC and cement/sand blocks. It is premixed. Just add water, and it's ready to use.

JUST ADD WATER · WALLS



set time
4 hrs

Time during which the adhesive will start to harden.

NO CRACKS **ELASTICITY**

TOKYO SUPERLIGHT BLOCK BOND is designed with polymers that allow for expansion to prevent different materials from cracking when expansion causes pressure.

JUST ADD WATER **pot life**
2 hrs

Maximum time interval during which the adhesive can be used after mixing.

TENSILE ADHESION STRENGTH (N/mm²)

28 days	0.7

COMPRESSIVE STRENGTH (N/mm²)

7 days	12.0
28 days	28.0

COVERAGE AREA

TOKYO SUPERLIGHT

LIGHTWEIGHT BLOCKS

HIGH COMPRESSIVE STRENGTH

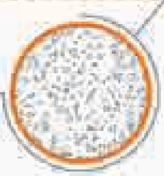
1/3 THE WEIGHT 2x THE STRENGTH OF A TRADITIONAL CEMENT BLOCK

100 mm

600 mm

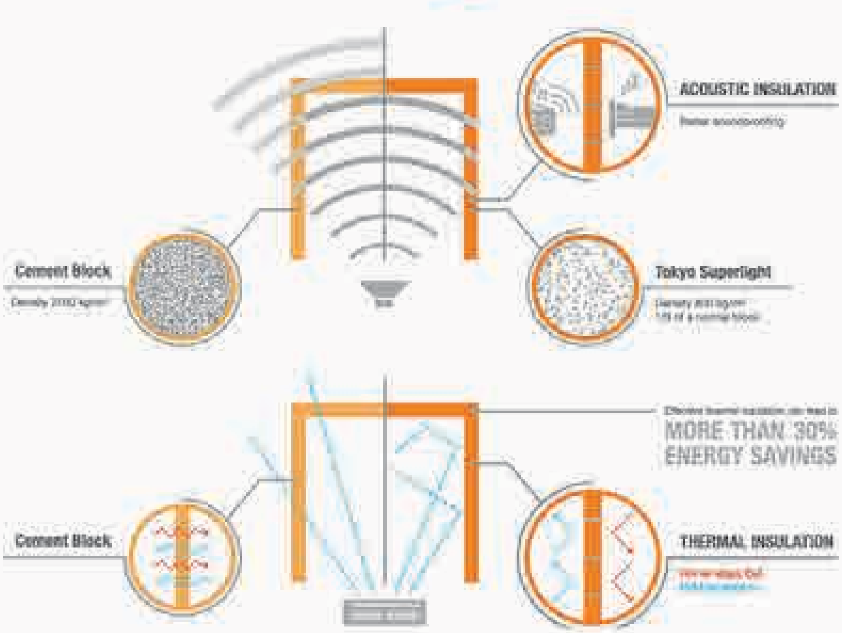
200 mm

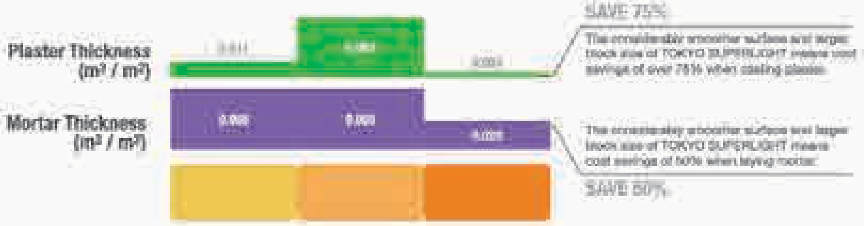
TOKYO SUPERLIGHT blocks use a technology known as Cellular Lightweight Concrete (CLC). Instead of coarse aggregates found in traditional cement blocks, the CLC blocks are made up of millions of tiny air bubbles that result in a lighter weight concrete block. It is produced by mixing ordinary Portland cement, sand and a foaming compound. TOKYO SUPERLIGHT blocks provide superior thermal and acoustic insulation, and are considerably more fire resistant than cement alternatives. TOKYO SUPERLIGHT blocks are the sustainable alternative to cement building materials as its superior insulation properties allow for reduced energy usage in climate control and is manufactured through a process with the least amount of carbon-emitting particles (sand of small stones or limestone) traditionally used in the manufacture of blocks).



Density

TOKYO SUPERLIGHT allows you to customise the density of your building material to your architectural needs. From a higher density and compressive strength for structural, load bearing purposes to a material to increase sound and thermal insulation between floors.





The considerably smoother surface and larger block size of TOKYO SUPERLIGHT means cost savings of over 75% when casting plaster.

The considerably smoother surface and larger block size of TOKYO SUPERLIGHT means cost savings of 50% when laying mortar.

Porous materials absorb water, which can raise structural weight by 30%, requiring more plastering to prevent it.

TAILOR-MADE

TOKYO SUPERLIGHT can be designed to your engineering requirements, from a lower density of 600kg/m3 for partition walls that have greater acoustic and thermal insulation making them perfect for high rise apartments or hotel rooms to enhance privacy and prevent energy wastage. They can also be manufactured to a higher density of 1000-1200kg/m3 that has a higher compressive strength making them ideal for loadbearing external walls.

Unlike alternative materials that use furnaces and autoclaves, TOKYO SUPERLIGHT is designed to use the least amount of energy during production, making it the greenest material with structural properties.

2-5x FASTER

Tokyo Superlight requires less materials due to finishings and block size (in plaster and mortar) and takes considerably less time to build a wall due to the larger size. Therefore, fewer billable worker hours to complete the job.

THE SAFER OPTION!

Can be designed for earthquake resistant structures.

Greater fire resistance rating than the alternatives.

TODAY WE CAN PROUDLY SAY THAT AS THE LARGEST MANUFACTURER AND SUPPLIER OF CEMENT IN SRI LANKA, OUR GREEN ENERGY INITIATIVES HAVE HELPED BUILD SUSTAINABLE DREAMS OVER THESE PAST 30 YEARS.

MANAGEMENT REPORTS

CHAIRMAN'S MESSAGE

It gives me great pleasure to present the annual report and accounts of Tokyo Cement Company (Lanka) PLC for the financial year 2014/15. In making my first statement in the capacity of Chairman, I would like to express my gratitude to the Company for presenting me with this rare honour of chairing the Board of one of the premier corporate bodies in Sri Lanka. While humbly accepting this honour, I take this opportunity to pay my respects to the former Chairman, Mr. Edgar Gunatunga, who was a great strength to the organisation. Mr. Gunatunga was a true gentleman and will be an irreplaceable loss for the Company, for his heart has always been with Tokyo Cement. On the same note, I recall with gratitude the services rendered by Mr. T Naruse, to the Company for many years. He too, will be greatly missed for his great store of knowledge and experience.

I would like to commence my review of the financial year 2014/15 by noting that the year posed a number of challenges to the Company. However, the Board, together with the management team of Tokyo Cement, have overcome these external challenges to record a commendable performance.

Economic outlook and company performance

As noted by the Central Bank annual report 2014, the Sri Lankan economy maintained a robust growth momentum in 2014, with economic growth reaching 7.4%, compared to 7.2% in 2013. This accelerated growth was appreciably fuelled by the construction industry. Due to adverse weather conditions that prevailed during the year, the agriculture sector slowed to a 0.3% rate of growth in 2014, compared to the 4.7% rate of growth in 2013. The services sector sustained a marginally higher growth rate of 6.5%, against the 6.4% growth in 2013. This growth was mainly attributed to the expansion in wholesale and retail trade. The Industry sector meanwhile, recorded a significant growth of 11.4% in 2014, compared to 9.9% in 2013 boosted by escalating construction activity. Construction activity gained momentum by December 2014, with the growth rate accelerating to 20.2% from 14.4% in 2013, while the sector's share of GDP expanded from 8.7% to 9.7%. This growth was partly driven by increased public investments in infrastructure development. To promote industry growth, Customs duty on cement was removed and the retail price of cement was reduced. Despite this stimulus however, construction industry momentum decelerated sharply towards the last quarter of the financial year, largely due to the moratorium on national development projects.

These latter developments decreased the revenue growth momentum of the Company. The massive influx of imported cement, coupled with the retail price reduction, was extremely counter productive, causing a direct negative impact on Tokyo Cement's revenues. The sharp drop in demand, due to the cessation of large scale development projects, added to revenue losses. While the Group recorded a profit from operations of Rs.2.5 Bn during the year this is an 19.8% decline against the previous year. Weighed down by slower revenues, profit after tax fell to Rs.1.7 Bn as at end March 2015, which is a 37% reduction compared to the previous year.

Social and environmental conscience

Notwithstanding the unprepossessing external environment, Tokyo Cement has continued its growth strategy with increased investments in new products, to enhance its contributions to the nation. In this regard, I would like to stress that Tokyo Cement is not simply a public listed company, but one which truly believes in a social conscience.

"Looking towards the future, the Company is equipped and geared to sustain strong financial growth and move ahead of the competition through investments in capacity expansion and innovations."

The Company's values and business philosophy continues to be deeply influenced by the vision of its founder, the late Deshamanya, A Y S Gnanam, who considered the public at large and wellbeing of all stakeholders, when making business decisions. Mr. Gnanam was an exemplary individual who did not forget his roots and instead, channelled his success and business acumen towards the greater public good.

To date, Tokyo Cement continues to uphold this ethos as can be seen in the investment in the A Y S Gnanam Training Institute that has contributed towards shaping the future of many a youth in this country and also towards elevating the standards of the entire construction industry. Our efforts at supporting youth development cut across all demographics and extend across the island. For instance, the Tokyo Cement School Quiz is gaining national recognition for its support of schools and school children, and our work with world renowned Sri Lankan cricketers is gaining international support towards enhancing the sporting talent of Sri Lankan youth.

As part of its responsible business model, the Company also integrates environmental conservation into its operations. These efforts include internal manufacturing processes specifically designed to minimise environmental impacts of business operations, as well as many different projects that target environmental conservation. Having understand the importance of minimising our carbon footprint, we have taken immediate action in this regard through programmes to cultivate trees, generate energy through renewable resources and protect the coastline through coral and mangrove cultivations, among many other conservation activities.

CHAIRMAN'S MESSAGE

Therefore, it gives me great pleasure to report that the Company's attitude towards environmentally responsible business, has been recognised through independent verification. During the current financial year, the Ceylon Institute of Builders awarded the Tokyo Super Portland Pozzolana Cement, the 'Green Mark,' which is a Singaporean product label, accredited internationally, for environmentally friendly production. I am proud to note that Tokyo Super is the only cement brand with a sustainable accreditation, in Sri Lanka.

Governance and accountability

The success of Tokyo Cement over the years, is indicative of the quality of governance maintained by the Company across all its operational aspects. The strong controls and monitoring mechanisms that are continually assessed for improvement, places the Company ahead of the Competition by ensuring compliance, coupled with cost efficiencies. Our stringent adherence to all regulatory requirements has resulted in strong relationships with all regulatory authorities based on mutual respect, which has contributed towards the Company's highly esteemed reputation. Taking over from Mr. Gunatunga and the late Mr. A Y S Gnananm, two honourable and great men, my priority will be to safeguard this invaluable reputation by consciously ensuring that all internal governance standards are maintained at the highest level. In this regard, I am proud to be a part of an extremely competent and honourable Board that bring to the table extensive expertise from wide ranging fields and years of market experience. The Company is also strengthened by a team of highly trained and experienced managers. I call this the Tokyo Cement family that is absolutely committed towards the success of the company.

Future prospects

Tokyo Cement is a result of the visionary leadership of Mr. A Y S Gnanam, and his pioneering vision has been fulfilled by later generations. Today, Tokyo Cement is a national institution that responds to the needs of the country and the people through products and services of international standard. The Company makes an exceptional contribution to the national economy not only through its support towards the development of national infrastructure, but also through direct and indirect employment generation.

Looking towards the future, the Company is equipped and geared to sustain strong financial growth and move ahead of the competition through investments in capacity expansion and innovations. In the new financial year Tokyo Cement will invest another USD.50 Mn in capacity enhancement and new product development. Our investments in developing and marketing new products will contribute towards long term financial sustainability, by better positioning the Company to cater to the future requirements of the fast developing Sri Lankan construction industry.

In concluding my message I would like to voice my appreciations of the Tokyo Cement management and employees, who are the Company's greatest asset. We value this asset and will continue to invest in developing and upgrading their skills and talents, while ensuring all opportunities for personal growth and development within their career paths. I would also like to thank the Board of Directors for their unstinted assistance extended towards me during the year, and I warmly welcome Mr. Akira Ikematsu, who takes Mr. Naruse's place, Mr. W C Fernando and Mr. Ravi Dias on the Board. My gratitude is also extended to our shareholders, suppliers, dealers and loyal customers for their continued confidence in the Company.

Dr. Harsha Cabral
Chairman

1st August 2015

MESSAGE OF THE JAPANESE JOINT VENTURE PARTNER

"I believe the financial year 2015/16 will be another year of progress for the Tokyo Cement Group."

I would like to express our heartfelt appreciation to the shareholders of Tokyo Cement Company (Lanka) PLC for their confidence and trust in the members of the Board.

I would like to extend my sincere thanks to the customers, dealers and staff of the Tokyo Cement Group for their exceptional consideration and support.

It is 4 years since I was inducted as President of Nippon Coke & Engineering Co., Ltd. During this period, the Sri Lankan economy experienced rapid growth, and I am pleased to say that your Company also enjoyed this opportunity.

The fiscal year 2014/15, however, was a challenging one for the Tokyo Cement Group although the Sri Lankan GDP growth rate remained about the same level as the previous year. It is the first time since 2007/08 that the profit has declined. This is due to several reasons, but the impact of price control was undoubtedly critical. Despite all these facts,

Even under these circumstances, The Tokyo Cement Group never hesitates to contribute to society and its development. Opening the technology learning centre Tokyo Superhouse, being accredited with the Singaporean environment-friendly product label "Green Mark" and conducting business training workshops with the World Bank Group's IFC, will all show your Company's commitment to Corporate Citizenship.

I believe the financial year 2015/16 will be another year of progress for the Tokyo Cement Group.

Yoshichika Noshio
President
Nippon Coke & Engineering Co., Ltd

1st August 2015

MANAGING DIRECTOR'S REVIEW

The year under review was fairly turbulent due to a combination of external factors that curtailed demand for cement, while also injecting a sense of instability to the industry. Nevertheless, the Company's strong fundamentals provided the strength and resilience to sustain growth, albeit at a lower pace than the previous year.

Company performance

Extreme weather patterns experienced throughout 2014 in the form of drought and excessive rains disrupted demand for cement by interrupting construction projects and curtailing agricultural incomes. The period of drought also had a negative impact on the Company's renewable energy generation projects due to the shortages of biomass fuel, such as paddy husk and Gliricidia stalks. The situation was further exacerbated by rice imports following the drought. With imported rice flooding the market the domestic rice milling industry curtailed its operations, again causing a shortage of paddy husk. As a result, the significantly lower contribution from the biomass plant caused energy costs to increase during the year.

Demand for cement saw a marked reduction towards the tail-end of the year, due to many national development projects being suspended for re-evaluation following the change of government. As the State is the single largest driver of construction activity in the country, suspension of national development projects had a ripple effect across the economy, impacting the purchasing power of a sizeable share of the population. In addition, the supply contract for ready mixed concrete for the Outer Circular Road was also concluded during the current financial year, causing a sizeable gap in cement sales. However, I am confident the Tokyo Cement ready-mixed concrete will see renewed demand in the new financial year when development projects recommence, as the convenience and quality of our products have now gained wide market credence. This combination of demand driven factors contributed towards slower growth in cement sales. Meanwhile, in February 2015, the government reduced retail prices of cement to Rs 870, per 50 kg bag from Rs 925, which increased downward pressure on top line growth. Despite these developments the company recored a commendable top line growth.

In general however, overall macro economic conditions were stable for most of the year, with a few exceptions. The exchange rate for instance, evinced some fluctuations with the rupee depreciating to Rs.135.60 per dollar during the year, sharply increasing the cost of raw material imports for a short period. However the rupee stabilised in the range of Rs.133.50 per dollar later, reducing the pressure on foreign exchange transactions. A slight pressure on interest rates too, was observed during some parts of the year, causing some tension in working capital management. However, I am confident the capital investments in value added products and services would generate stronger revenues over the medium term by positioning the Company as a leading domestic construction industry specialist, equipped to cater to the evolving requirements of the modern architectural and engineering specifications demanded by international developers and consultants. Tokyo Cement is currently equipped to provide holistic construction industry solutions, including specialised products and services encompassing technical testing and advisory services, to meet both small-scale consumer needs as well as mega-industrial construction blueprints.

However, the Company's bottom line suffered in the current financial year, due to the combined impacts of slower revenue growth, reduction in margins and higher cost structures. Operating profits declined by 19.8% year-on-year to Rs.2.5 Bn, while profit after tax fell by Rs.485 Mn to Rs.1.7 Bn, by the end of the financial year.

Policy impacts

The current developments in the construction industry warrant a word of concern. The national policy on cement that allows duty free imports of cement, but imposes price controls on domestically manufactured cement, leads to market distortions that do not benefit consumers or the construction industry. The duty free approach to imports, sans adequate quality controls, leads to inflows of dubious quality cements and price fixation in the market, with no effort on the part of importers towards investing in the future of the domestic construction industry, or ensuring product quality for local consumers. Nevertheless,

"As one of the oldest and largest producers of cement in the country, with deep investments in the people and economy, Tokyo Cement has weathered many challenges over the years. Through all of this, we have continued to reinvest our profits in the country and grow in a partnership with the people."

quality tested cement that is produced within the country, is subject to price controls and even adhoc price reductions. The present situation is an example of such price changes by the State, without adequate industry consultation, despite the existence of a pricing formula to adjust cement retail prices. Such sudden and unilateral decisions by the State causes unpredictability and instability within the industry, while also alarming potential investors.

As all stakeholders are fully aware, the cement manufacturing industry is extremely capital intensive. Therefore, policy and regulatory stability is vital for industry investments, development and growth. The current climate of uncertainty with regards to pricing is detrimental to the future of the local cement manufacturing industry, which is one of the few domestic heavy industries that have survived into the present date. Over the past 10 years Tokyo Cement has invested over Rs.17 Bn, into the domestic industry, in addition to generating over 950 direct employments across the country and many more through indirect employment opportunities. Therefore, as a home grown entrepreneur and long term investor in this country, I call on the national authorities to reconsider such practices, and to initiate industry consultations in this regard, as soon as possible.

MANAGING DIRECTOR'S REVIEW

Upholding our social responsibility

Tokyo Cement, as a policy, has never limited its activities to growing the numbers. Over the years we have invested in the long term welfare of the Sri Lankan construction industry and the people, through many different Corporate Social Responsibility projects. The A Y S Gnanam Training Institute in Dambulla for instance, provides much needed training for masons and other construction workers, free of charge, to uplift industry standards. The training provided by the institute improves the overall construction industry image by facilitating the supply of skilled labour to the domestic market and opening up career paths, coupled with further education opportunities, for the thousands of unemployed young people of this country. During the current year too, the AYS Gnanam Training Institute, supported the further potential of 185 youth through its National Vocational Qualification (NVQ) training courses. We now have the singular honour of including the Tokyo Cement logo in the NVQ certificates as our Training Institute has been accredited by National Apprentice and Industrial Training Authority (NAIT).

In addition, we continued with a range of CSR and environmentally friendly initiatives that are described in the CSR section of this report.

Investing in the future

As one of the oldest and largest producers of cement in the country, with deep investments in the people and economy, Tokyo Cement has weathered many challenges over the years. Through all of this, we have continued to reinvest our profits in the country and grow in a partnership with the people.

During the current year we established a new, 'Innovations Showroom' in Havelock Road, to showcase the range of value added products developed by the Company. This range of new products will set a new benchmark in the construction industry by introducing concepts of customer convenience and consumer choice never before experienced in the domestic construction market. The new showroom will act as an interactive space for the public to experience these new products under the guidance of our trained sales personnel. A new SME product line, under the Tokyo Super brand, was also launched during the year, introducing greater choice to the small scale construction industry of the country. I am also happy to report that sales of the Superlight cement bricks are picking up pace with the industry gradually appreciating the advanced properties of the product and its significant cost and time savings.

In accordance with our strategy of providing specialised services to the domestic construction industry, we have upgraded the testing facilities at the Research & Development Centres in Trincomalee and Dambulla. The Dambulla R&D facility, which is part of the A Y S Gnanam Training Institute, was licensed for third party testing and certification through ISO 17025 laboratory certification, in 2014. The Dambulla R&D unit is now accommodating product testing for the local construction industry. Our laboratory in Trincomalee has also applied for ISO laboratory certification and is awaiting accreditation.

Building on our business model of developing environmentally friendly cement, in May 2014, we initiated commercial production of our second dendro power plant in Mahiyangana. This second biomass plant will add to the Company's renewable energy portfolio contributing towards greener products from Tokyo Cement.

In line with our business philosophy of reinvesting in the country, we plan to invest a further USD 50Mn (over Rs.6.7 Bn) towards capacity expansion in the new financial year. At the Colombo terminal, we are setting up an additional silo to increase storage capacity. The expanded storage capacity will contribute towards Company plans to cater to project based contracts, by enhancing our ability to provide consistent product quality.

Plans are also being unrolled in Trincomalee, starting with a new 1 mn MT cement manufacturing facility. The existing plant in Trincomalee has now reached saturation point. Therefore, the new, fully automated, state-of-the-art manufacturing facility will become the central growth point of the Company, over the medium term. The new complex will include an 8MW biomass power plant and an ultramodern research and Development facility to develop and test new products. The modern laboratory and testing facilities will contribute directly towards growth plans by facilitating the continuous design and development of new products that are acclimatised to suit Sri Lankan environmental and market conditions. This new facility is expected to be ready for commercial operations in 2016. We will also construct a new administration block and new central control room.
Our production enhancement plans are supported by higher supply plans through a new jetty in Trincomalee that will facilitate larger volumes of imports through larger vessels. At present carrying capacity of vessels is in the range of 20,000 MT, which will increase to 30,000-35,000 MT with the new jetty. The larger volumes will significantly reduce logistical through lower freight charges. A bulk cement loading facility with cement silos will also be constructed in Trincomalee, within close proximity to the jetty, to facilitate direct loading of cement on to ships.

One other matter of importance that I would like to record is the amalgamation of the Fuji Cement Company with the parent Tokyo Cement. During the current year, the fully owned subsidiary, Fuji Cement, was amalgamated with the main Company, to facilitate greater efficiencies and economies of scale for the future.

Note of appreciation

I take this opportunity to express my condolences for Mr. Edgar Gunatunga, who served as the Chairman of this Company until his demise. Edgar was not only a wise mentor but was also a good and dear friend. His loss will be sorely felt by all of us at Tokyo Cement. I pay my respects also to Mr. T Naruse, for his contributions to the Company over the years in the capacity of a Director. His inputs were invaluable and his loss will be felt by all of us.

Meanwhile, I would also like to welcome the new Chairman of Tokyo Cement PLC, President's Counsel Dr. Harsha Cabral, Mr. Akira Ikematsu, who joins the Board as a director, representing the interests of Nippon Coke and Engineering, Mr. Ravi Dias and Mr. W. C. Fernando. I look forward to a long and productive relationship as we scale up operations into the future.

S. R. Gnanam
Managing Director

1st August 2015

BOARD OF DIRECTORS

Dr. Harsha Cabral

Chairman

Dr. Cabral, a president's Counsel was appointed to the Board as an Independent Non-Executive Director in 2009. Dr. Cabral counts over twenty five years of experience as a lawyer specializing in Company Law, Intellectual Property Law, Commercial Law,International Trade law and Commercial Arbitration and holds a PhD in Corporate Law from the University of Canberra, Australia.

Mr. S. R. Gnanam

Managing Director

Mr. Gnanam was appointed to the Board in 1983. Over Thirty years working experience in business Management, Strategic planning, Social and Economic Research. He is the chairman of Orion City Limited, South Asian Investment (Private) Limited, Alexandra Industries (Ceylon) Limited, St. Anthony's Hardware (Pvt) Ltd, and Capital City Holding (Pvt) Ltd. Also he serves as the Managing Director of St.Anthony's Consolidated (Pvt) Ltd, St.Anthony's Hydro Power limited, Sofia Kandy Limited and many other Companies.

Mr. A. S. G. Gnanam

Director

Mr. A. S. G. Gnanam graduated from the Illinois Institute of Technology in Industrial & Mechanical Engineering in 1973. He has been on the Board since 1999. He is the Chairman & Managing Director of St. Anthony's Industries Group (Pvt) Ltd., the Chairman of Rhino Roofing Products Ltd., and the CEO of many private and public companies.

Mr. E. J. Gnanam

Director

Mr. E. J. Gnanam was appointed to the Board in February 2007. He is the Managing Director of South Asian Investments (Private) Limited, an investment company, and also serves as the Managing Director of Orion City Limited and Rhino Roofing Products Limited. He also holds directorships in other listed and private companies. He has wide experience at leading corporate sector institutions spanning garments, manufacturing and services. He has a Bachelor of Arts from the University of Texas and an MBA from the University of Melbourne.

Mr. R. Seevaratnam

Independent Director

Mr. Seevaratnam was appointed to the Board in May 2007 and serves as the Chairman of the Audit Committee. He is a former senior partner of KPMG Ford, Rhodes, Thornton & Company. He is a fellow Member of The Institute of Chartered Accountants of Sri Lanka and England & Wales and is the holder of a General Science Degree from the University of London. He holds directorships in many listed companies.

Dr. Indrajit Coomaraswamy

Independent Director

Dr. Coomaraswarmy was appointed to the Board in March 2011. He has over 30 years of experience in policy making and providing economic advisory services, on both macroeconomic and structural issues at National and Intergovernmental levels. He obtained his Bachelors and Masters in Economics from the Cambridge University of UK and subsequently obtained a Doctorate from the University of Sussex. He was formerly a Director, Economic Affairs at the Commonwealth Secretariat.

BOARD OF DIRECTORS

Mr. Hiroki Tsukigawa

Director

Appointed to Board in 2013. Graduated from Yokohama National University in 1984 with a Bachelor of Business Management. Entered "Mitsui Mining Company, Limited" in 1984. Over twenty five years working experience in Coal & Coke Procurement and Marketing business at Nippon Coke and Engineering Co., Ltd. (formerly Mitsui Mining Co., ltd.). Has served as Senior Manager of Corporate Planning & Administration Department of Nippon Coke and Engineering Co., Ltd. from 2012.

Mr. W. C. Fernando

Executive Director

Mr. Fernando was appointed as the Group General Manager in 1991. He is a Director of Fuji Cement Company (Lanka) Limited, Tokyo Super Cement Company Lanka (Pvt) Limited, Tokyo Cement Colombo Terminal (Pvt) Limited, Tokyo Cement Power (Lanka) Limited, Tokyo Eastern Cement Company Limited. He counts over 25 years of experience across various industries. He has a B.A (Hons) Econ, B. Phil (Hons) Econ. and is a FCMA, FCA & an Attorney-At-Law.

Mr. Akira Ikematsu

Director

Appointed as a Director on 16/9/2014. Mr. Akira Ikematsu graduated from the Faculty of Law, Kumamoto University Japan. He joined Mitsui Mining Company Limited in the year 1984. As part of Company policy, he has served in many departments-Accounting, Corporate Planning, General Affairs Section, Business Administration, Purchase Department ...etc. He specializes in Corporate Planning.

Mr. Ravi Dias

Director

Appointed as a Director on 17/9/2014. Mr. Ravi Dias served Commercial Bank of Ceylon PLC for four decades and retired recently. He holds a Degree in Law and is a Fellow of the Institute of Bankers (UK). He is also a Hubert H Humphrey fellow. He is an Alumnus of INSEAD Business School –France, having attended the Advanced Management Program in Fontainbleau.

He is a Committee Member of the Ceylon Chamber of Commerce and Chairs the Banking and Capital Markets Steering Committee, a sub committee of the Chamber. He serves on the Boards of Carson Cumberbatch PLC, Senkadagala Finance PLC and The Academy of Financial Studies (Guarantee) Ltd.

Mr. Ravi served on the Boards of Commercial Development Company PLC, Lanka Clear Limited, Lanka Financial Services Bureau Limited and was also a Council member of the Employer's Federation of Ceylon.

MANAGEMENT DISCUSSION AND ANALYSIS

Global economy

The World Economic Outlook of the IMF reported that global growth in 2014 was lower than initially expected, at 3.4%, which was the same as the previous year, with noticeable divergence across major economies and lower growth momentum in emerging economies. Advanced economies of the US, the Euro area, Japan and the United Kingdom collectively gathered a growth rate of 1.8% against the 1.4% growth rate registered in 2013. Emerging economies accounted for a higher growth rate of 4.6%, which is a moderation of the previous year's 5% growth rate. Developing Asia evinced for the highest rate of growth in the world, at 6.8%, driven by India and China, although lower than the 7% of the previous year.

Global crude oil prices edged lower in 2014 and currencies of some advanced and emerging economies depreciated against the US dollar, due to the strong economic outlook in the US economy. According to the IMF, global growth is expected to remain moderate, weighed down by high debt, high unemployment and low investment, with the anticipated interest rate hike in the US and low inflation in some advanced economies raising additional challenges. Nevertheless, global growth is expected to rise to 3.5% in 2015 and to 3.8% in 2016, supported by gradual recovery in advanced economies.

Global cement market

Global cement demand increased at a slow 2.5% in 2014, due to the sharp deceleration in demand for cement in China, the world's largest cement consumer. Volume growth in China fell to 2.8% in 2014, from 10% in 2013, leading to a major deceleration to global cement sales. However, Morgan Stanley expects global cement demand, inclusive of China, to rise to 2.8% in 2015, driven by incremental consumption volumes in the rest of the world, which will rise by 3.7% in 2015, up from 2.2% in 2014.

Over half of this global growth in cement consumption is anticipated to come from India, where cement demand is expected to expand by 8.4% in 2015, to be solely responsible for one third of global incremental growth in 2015. The US too, is expected to show increased demand for cement in 2015.

The Sri Lankan economy

According to the Cenral Bank Annual Report of 2014, the Sri Lankan economy saw a real GDP growth of 7.4% driven by domestic consumption expenditure that constitutes the largest share of aggregate demand, while investments, particularly on construction, provided an impetus to the economic expansion during the year. GDP per capita increased to US dollars 3,625 in 2014 from US dollars 3,280 in the previous year.

Meanwhile, in the fiscal sector, despite the government's announced commitment towards fiscal consolidation, the overall fiscal deficit increased to 6.0% of GDP in 2014 from 5.9% of GDP in the previous year, mainly as a result of the continued shortfall in revenue collection. Nevertheless, central government debt as a percentage of GDP declined to 75.5% by end 2014 from 78.3% by end 2013.

Inflation remained at single digit levels for the sixth consecutive year, with year-on-year and annual average inflation declining to 2.1% and 3.3%, respectively, by end 2014, from 4.7% and 6.9%, respectively, as at end 2013. The Sri Lankan rupee remained relatively stable during 2014 supported by regular policy intervention to minimise excessive volatility of exchange rates and to build up official reserves. The Sri Lankan rupee, which appreciated by 0.29% during the first nine months of the year, depreciated by 0.47% during the fourth quarter of 2014. Increased demand for US dollars by importers and some outflow of short term investment were the main reasons that created some pressure and hence the depreciation of the Sri Lankan rupee against the US dollar during the fourth quarter of 2014. Consequently, according to Cenral Bank statistics, the Sri Lankan rupee depreciated by 0.23% against the US dollar to Rs. 134.50 by end 2014, although the rupee appreciated against all other major currencies as a result of cross currency exchange rate movements.

Demand for cement reflected the developments in the construction sector, with sales held strong in 2014. Customs duty applicable to cement was removed to reduce the high input cost and to promote the construction industry. However, the construction industry growth slowed in the first quarter of 2015 due to the moratorium on national development projects following the change of government. Cement retail prices too, were reduced impacting profitability of domestic cement manufacturers.

Going forward, the Sri Lankan economy is projected to reach upper middle income levels and sustain the favourable high growth and low inflation nexus in the medium term, supported by appropriate economic policies. The Sri Lankan economy is expected to register a sustainable growth path in the medium term, with a real GDP growth of 7.0% in 2015 and an average growth of 7.8% over 2016-2018. The expected moderation of economic growth in 2015 is mainly due to the slowdown in public sector construction activity and conservative sentiment of private investors, particularly in the first quarter of the year. Economic growth is expected to accelerate thereafter with the expected new policy initiatives of the government.

Regulatory environment

Sri Lanka has a specific regulatory framework governing cement prices within the country. Cement retail prices are set according to a pricing formula. The approval of the Consumer Affairs Authority of Sri Lanka is mandatory to increase retail prices of cement.

Operational review

The review of operational and financial management and the Managing Director's and Chairman's statements, in conjunction with the audited financial statements of the Company and the Group, reflect the respective state of affairs of the Company and the Group.

Distribution strategy

Tokyo Cement is in the process of positioning itself as a construction industry specialist with the capabilities to provide holistic construction solutions to the domestic market, through the introduction of a range of advanced new products and specialised, technical services. This strategy of new product development will be coupled with a significant capacity expansion of an additional one million metric tonnes of cement by 2016, through the Company's Rs 815 Mn investment in the current financial year. In line with our growth strategy the Company is in the process of aggressively expanding and developing the distribution network to market Tokyo Cement products. The Company initiated training programmes in the current financial year, to upgrade the technical and management skills of the Tokyo Cement dealer network, to support the planned expansion drive.

This strategy of new product development will be coupled with a significant capacity expansion of an additional one million metric tonnes of cement by 2016, through the Company's USD 50 Mn investment.

MANAGEMENT DISCUSSION AND ANALYSIS

The on-going distribution drive will also contribute towards retaining market share over the short term as cement retail competition continues to escalate consequent to the elimination of cement import duties and retail price reduction in the current financial year.

New Product Development

New product development is a key growth strategy for Tokyo Cement over the medium to long term, to cater to the evolving domestic market needs due to changing demographic trends and consumer needs, and modern construction industry requirements of international contractors and developers. Already, the new Tokyo Cement DIY product range is creating active market interest among consumers, industry professionals such as architects, engineers and contractors, and domestic and international construction companies. Therefore, during the current financial year, the Company focused on consolidating its marketing drive for the DIY range.

Tokyo Super DIY range

Currently the Tokyo Super branded products comprise 10 DIY products catering to a range of building applications. These products provide significant advantages through specialised product formulations and convenience of use that lead to significant time and cost savings that are highly advantageous for both consumers and contractors. Due to time saving properties of these products developers can fast-track construction projects for faster cash flows, while consumers will gain through greater control of their building activities. The advanced formulation and product testing ensures that products are acclimatised for domestic environmental conditions. The entire DIY product range provides superior product qualities of greater strength and resilience.

The Tokyo Superlight cement block introduced in the previous financial year for instance, has the advanced properties of 30% more energy conservation through better insulation and has one tenth of the carbon footprint of a traditional clay brick in manufacturing. Given the lager dimensions of the brick, it lowers the volume requirement of bricks, leading to reduced volumes of mortar and plastering materials, and overall lower construction time. The finished building would be one third the weight of a building manufactured using traditional brick but with double the strength. Therefore, the Superlight brick is ideal for high rise constructions.

Tokyo Cement DIY range going commercial in 2015

The Tokyo Cement DIY range under the 'Tokyo Super' line will go into commercial production in August 2015. Distribution plans are already being unrolled to ensure product accessibility for consumers in all parts of the country.

To find your nearest purchase point please contact:

☎ : 011 2 506 934
E-mail : innovations@tokyocement.lk

Research and development

The resurgence of development activities following the environment of permanent peace has generated new demand from international construction companies and professionals for advanced laboratory solutions. Therefore, the Company continued to invest in research and development capabilities through upgrades and accreditations to R&D laboratories in Trincomalee and the A Y S Gnanam Training Institute in Dambulla. During the current financial year, the Dambulla R&D facility gained greater recognition through the acquisition of the ISO 17025 laboratory certification, which has now positioned the laboratory for third party testing and certification. The Dambulla R&D unit can now provide specialised support the local and international construction industry, through the accommodation of product testing and quality certifications of construction materials, at affordable rates. The Tokyo Cement laboratory in Trincomalee is in line to acquire ISO laboratory accreditation in the new financial year.

Tokyo Super House, No 202, Havelock Road, Colombo 05

Marketing and branding

Tokyo Super House, the Company's unique customer education facility, the first of its kind in Sri Lanka, opened its doors to the public in 2014, to provide an interactive learning environment for domestic consumers and construction officials, to gain firsthand experience regarding Tokyo Cement's new products. Currently the facility showcases the full range of Tokyo Cement DIY products and demonstrates the correct use of these products. As the DIY product concept is new to the domestic market the showroom will play the vital role of familiarisation and confidence building, through hands-on experience, for faster market adoption of the products.

Tokyo Super House is manned by trained sales personnel and technicians to respond to customer queries and physical demonstrations. The Tokyo Cement DIY range offers never before experienced convenience and cost savings to domestic consumers through ready-to-use properties that do not require extensive technical knowledge for correct usage.

The Tokyo Cement DIY range offers never before experienced convenience and cost savings to domestic consumers through ready-to-use properties that do not require extensive technical knowledge for correct usage.

Tokyo Cement Social Marketing Drive

The Tokyo Cement social marketing strategy is designed on the principle of supporting disadvantaged communities and promoting social advancement, through the process of marketing and branding. In effect, marketing is viewed through a social perspective that goes beyond simple advertising and promotions. The objective of the social marketing drive of the Company is to build long term brand recognition and loyalty among new generations of Sri Lankan consumers, through public welfare engagements. Social marketing activities over the past years have already contributed towards top of the mind brand recognition that clearly differentiates Tokyo Cement products from the mushrooming cement competition. Currently, the Company is actively involved in a number of social marketing projects aimed at supporting education at school level and university level, and also industry education.

The Tokyo Cement All Island School Quiz entered its second year in the current financial year, and is now established as the premier educational competition in the country, for school children. During the year, we also supported university education through sponsorships of university conferences and research activities. Our on-going partnership with Sri Lankan cricket stars, Muttiah Muralitharan, Kumar Sangakkara, and Mahela Jayawardene, to build 60 cricket pitches to promote young cricketing talent, has contributed towards greater brand visibility and recognition among the Sri Lankan public. The Tokyo Cement brand is now associated with cricket and the country's star cricketers.

The Company continued to engage with universities and industry associations to promote Tokyo Cement products and their benefits to industry professionals and engineering students. The Company made a presentation on Tokyo Cement sustainable products at a Ruhuna University symposium, for academics from all local universities. The Company continued to sponsor the research programmes of final year engineering students at Peradeniya University and made presentations at the university to enhance product awareness among the next generation of engineers.

New laboratory facilities

The new, fully automated cement manufacturing facility in Trincomalee planned for commercial operations in 2016, will be equipped with further state-of-the-art R&D facilities that will contribute directly towards growth plans by facilitating the continuous design and development of new products at the point of manufacture. These new products will benefit from green manufacturing processes and will be acclimatised to suit Sri Lankan environmental and market conditions.

The Company also plans to commission a new R&D and showcase laboratory in Colombo, equipped with a ready mix concrete plant, to enhance industry and consumer access to testing facilities and to demonstrate quality of Tokyo Cement products.

Tokyo Cement also sponsored a construction industry professional's conference at the Institute of Construction Training And Development and conducted a presentation on the Company's new products and value added products. The environmental benefits of greener cement was emphasised for sustainable development through green choices in construction.

Plans for the new financial year

Improved packaging

The Tokyo Cement DIY range will be further improved in the new financial year through a packaging overhaul, to establish distinct brand identity, improve strength of packaging and enhance customer convenience.

The DIY range will soon enter the market with a distinct and attractive package that will make the products stand out in the crowded market. The packaging material will be improved for greater strength to prevent breakages and spillage during transportation. To assist consumers and other users thee packaging will include pictorial instructions on correct usage.

Additionally, the new packaging will be more environmentally friendly, in accordance with the Tokyo Cement commitment towards environmental responsibility.

Green branding for PPC

The ISO certified Tokyo Super Portland Pozzolana Cement (PPC) will debut a new green packaging in the new financial year, in recognition of its unique status as the greenest cement in Sri Lanka.

PPC was awarded the 'Green Mark,' in 2014, by the Ceylon Institute of Builders. Currently PPC is the only cement brand in Sri Lanka with an internationally recognised sustainable product accreditation. PPC is frequently recommended by Sustainable Building Consultants as the "highest quality product, with the smallest environmental impact, in the market."

Harnessing online marketing

The Tokyo Cement website will be redesigned in the new financial year to support the Company's overall marketing drive through technical upgrades that provide educational audio-visual material for the public, on Tokyo Cement products.

The Company will also increase its presence on modern social media, for greater online visibility and brand image enhancement.

Information Technology

The Group has implemented the Enterprise Resource Planning system across the company and It's Subsidiaries to integrate the corporate headquarters, sales Depots and Factory.

Employment Policy

Tokyo Cement is an equal opportunity employer and does not discriminate based on gender, race and religion. Career advancement opportunities are provided to all employees without exception, based on merit. We are committed to uphold the highest levels of occupational health and safety standards in all our operations. Stringent safety measures are enforced at all times, together with the provision of health and safety equipment for employees.

As at end March 2015, the Company's total workforce stood at 956 persons. Out of this 858 were permanent employees representing 90% of total workforce, while 98 were contract based employees.

Customer Policy

The Tokyo Cement Customer Policy is to strive towards ensuring total satisfaction to all customers and to enhance the quality of our products and services in line with customer needs. As we journey towards our goals, our customers will be partners of our success benefiting through the new advancements of the Company.

Supplier Policy

The Tokyo Cement Supplier Policy is to build long term relationships with our customers based on mutual trust and reliability that creates a win-win situation for all parties.

OUR POWER PLANT

TOKYO POWER

READY MIXED CONCRETE

TOKYO SUPERMIX

The largest manufacturing capacity at 426m³/hr

Fleet of 80 concrete mixers & 10 pump cars

Competitors have an additional cost of buying cement to make concrete, we use our own

Strategically-growing network covering key regions in the country which are seeing large scale development projects

GROUP STRUCTURE

TOKYO CEMENT COMPANY (LANKA) PLC


TOKYO CEMENT POWER (LANKA) LTD
OWNS 5 MW DENDRO PLANT IN MAHIYANGANA
TOKYO EASTERN CEMENT COMPANY LTD
NEW USD 50 MILLION EXPANSION PROJECT
TOKYO SUPER AGGREGATE LTD
Sand Manufactring project
(Incorprated on 9th April 2015)

ANNUAL REPORT OF THE DIRECTORS

About the company

Tokyo Cement Company (Lanka) PLC, is Sri Lanka's first privately owned cement manufacturer and was established in 1982, as a partnership between Japan's Nippon Coke and Engineering Company, (formerly Mitsui Mining company) and Sri Lanka's St Anthony's Consolidated. The Company, was listed in the Colombo Stock Exchange in 1984. The Tokyo Cement group of companies comprise five subsidiaries. These are: Tokyo Super Cement Company Lanka (Private) Limited, Tokyo Cement Power (Lanka) Limited and Tokyo Cement Colombo Terminal (Private) Limited, Tokyo Eastern Cement Company Limited and Tokyo Super Aggregate Limited.

Principal Activities

The Company's core activities are the manufacture of Ordinary Portland Cement, Portland Pozzolana Cement, Masonry Cement, Tile Adhesives, Water Proofing Products, Pre-Mix Concrete, Ready-Mix Concrete, CLC Blocks and Power Generation.

Group structure

- Tokyo Super Cement Company Lanka (Private) Limited. 100% owned
- Tokyo Cement Colombo Terminal (Private) Limited. 100% owned
- Tokyo Cement Power (Lanka) Limited. 100% owned
- Tokyo Eastern Cement Company Limited. 100% owned
- Tokyo Super Aggregate Limited. 51% owned (incorprated on 9th April 2015)

Financial Review of the Company

Significant Accounting Policies

The significant accounting policies adopted in the preparation of Financial Statements are given on page 87 to page 149 of the Annual Report.

Sri Lanka Accounting Standards (SLFRSs/ LKASs)

The Financial Statement of the Company for the year ended 31st March 2015, are prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs).

Revenue and Profits

Group's gross profits declined by 11%, to Rs. 6.4 Bn in 2014/15, from Rs. 7.2 Bn in the preceding year. Company's gross profits declined to Rs. 3.0 Bn during the year under review, from Rs. 3.9 Bn in the previous year. Group's profit before tax declined from Rs. 2.6 Bn to Rs. 2.2 Bn, while profit after tax declined from Rs. 2.2 Bn to Rs. 1.7 Bn during the financial year under review.

Profit attributable to equity holders stood at Rs. 1,627 Mn. Previous year, it was Rs. 2,127 Mn.

Donations

The Tokyo Cement Group donated Rs. 16.6 Mn to numerous charities during the year.

Taxation

Tokyo Super Cement Company Lanka (Pvt) Ltd and Tokyo Cement Power (Lanka) Ltd are not liable for income tax on its main income at the reporting date. Tokyo Cement Company (Lanka) PLC, Fuji Cement Company (Lanka) Ltd and Tokyo Cement Colombo Terminal (Pvt) Ltd are liable for income tax at the reporting date Fuji Cement Company (Lanka) Ltd is amalgamated with parent company with effect from 13th March, 2015. Deferred tax is provided using the liability method on temporary differences at the

reporting date between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes.

For Group Companies under BOI tax holidays, deferred tax during the tax holiday period has been recognised for temporary differences, when reversals of such differences extend beyond the tax exemption period, taking into account the requirements of LKASs 12 and the Institute of Chartered Accountants of Sri Lanka (ICASL) council's ruling on deferred tax. Please refer accounting policy number 2.4.2.2.2 in page 104.

Dividends

The Directors have recommended a tax free first and final dividend of Rs 1.19 per share, amounting to Rs. 265.07 million on issued stated capital of ordinary voting shares and Rs. 1.19 per share amounting to Rs. 132.54 million on issued stated capital of non-voting ordinary shares of the company for the financial year under review.

The dividend warrant will be posted on or before 07th September 2015 and the shares will be quoted ex-dividend with effect from on 28th August 2015 as per the rules of Colombo Stock Exchange.

Earning per share

Please refer note 8 on page 115.

Net assets per share

Please refer on page 83.

Stated capital

The Company's stated capital at the end of the year under review, was represented by 222.750 Mn ordinary voting shares and 111.375 Mn ordinary non-voting shares.

Reserves

The Group's total reserves increased from Rs.6.1 Bn as at March 31, 2014, to Rs. 7.1 Bn, by March 31, 2015.

Debt

Group's long term debts amounted to Rs. 3.1 Bn against Rs. 1.9 Bn in the previous year. Company long term debts amounted to Rs. 1.9 Bn as at end March 2015, compared to Rs. 1.1 Mn as at March 31, 2014. The group's short term debts stood at Rs. 2.3 Bn against Rs. 3.5 Bn a year ago. The short term Debt for the company as at 31st March 2015 stood at Rs.1.3 Bn as compared to Rs. 1.2 Bn previous year. The group had incurred an interest cost of Rs.467 Mn during the current financial year, compared to Rs.558 Mn in the previous year.

Property, plant and equipment

The consolidated property, plant and equipment costs stood at Rs.18.5 Bn by March 31, 2015 compared to Rs.15.5 Bn in the previous year. The cost of the Company's property, plant and equipment was Rs.10.9 Bn, compared to Rs. 10.6 Bn a year earlier.

The group's total capital expenditure for the year under review was Rs.1.4 Bn from Rs. 2.6 Bn in the previous year. A total of Rs.102 Mn worth of group assets were disposed of during the year.

Details regarding the movement of assets extent and location of properties and number of buildings are provided in the note 10 C to the Financial Statements.

Current assets

The total current assets of the group, as at March 31, 2015, were valued at Rs. 6.8 Bn compared to Rs. 5.8 Bn in the previous year. The total current assets of the Company was valued at Rs. 3.4 Bn compared to the figure of Rs. 3.5 Bn in the previous financial year.

ANNUAL REPORT OF THE DIRECTORS

Statutory payments

The Directors to the best of their knowledge are satisfied that all statutory financial obligation to the government and to employees have been either duly paid, or adequately provided for, in the Financial Statements. A confirmation of the same is included in the statement of directors responsibilities on pages 74-75 of this annual report.

Post-balance sheet events

Please refer note 32 on page 145.

Outstanding litigation

In the opinion of the Directors and the company lawyers/legal counsel, litigations pending against the company will not have major impact to the Financial Statements.

Contingencies and commitments

Information with regards to contingent liabilities and capital commitments as at March 31, 2015, are given in notes 27 & 28 on pages 131-133 of the Financial Statement.

Going concern

The preparation of financial statements have been done on the going concern basis, as confirmed in the Statement of Directors' Responsibilities on page 74.

Shareholders information

This information provided in pages 150-153 of this annual report.

Substantial shareholdings

The 20 major shareholders and the percentage held by each of them as at March 31, 2015 are given on pages 152-153.

Equitable treatment to shareholders

The directors at all times ensure that all shareholders are treated equitably.

Board of Directors & Board sub committees

Board of Directors

Dr. Harsha Cabral	Chairman and Non Executive Independent Director
Mr. S. R. Gnanam	Managing Director
Mr. A. S. G. Gnanam	Non Executive Director
Mr. E. J. Gnanam	Non Executive Director
Mr. R. Seevaratnam	Non Executive Independent Director
Dr. Indrajit Coomaraswamy	Non Executive Independent Director
Mr.Ravi Dias (Appointed on 16/09/2014)	Non Executive Independent Director
Mr. Akira Ikematsu (Replaced on 1st Aug 2015)	Non Executive & Nominee Director of Nippon Coke & Engineering Company Limited, Japan
Mr. Hiroki Tsukigawa	Non Executive & Nominee Director of Nippon Coke & Engineering Company Limited, Japan
Mr. Shiro Takihara (Appointed on 01st Aug 2015)	Non Executive & Nominee Director of Nippon Coke & Engineering Company Limited, Japan
Mr. W.C.Fernando (Appointed to directorate on 30/10/2014)	Executive Director & Group General Manager
Mr. S. V. Wanigasekera (Replaced on 16/09/2014)	Non Executive & Nominee Director of Nippon Coke & Engineering Company Limited, Japan

Board committees

The Board has appointed a number of committees, with specific terms of reference, to improve management effectiveness of the company. Accordingly the following committees have been constituted.

- Audit committee
- Remuneration committee
- Nomination committee

The reports of the committees are given on pages 76-79 of the Annual Report.

Directors' responsibilities for financial statements

The Directors are responsible for the preparation and presentation of Financial Statements of the company to reflect a true and fair view of the state of its affairs. The Statement of Directors' Responsibilities for the Financial Statements is given on pages 74-75 of this Annual Report.

Recommendation for re-election

To re-elect Dr Harsha Cabral who retires by rotation in terms of Article 114 of the Articles of Association.

To re-elect Mr. Ravi Dias who retires by rotation in terms of Article 107 of the Articles of Association.

To re-elect Mr. W. Christopher Fernando who retires by rotation in terms of Article 107 of the Articles of Association.

To re-elect as a director Mr. Ranjeevan Seevaratnam and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No 7 of 2007 for which special notice of the following ordinary resolution has been given by a member for the purpose that the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr. Ranjeevan Seevaratnam who is 70 years and that he be re-elected a Director of the Company

Directors' remuneration

Directors' remuneration in respect of the Group and the Company, for the financial year ended March 31, 2015 are given in note 6 on page 112 of the Annual Report.

Directors' Interests

The Directors' Interests in the Company contracts appear on pages 138 -144 of the Financial Statements and have been declared at the meetings of the Directors. Apart from the information disclosed, the Directors have no other direct or indirect interest in any contracts or proposed contracts pertaining to the business of the group.

Director's meetings

The Board of Directors met eight times during the year under review.

ANNUAL REPORT OF THE DIRECTORS

Director's Shareholding

Director's Shareholding - Ordinary Shares

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held As at 31/3/15	No of Shares Held As at 31/3/14	No of Shares Held As at 31/3/15	No of Shares Held As at 31/3/14
Local Joint Venture Partner - St Anthony's				
Consolidated (Private) Limited	61,255,977	61,255,977	-	-
Gnanam A S G	12	12	-	-
Gnanam S R - Managing Director/CEO	12	12	-	-
Gnanam E J	12	12	-	-
Fernando W C	-	-	59,400	59,400
Foreign Joint Venture Partner - Nippon	-	-	-	-
Coke Engineering Co Limited, Japan	52,116,302	52,680,300	-	-
Nominee Directors of Foreign Collaborator				
Mr. Akira Ikematsu	-	-	-	-
Mr. Hiroki Tsukigawa	-	-	-	-
Independent Non Executive Directors				
Mr. Ranjeevan Seevaratnam	-	-	-	-
Dr. Harsha Cabral	-	-	-	-
Dr. Indrajit Coomaraswamy	-	-	-	-
Mr. Ravi Dias	-	-	-	-
	113,372,315	113,936,313	59,400	59,400
Total Shares in Issue	222,750,000	222,750,000	111,375,000	111,375,000

Interest register

As required by the Companies Act No. 07 of 2007 Interest Registers have been maintained by the Company.

Related party transactions

Directors have disclosed related party transactions and such transactions are given in note 30 on pages 138-144 of the Annual Report.

Risk management

The directors have established and adhere to a comprehensive risk management framework at both strategic business units and group levels to ensure the achievements of their corporate objectives. The categories of risks faced by the group are identified and significance of those risk are evaluated on basis of impact of such risks and the probability of occurrence of such risks. Based on the significance of risks mitigating strategies are adopted by the group. The Board of Directors reviews the risk management process through the audit committee. The risk management report of the group is on pages 57-61 of this report.

Auditors

The independent auditors report on the financial statements is given on page 80 of the Annual Report. The retiring auditors Messrs BDO Partners, Chartered Accountants have stated their willingness to continue in office and resolution to grant authority to the Board to determine their remuneration will be proposed at the Annual General Meeting.

The fees payable to auditors Messrs BDO Partners, Chartered Accountants are given in note 6 on page 112 of the Annual Report. As far as the directors are aware, the auditors have neither any other relationship with the company nor any of its subsidiaries, that would have an impact on their independence.

Messrs BDO Partners, Chartered Accountants, the auditors of the company are also the auditors of all subsidiaries of the group. The list of subsidiaries, audited by them is included on page 87 of the Annual Report.

Annual General Meeting

The Annual General Meeting will be held on Thursday 27 August 2015. The notice of the Annual General Meeting appears on page 159-160.

Dr. Harsha Cabral
Chairman

S.R. Gnanam
Managing Director

Seccom (Private) Limited
Company Secretaries

1st August 2015

CORPORATE GOVERNANCE

As the only listed corporate entity in Sri Lanka involved In the manufacture of cement, our corporate governance framework adopts a comprehensive approach encompassing accountability towards environmental protection and social and economic sustainability.

Board of Directors

Shareholders appoint Board of Directors at the Annual General Meeting except for the two (2) nominee Directors of Nippon Coke & Engineering Co. Ltd. Board of Directors consists of ten (10) members. Of the Board of Directors four (4) Directors are Independent non-executive Directors and four (4) directors are non-executive Directors. Company is a joint venture by St. Anthony's consolidated (Pvt) Ltd and Nippon Coke & Engineering Co. Ltd.

All Independent Non-Executive Directors are professionals in the field of banking,economic, legal and accountancy with vast experience in business and administration.

Corporate Governance Process

The Board of Directors formulates overall business strategy in association with corporate management and determine corporate goals, which are communicated down the management hierarchy through a systematic budgetary control procedure approved by the Board of Directors. Board of Directors review the corporate and operational performance of the group each month in the context of political economic social and technological environment and provide direction to corporate management in managing the business. In order to assist the Board of Directors in implementation of their role following sub committees have been formed.

Audit Committee

The Audit Committee comprises of four Non-Executive Directors of which three are independent. Chairman of the Audit Committee is a member of the Institute of Chartered Accountants of Sri Lanka. Audit Committee assists the Board of Directors in its general oversight of financial reporting, Risk Management, internal controls and functions relating to internal and external audit and monitoring of compliance with laws, regulations and best practices.

This Committee meets quarterly and the Managing Director, Director, Chief Financial Officer and Internal Auditor participates Audit Committee meeting upon invitation. The report of the Audit Committee appears on pages 76-77

Audit Committee Members

Mr. R. Seevaratnam - Chairman

Dr. Indrajit Coomaraswamy

Mr. Ravi Dias

Mr. Akira Ikematsu

Remuneration Committee

The Remuneration Committee comprises Three Independent Non-Executive Director's. The Committee is empowered to examine any matters relating to remuneration paid to executive members. Their terms of reference also encompass the review of matters relating to human resources management of the Company.

Remuneration Policy

Company has adopted a policy of remuneration to Senior Management Team and Executive Directors based on performance. It is a policy of the company to link remuneration of Senior Management Team with the company's short range and long range business strategies and committee make its best endeavour to maintain remuneration levels sufficient to attract and retain Senior Management Team of the company. The decisions on the matters relating remuneration of Senior Management Team were arrived in consultation with the Chairman and Managing Director. No director is involved in determining his or her own remuneration.

The report of the Remuneration Committee appears on page 78.

Remuneration Committee Members

Dr. Harsha Cabral - Chairman
Mr. R. Seevaratnam
Mr. Akira Ikematsu

Nomination Committee

The Nomination Committee comprises six directors of which four are an independent Non-Executive Directors. The Committee is responsible for recommend to board the process of selecting Chairman and Managing Director, Identifying suitable persons for appointment to the Board as Executive and Non-Executive Directors.

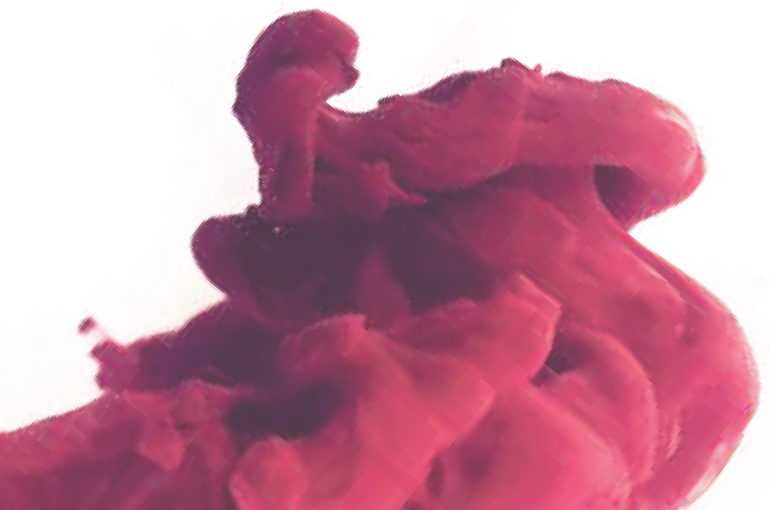
The report of the Nomination Committee appears on page 79.

Nomination Committee Members

Dr. Indrajit Coomaraswamy - Chairman
Dr. Harsha Cabral
Mr. S. R. Gnanam
Mr. Akira Ikematsu
Mr. R. Seevaratnam
Mr. Ravi Dias

Internal Controls and Monitoring

Board of Directors are responsible for maintenance of an effective system of internal control to ensure effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations, conduct its business in an orderly and efficient manner, safeguard its assets and resources, deter and detect errors, fraud, and theft, ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information, and ensure adherence to its policies and plans.



Board of directors achieve monitoring of operations through regular board meetings and review of various management information obtained at these meetings including reports of the internal auditors. Internal Control is implemented through the corporate management by ensuring adherence to board accepted policies and adequacy of internal control implemented by the management is measured through the Internal Audit team who shall review the systems and controls in accordance with a board approved audit plan.

This includes surprise audits of sales depots, Ready Mix Concrete operations, and factory. These reports are scrutinised and discussed by the members of the Audit Committee and suitable action is taken where necessary, in consultation with senior management. Members of the Audit Committee also reviews monthly/interim financial statements submitted to the Board, and ensures financial information reported are in compliance with various accounting standards promulgated by Institute of Chartered Accountants of Sri Lanka.

Going Concern

The Board is tasked with ensuring that the company is a 'going concern' and therefore adopts processes and features into its decision making and in the preparation of financial statements, to form a solid foundation of sufficient resources to continue operations into the foreseeable future.

Transparency

The Board discloses full information, both financial and non financial information within the bounds of commercial realities. Being the only cement manufacturer listed on the Colombo Stock Exchange, it is committed to a responsible business philosophy. Dissemination of quarterly accounts and the release of the Annual Report and Audited Accounts are complied within the stipulated time frame.

Investor Relations

The Company continues to maintain good communication with all shareholders comprising both corporates and individuals. The Board invites questions from shareholders during the General Meeting. In addition, the Chairman and Executive Directors meet institutional investors and analysts to discuss the company's performance. Share price sensitive information not available to other shareholders is not divulged during this meeting.

Shareholder Value and Returns

We are firmly committed to constituting a Board of Directors who are eminent, erudite and well respected as we strongly believe that this adds value to the company, a fact that is reflected in the strong share value we have gained over the years. The Board also maintains an attractive dividend rate aligned to the expectations of the shareholders as well as for Capital formations of future expansion.

External governance

As a responsible corporate citizen group adheres to regulations, codes of best practices etc. adopted by different governing bodies including following:

- Companies Act No 7 of 2007
- Listing rules of Colombo Stock Exchange
- Code of best practice on Corporate Governance issued by Institute of Chartered Accountants of Sri Lanka and Securities & Exchange Commission of Sri Lanka
- Inland Revenue Act No 10 of 2006, VAT Act No 14 of 2002 and other revenue related regulations and subsequent amendments
- Exchange Control Act No. 24 of 1953 and subsequent amendments
- Customs Ordinance
- Consumers Affairs Authority Act No 9 of 2003
- Electricity Act No 20 of 2009
- Central Environment Authority Act No 47 of 1980
- Other legislations and pronouncements relating to the industry in force

We summarise below the extent to which the group is in compliance with the rules set out in Section 7.10 of the Colombo Stock Exchange listing rules on corporate governance.

Rule No:	Rule	Compliance status
01	Board of Directors The correct number of Non-Executive Directors, in accordance with Rule 7.10.1 (a)	Compliant
02	The correct number of Independent Non-Executive Directors, in accordance with Rule 7.10.2 (a)	Compliant
03	Specified whether the Non-Executive Directors submitted a Declaration annually of his/her independence or non-independence to the Board of Directors - Rule 7.10.2 (b)	Compliant
04	Confirmed that the Board of Directors made an annual determination as to the independence or non-independence of each Non-Executive Director based on the Declaration mentioned above and other information available to the Board and states the names of Non-Executive Directors determined to be 'Independent' – Rule 7.10.3 (a)	Compliant
05	If the Director does not qualify as 'Independent', but if the Board taking into account all the circumstances is of the opinion that the Non-Executive Directors is 'Independent", the Board has specified, in the Annual Report, the qualification not met under Rule 7.10.4 of the CSE Listing Rules and the basis for determining the Director to be 'Independent' Rule 7.10.3 (b)	N/A
06	Published a brief resume in the Annual Report, of each Director of the Board, which includes information on the nature of his/her expertise - Rule 7.10.3 (c)	Compliant
07	Remuneration Committee The correct number of Independent Non-Executive Directors in the Remuneration Committee, in accordance with Rule 7.10.5 (a)	Compliant
08	Specified whether a separate Remuneration Committee was formed or whether listed parent Company's Remuneration Committee used - Rule 7.10.5 (a)	Compliant
09	Specified the names of Directors comprising the Remuneration Committee (where the parent company's Remuneration Committee qualifies to function as the listed company's Remuneration Committee, a statement in the Annual Report to this effect and disclosed the names of the Directors) - Rule 7.10.5 (c)	Compliant
10	Disclosed the functions of the Remuneration Committee, in accordance with Rule 7.10.5 (b)	Compliant
11	Specified whether the Chairman of the Committee is a Non-Executive Director Rule 7.10.5 (a)	Compliant
12	The Annual Report contained a statement on the Remuneration policy - Rule 7.10.5 (c)	Compliant
13	Specified the aggregate remuneration paid to Executive and Non-Executive Directors in the Annul Report - ["Remuneration" should include cash and all non-cash benefits paid in consideration of employment with the Listed Entity (excluding statutory entitlements such as EPF and ETF)] - Rule 7.10.5 (c)	Compliant

CORPORATE GOVERNANCE

Rule No:	Rule	Compliance status
14	Audit Committee The correct number of Independent Non-Executive Directors, in accordance with Rule 7.10.6 (a)	Compliant
15	Specified whether a separate Audit Committee formed or whether listed parent company's Audit Committee used - Rule 7.10.6 (a)	Compliant
16	Specified the names of Directors comprising the Audit Committee (where the parent company's Audit Committee qualifies to function as the listed company's Audit Committee, a statement to this effect and disclosed the names of the Directors) Rule 7.10.6 (c)	Compliant
17	Confirmed that the functions of the Committee has being in accordance with Rule 7.10.6 (b)	Compliant
18	Specified whether the Chairman of the Committee is a Non-Executive Director Rule 7.10.6 (b)	Compliant
19	Specified whether the Chairman or one member of Committee is a member of a recognised professional accounting body – Rule 7.10.6 (a)	Compliant
20	Specified whether the CEO and CFO attended Committee meetings, unless otherwise determined by the Audit Committee – Rule 7.10.6 (a)	Compliant
21	The Annual Report contained a report by the Audit Committee stating the manner of compliance in relation to the functions required of the Audit Committee and the determinations made by the Audit Committee – Rule 7.10.6 (c)	Compliant
22	Specified the basis for determining External Auditors as being Independent Rule 7.10.6 (c)	Compliant

RISK MANAGEMENT

Risk Management/ Monitoring Process

The risk management/ monitoring process involves

- Risk Identification
- Risk Assessment
- Risk Prioritization

Risk management deliberately considers the identification, assessment, and prioritization of the effect of uncertain events on the organizational objectives. An entity's Board of Directors and management has a key role in this process to design a comprehensive system to identify potential uncertain events that may affect the entity, and manage such risks to be within the risk appetite of the organization or eliminate from the root cause, to provide a reasonable assurance for the achievement of entity objectives.

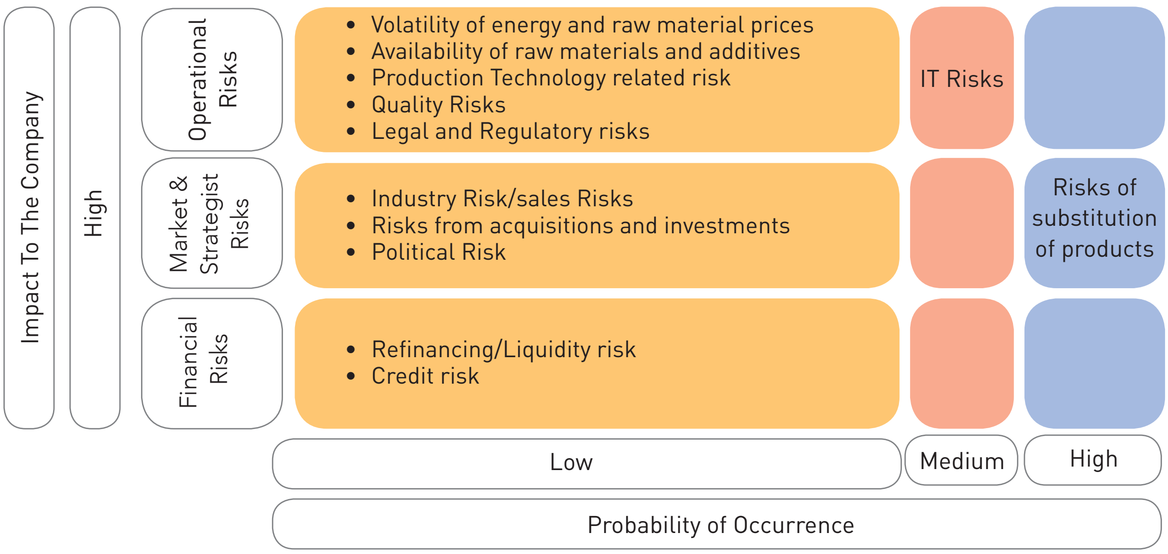
The strategies which are applied for risk management typically include transferring the risk to another party, avoiding the risk, reducing the negative effect/ probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk, and the opposite for opportunities. Increase in shareholder value is the ultimate reward of the successful risk management system where the administrative and operational activities are executed within the well crafted internal control system by managing of types of risks associated with the enterprise.

We have applied numerous approaches to address the risks faced by the Tokyo Cement Group. In this, divisional managers act as the first defence line identifying risks at their operations, evaluating and managing the risks within the approved framework of policies set by the Board of Directors at the ground level of operations. The second line of defence is the role played by the major support functions, Accounting & Finance, Administration, Operations, and Information Technology. In close relationship with the business units, these major functions ensure that uncertain events that may face by each business units have been appropriately identified and managed. Finally, the Internal Audit Function assesses the efficiency & effectiveness of the processes executed by the first and second lines of defence independently and provides an assurance on these processes to the Board of Directors through the Audit Committee, continuously.

RISK MANAGEMENT

The risk assessment mechanism of the company considers two aspects of the risk; quantitative and qualitative aspects which have a significant influence on operations of the business. Quantitative risk assessment requires calculations of two components of risk; the magnitude of the potential loss and the probability that the loss will occur in an event of materialization of such risks, and the probable impact to the business. Any significant risk above the tolerable risk requires the keen attention of the management.

The calculation of quantitative risks is measured both as gross risk and net risk. The assessment of gross risk involves the identification of possible effect without any mitigating actions, while the net risk assessment considers possible losses which the company has to bear when mitigating action has been taken. Major risks that are identified by the company are depicted in the following diagram and details are provided in the accompanying table below.



Risk	Potential Effect	Impact	Probability	Mitigating Actions
Financial Risks				
Currency Risks	Fluctuations in exchange rate causing potential losses on transactions denominated in foreign currency	Medium	High	Closely monitor movement in currency rates and take appropriate action to revises pricing as and when required
Interest Rate Risks	Increase in interest rates impacting cost of funding and reduced business volumes due to low level of investments in constructions	Medium	High	Maintaining long term interest rate agreements Strong long term relationships with banks as a prime customer Prudent treasury management
Refinancing/ Liquidity Risk	Unavailability of sufficient funds impacting smooth functioning of day to day operations of the group	High	Low	Arrangement of adequate banking facilities Sound cash position Cash flow planning and monitoring
Credit Risks	Possibility of incurring bad debts due to adverse economic conditions and poor credit management	High	Low	Strong customer credit evaluation process Regular review of credit status/ worthiness Credit facilities to be backed by bank guarantees.
Market & Strategic Risks				
Industry Risks/Sales Market Risks	Low level of residential construction, commercial constructions and public constructions due to stagnating economy Fluctuating weather patterns such as monsoon.	High High	Low High	Product diversification Increased customer focus Development of special products i.e. Innovation Products Planning based on analytics

RISK MANAGEMENT

Risk	Potential Effect	Impact	Probability	Mitigating Actions
Market & Strategic Risks				
Risks from acquisitions and investments	Adverse impact due to changes to financial structure, failure to integrate employees, processes, technologies & products, and social and political changes	High	Low	Rigorous forecast and analysis of acquisition and investments and methods of financing Low employee turnover and employees with long tenure with the company
Risks from substitution of products	Availability of low quality imported products	High	High	Uncompromising quality standards Strong dealer network Educating of customer/decision influencers such as masons
Political Risks and risks arising from exceptional external incidents	Adverse impact on business due to political uncertainty, and natural disasters	High	Low	Country has a stable political environment after the war and economic policies conducive a positive business climate. Assets and business interruptions are covered by insurances with major insurers
Operational Risks				
Volatility of energy and raw material prices	Adverse effect on the cost of production due to increased energy prices and increased world market prices on imported raw materials	High	Low	Utilization of renewable energy sources to maximum and long term supplier contracts to reduce volatility of raw material prices

Risk	Potential Effect	Impact	Probability	Mitigating Actions
Availability of raw materials and additives	Interruption to business activity due to non availability of raw materials and additives	High	Low	Long term contracts with reliable material suppliers who are with the company for many years and own supply of additives such as fly ash
Production Technology Related Risks	Technological obsolescence could adversely affect the performance	High	Low	Regular investment in upgrading technology . In house and overseas training for staff
Quality Risks	Adverse impact due to sales returns and damages due to claims for supply low quality products and decrease in sales volume	High	Low	Strict quality maintenance in terms of ISO 9001 Quality management System and compliance with SLS requirements
Legal & Regulatory Risks	Negative Effect on business on changes to regulations or non compliance with regulations mainly connected with environmental and consumer protection Acts	High	Low	Regular review of compliances with statutory provisions and scrutiny of legal agreements by legal consultants prior to signing.
IT Risk	Adverse impact on loss of confidentiality, integrity and non availability of systems	High	Medium	Back up procedures, password controls, firewalls, malware and anti-virus protections are in implementation and continuously measure and upgrade and protect data, applications, systems and networks.

THUS, EMBRACING THE GREEN ENERGY INITIATIVES HAVE HELPED US TO GAIN INDEPENDENCE FROM THE NATIONAL ENERGY GRID AND CONFIDENTLY SAY THAT 'GOING GREEN' HAS LAID THE FOUNDATION FOR AN EVEN STRONGER FUTURE FOR THE NATION.

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

Tokyo Cement's sustainable business model is based on the triple bottom line approach of attaining profits together with accountability and responsibility towards people and the environment. The Company has displayed this commitment over the past three decades through wide ranging public welfare activities and continued investments in aligning manufacturing and waste management processes to become more environmentally friendly. Our activities with regards to sustainable profit growth during the current financial year, with contributions towards society and environmental conservation, are detailed in this section of the annual report.

Environmental responsibility

All efforts have been maintained to minimise environmental impacts throughout the Tokyo Cement manufacturing process. The Company has also been a local pioneer in the harnessing of renewable energy to power their production process, through biomass energy generation they minimise greenhouse gas emissions and their carbon footprint of the Company.

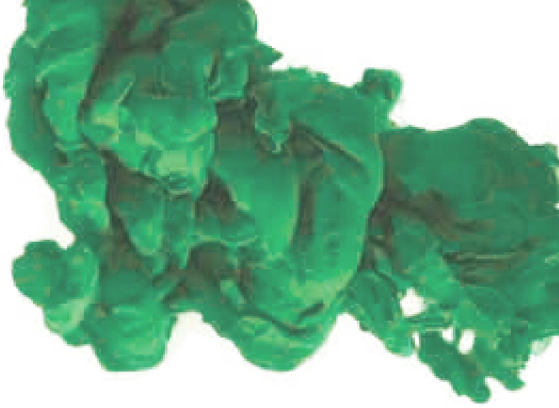
Sri Lanka's first 'Green Mark' cement

We are proud to announce that Tokyo Super's Portland Pozzolana Cement (PPC) has been awarded the Green Mark for its environmentally friendly manufacturing process.

The Green Mark is a Singaporean product label, accredited internationally by the Building Construction Authority (Singapore), the Green Building Council (Singapore), the Chartered Institute of Builders (UK). The Green Mark is also locally recognised by the Ceylon Institute of Builders, the Ministry of Environment, the Ministry of Construction and the Central Environmental Authority.

Tokyo Super PPC was awarded this accreditation due to its sustainable manufacturing aspects that include:

- The use of carbon-neutral biomass energy, that is locally generated with repurposing of agricultural waste, for its manufacture
- The Tokyo Cement biomass renewable energy project is in compliance with UNFCCC (United Nations Framework Convention on Climate Change) standards
- The use of coal fly ash from Norochcholai power plant thus, recycling locally generated waste in a useful manner



- Minimizing energy consumption in cement grinding by adding fly ash
- Minimizing CO_2 emissions by substituting clinker by non-limestone based material
- The recycling of waste cement as reef balls to facilitate coral restoration
- Qualifying for ISO certificates (all)
- Details on PPC properties fulfilling local and international standards

Promoting green buildings

Tokyo Cement is actively engaged in promoting the concept of green constructions among the local construction industry stakeholders to reduce environmental impacts of construction activities.

Community based renewable energy

Tokyo Cement is actively engaged in promoting the concept of sustainable construction within the local construction industry through the development of new products that reduce waste and consumers lower resources. Further, Tokyo Cement's DIY range will enter the market packaged in environmentally friendly material.

Holistic Generation = Community + Renewable Energy

In 2008 Tokyo Cement pioneered biomass energy generation in the local corporate sector when they invested in the nation's first biomass power plant to feed all of their manufacturing requirements in Trincomalee.

This investment in renewable energy continued into 2014 with the commissioning of a 5MW Dendro power plant in Mahiyanganaya. The Rs 2.8 billion power plant is not only environmentally friendly but works with the local rural community to fuel the plant, contributing towards the economic development of local farming communities rather than importing fossil fuels from abroad. The local farmers not only gain additional income through this project by supplying Gliricidia to fuel the power plant, but benefit directly from the clean, consistent power that the plant supplies to the grid. The Company has already planted 2.3 million trees to fuel the biomass unit.

Supporting the Popham Arboretum

The Company continued to sponsor the maintenance of the Pomham Arboretum in Dambulla, which houses many species of dry zone flora. The Arboretum acts as a nature based educational space for adults and children to learn about the country's trees and plants.

Mangrove Reforestation

The Tokyo Cement mangrove cultivation project recorded progress with 15,000 new mangrove plants cultivated along the eastern coastline during the year.

The project is implemented with the assistance of the SL Navy's Eastern Command. The mangrove cover once grown will act as a protective barrier against coastal erosion and tsunamis and will support coastal ecosystems, developing vibrant ecosystems in which young fish may propagate before moving out into the ocean.

Coral Rehabilitation

In April 2013, Tokyo Cement initiated a pilot project in Passekudah bay to rehabilitate the coral reef that have been destroyed through both natural and human causes; such as coral harvesting, sedimentary runoff, careless anchoring and destructive fishing. Tokyo Cement has been recycling concrete waste material by moulding it into reef balls on which divers plant different species of coral, thereby creating a platform from which coral can be grown, and reefs replenished. The project is implemented in collaboration with the WRTC and a number of other stakeholders. The objective of the project is to rehabilitate coral reefs in Passekudah Bay, with the intent of facilitating the preservation and propagation of coastal ecosystems to allow for marine life to flourish, and with it the economies surrounding fishing and tourism. Tokyo Cement's approach is integrated into their concrete manufacturing process, allowing for the project to grow with the growth of local concrete demand. This project is beyond simple "green event" that involves a tree planting and a press release, this is a continuous effort that is carefully researched and monitored by marine biologists and requires the participation of local fishing communities and tourist organisations whose economies it directly affects. This holistic program that deals with conservation, propagation, research, monitoring and education was recognized by the Ceylon Chamber of Commerce in 2014 as the best environmental CSR.

The Tokyo Cement coral rehabilitation programme was affected by extreme climate conditions during the current financial year. The anticipated El Nino effects in 2015 would negatively impact the growth and

proliferation of newly cultivated coral reefs. Therefore, the Company is in the process of restrategising a course of action that will hopefully allow them to rehabilitate reef faster than natural and human causes can wipe them out . Tokyo Cement is one of the few companies in the country actively involved in close monitoring of ocean based environmental phenomenon and has developed extensive round the clock observation systems and data gathering and recording mechanisms.

Social responsibility

Supporting the Dealer Network through Business Training

Tokyo Cement's extensive island-wide distribution network comprises of a highly effective dealer network, made up of small and medium sized enterprises (SMEs) operated largely by entrepreneurs and their families. Our market dominance is a testament to their efforts, which is why we consider our dealers as partners, thereby outing great importance in nurturing relationships through incentives, logistics and marketing support. As many of these businesses are multi-generational, family-owned businesses, it is Tokyo Cement's hope that by investing in the education of their dealer network, that they are laying the foundation for the next generation's success. This year Tokyo Cement entered into a partnership with IFC (the International Finance Corporation, a member of the World Bank group) to introduce a business education programme for SMEs (our dealer network). This programme will develop a syllabus according to the needs of these businesses to educate them on the best practices when managing and growing their businesses. This could include teaching inventory monitoring, logistics systems, cash flow management, and other soft business skills that are necessary for the success of a modern enterprise, no matter the size. IFC's business training workshops target 1,000 SMEs that are part of the Company's network of dealers. The first phase of the programme will target approximately 200 dealers.

Better Builders: Training future masons

The AYS Gnanam Construction Training Academy in Dambulla, continues to offer accredited training programmes for those that wish to work in the construction industry. All training courses are accredited and evaluated by the National Apprentices & Industrial Training Authority (NAITA). The Academy certificates on National Vocational Qualification (NVQ) courses are both nationally and internationally recognised for quality of training. During the current financial year the Academy Provided NVQ certifications for 185 builders.

Tokyo Cement All Island Schools Quiz

The Tokyo Cement All Island schools Quiz concluded its second year with great success with over 550 schools participating from all districts of the country, that were widdled down to the final 32 schools in the televised rounds. The Tokyo Cement All Island Schools Quiz was designed with the objective of encouraging academics through interschool competition, rewarding students for their educational achievements and not just their athletic ones. The hope is that by rewarding those that pursue greater knowledge we're grooming future generations of students to be well rounded citizens and informed leaders . The quiz has now become highly attractive to schools and students with school children looking forward to the next round. This active interest has given the Company the confidence to extend the quiz into Season 3, in the new financial year.

The champions of the quiz this year were Richmond College (Galle) with Royal College (Colombo) coming in at second place. The winning school walked away with the Rs. 1Mn cash prize, whilst the winning team was also gifted with laptop computers. Royal College, as the runners-up were awarded Rs. 500,000 and Sony digital cameras. Each of the 16 schools that exited during the first round of competition received Rs. 100,000 each, while the eight schools that were displaced in the second round received Rs. 125,000 each. The four schools to leave the competition during the third round received Rs. 150,000 each. The two losing semi-finalists received cash prizes worth Rs. 250, 000 each. In total, the Tokyo Cement All Island Schools Quiz awarded prizes worth Rs. 5.2 million.

The quiz is conducted in collaboration with Swarnavahini and is televised to the entire country. The programme is endorsed by the Ministry of Education.

Foundation for Heroes: the future of Sri Lankan Cricket

Tokyo Cement's project on developing rural cricketing talent remains extremely popular with people all over the country. The project is implemented with the Foundation for Goodness and aims to develop the talents of rural children through monthly coaching camps. Under this programme Tokyo Cement invested in building the required infrastructure for cricket practices in two locations in the South - Seenigama and Hikkaduwa.

Cricket builds greatness.
That's why we build cricket.
At the Tokyo Cement Group, we believe in building on success. That is why we are proud to partner with the Foundation of Goodness to develop infrastructure for cricket coaching camps in the South. To build a new generation of great Sri Lankan cricketers who are ready to take on the world and win.
TOKYO CEMENT GROUP

The project is implemented through a partnership with the Foundation for Goodness and is supported by star cricketers Kumar Sangakkara, Mahela Jayawardene and Muttiah Muralitharan who are trustees of the Foundation for Goodness.

The Company is currently sponsoring the construction of 60 concrete wickets in schools in the North and East to give school children the opportunity to train and source talent. At present 30 wickets have been built.

Coaching and infrastructure development in Seenigama

The Tokyo Cement Group has undertaken to support the Foundation of Goodness in a coaching and infrastructure development programme at MCC Lords, Hikkaduwa and the Surrey Oval in Seenigama, with the objective of developing schoolboy cricketers in the South to represent the National Team. Over 400 school boys from 15 regional schools will engage in the coaching programme.

Murali Harmony Cup 2014

The Murali Harmony Cup hosted 360 school boy cricketers from 24 schools, from all districts in the country, in support of under privileged children in the North, through a T20 style cricket tournament in Jaffna from October 29th to November 2nd , 2014. The tournament was conducted in collaboration with the Foundation of Goodness.

School nutrition programme

Under the school nutrition programme, Tokyo Cement continued to provide midday meals to selected underprivileged schools in the Trincomalee and Kandy districts. The nutrition programme has been able to successfully organise daily, balanced meals, cooked under supervised, hygienic conditions. The food is prepared by groups of volunteer parents, in the school kitchens. The kitchens have been equipped by Tokyo Cement to cook and serve the food to the children. The fresh vegetables, fish and meat for the meals, are supplied through a nearby grocery shop and Tokyo Cement makes the payments for these supplies.

Since the implementation of the programme all schools have seen a marked improvement in attendance. The Company also received letters of appreciation from principles and praise from parents.

Housing programme with Habitat for Humanity

Tokyo Cement is in the process of initiating a highly beneficial housing programme for underserved communities in collaboration with Habitat for Humanity. The programme will support housing construction for the most deserving families to enhance quality of life and promote welfare of families. Tokyo Cement's involvement will be in two fronts - as the material partner in the provision of building materials through a coupon system and as a technical advisory services provider to train the technical advisors of Habitat for Humanity to supervise the housing construction by the beneficiaries. Tokyo Cement is currently developing training courses on efficient house building techniques. The Company will also conduct workshops among communities where beneficiaries will be taught how to build their own homes. Tokyo Cement will supply building materials at discounted rates and will also provide free delivery of all materials.

TODAY WE CAN PROUDLY SAY THAT AS THE LARGEST MANUFACTURER AND SUPPLIER OF CEMENT IN SRI LANKA, OUR GREEN ENERGY INITIATIVES HAVE HELPED BUILD SUSTAINABLE DREAMS OVER THESE PAST 30 YEARS. THROUGH THE COMMITMENT AND DEEP INVESTMENT THRUST INTO THE WORLD OF ECO-FRIENDLY POWER GENERATION, WE HAVE ALSO CONTINUED TO PROVIDE CONSISTENT RETURNS TO OUR VALUED SHAREHOLDERS.

FINANCIAL INFORMATION

DIRECTORS RESPONSIBILITIES

The responsibility of the directors in relation to the financial statements is set out in the following statement. The responsibility of the auditors, in relation to the financial statements prepared in accordance with the provision of the Companies Act No 7 of 2007, is set out in the Report of the Auditors.

The financial statements comprise of Statement of Comprehensive Income and Statement of other Comprehensive Income of the Company and its subsidiaries, which present a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year and a Statement of Financial Position which presents a true and fair view of the state of affairs of the company and its subsidiaries as at the end of the financial year.

In terms of Section 150(1),151,152(1) & 153 of the Companies Act No 7 of 2007, Directors are responsible to ensure compliance with requirements set out therein to prepare financial statements for each year, giving a true and fair view of the state of affairs of the company and the group as at the end of financial year and of the profit and loss of the Company and its subsidiaries of the group for the financial year.

In terms of Section 148 of the Companies Act No 7 of 2007 Directors are also required take appropriate steps to ensure that the Companies within the Group maintain adequate and accurate records which reflect the true financial position of each such Company and hence the Group.

The directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities while acknowledging that there is no single system of internal control that could guarantee absolutely against mismanagement or fraud.

The directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered being appropriate to enable them to give their audit opinion.

The financial statements presented in the Annual Report for the year ended 31st March 2015, have been prepared based on the Sri Lanka Accounting Standards (SLFRSs/LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the financial statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2015 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2015 reflect a true and fair view of the Company and the Group respectively.

The Directors further confirm that the financial statements and other statutory reports of the Company and its subsidiaries for the year ended 31st March 2015 incorporated in this report have been prepared in accordance with the Companies Act No.7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors having considered the Group's business plans, and a review of its current and future operations, are of the view that the Company and the Group have adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the financial statements.

Compliance Report

The directors confirm that to the best of their knowledge, all taxes, duties and levies all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the reporting date have been paid, or where relevant provided for, except as specified in note 28 to the financial statements covering contingent liabilities.

By Order of the Board of

Tokyo Cement Company (Lanka) PLC

Seccom (Private) Limited
Company Secretaries,

1st August 2015

AUDIT COMMITTEE REPORT

Terms of Reference

In terms of best corporate governance practices The Audit Committee is responsible to the Board of Directors and reports on its activities regularly. It also assists the Board of Directors in its general oversight of financial reporting, Risk Management, internal controls and functions relating to internal and external audit and monitoring of compliance with laws, regulations and best practices.

Composition

The composition requirements, roles and functions of the Committee are set out 'Rules on Corporate Governance under Listing Rules of the Colombo Stock Exchange' and 'Code of Best Practice on Corporate Governance' issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Company's Audit Committee Comprises of three Non Executive Independent Directors and one Non-Executive Directors. They are Mr. R. Seevaratnam, Dr. Indrajit Coomaraswamy, Mr. Ravi Dias and Mr. Akira Ikematsu respectively. One member of the committee is a qualified Chartered Accountants. The other members participating at the Audit Committee deliberations are Managing Director, Group General Manager/Executive Director, Chief Financial Officer, and Internal Auditor. Members of the Senior Management of the company were also invited to participate in the meetings as and when the necessity arose.

Meetings

The Audit Committee met four times during the year ended 31st March 2015 and proceedings of the meetings are reported to the Board of Directors regularly

Name	Attendance
Mr. R. Seevaratnam - Chairman	4/4
Dr. Indrajit Coomaraswamy	3/4
Mr. Ravi Dias	2/2
Mr. Akira Ikematsu	3/4
Mr. Edgar Gunatunga (Deceased)	2/2

Financial Reporting

The Committee assists the Board of Directors to discharge their responsibility in the preparation of Financial Statements to reflect a true and fair view on financial position and performance, based on the company's accounting records and in accordance with the stipulated requirements of the Sri Lanka Accounting Standards. In accordance with the mandate mentioned above, the Committee reviews the following:

- Procedures to provide reasonable assurance that all transactions are accurately and completely recorded in the books of account.
- Effectiveness of financial reporting system is in place to ensure reliability of the information provided to the stakeholders.
- Accounting policies to determine most appropriate accounting policies after considering all choices available.
- Process by which compliance with Sri Lanka Accounting Standards, Companies Act No 7 of 2007 and other regulatory provisions relating to financial reporting and disclosures are ensured.
- Annual report and interim financial statements prepared for publication prior to submission to the Board.

Internal Control, Internal Audit & Risk Management

The Committee reviewed the business processes in operation in order to evaluate the effectiveness of the internal controls that have been designed to provide reasonable assurance to the directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of the financial statements. The Audit Committee monitors and guides the Internal Audit Department which performs audits according to the plan of activities which covers financial and operational audits, risk assessments and IT security reviews. The reports of the Internal Audit Department have been reviewed, discussed by the Committee, and initiated corrective measures.

Independent Auditors

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Group. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee recommends the reappointment of Messes BDO Partners for the financial year ending 31st March 2016.

Conclusion

The Audit Committee is satisfied that the Group's Accounting policies, internal controls including operational controls provides reasonable assurance that the affairs of the group are managed in accordance with policy framework of the group setout by board of directors and that group assets are properly accounted and adequately safeguarded.

R. Seevaratnam

R. Seevaratnam
Chairman - Audit Committee

Colombo
1st August 2015

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee appointed by the Board of Directors comprises two Non-Executive Independent Directors namely Dr. Harsha Cabral, Mr. R Seevaratnam, and Mr. Akira Ikematsu. Mr. S R Gnanam Managing Director attend Committee meetings by invitation.

The Remuneration Committee was established with the objective of recommending the remuneration of Board of Directors.

Terms of reference of the committee is also to make recommendations to the Board, the remuneration and its cost and to determine on behalf of the Board specific remuneration packages for Senior Management Team, and recommend any contract of employment or related contract with Senior Management Team and determine the terms of any compensation package in the event of early termination of the contract of any member of Senior Management Team and make recommendations to the Board regarding the content to be included in the Annual Report on Directors' remuneration.

The Committee is not responsible for setting the level of remuneration of Non-Executive Directors, which is determined by the Board.

Company has adopted a policy of remuneration to Senior Management Team and Executive Directors based on performance. It is a policy of the company to link remuneration of Senior Management Team with the company's short range and long range business strategies and committee make its best endeavour to maintain remuneration levels sufficient to attract and retain Senior Management Team of the company. The decisions on the matters relating remuneration of Senior Management Team were arrived in consultation with the Chairman and Managing Director. No director is involved in determining his or her own remuneration.

The Minutes of the Remuneration Committee approved by the said committee are circulated and affirmed by the Board of Directors. The Committee also discusses and advises the Directors and Executive Officers on structuring of remuneration packages. The Committee has the authority to seek external independent professional advice on matters within its purview.

Director's emoluments in aggregate for Executive and Non Executive Directors are disclosed in note 6 to the financial statements in page 112.

Dr. Harsha Cabral
Chairman
Remuneration Committee

1st August 2015

NOMINATION COMMITTEE REPORT

The Nomination Committee during the year consisted of the Non-Executive Chairman Dr. Harsha Cabral, Managing Director Mr. S R Gnanam and Nominee Director Mr. Akira Ikematsu and three Non Executive Independent Directors Mr. R Seevaratnam, Mr. Ravi Dias and Dr. Indrajit Coomaraswamy. The Role and Responsibilities of the Committee are :

- To recommend to the Board the process of selecting the Chairman and Managing Director.
- To identify suitable persons who could be considered for appointment to the Board as Executive and Non-Executive Directors.
- To make recommendations on matters referred to by the Board.

During the year under review, the Committee has met two times to nominate new appointments to the Directorate.

Dr. Indrajit Coomaraswamy
Chairman
Nomination Committee

1st August 2015

INDEPENDENT AUDITOR'S REPORT

Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

TO THE SHAREHOLDERS OF TOKYO CEMENT COMPANY (LANKA) PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Tokyo Cement Company (Lanka) PLC ("the Company"), and consolidated financial statements of the company and its subsidiaries ("Group") as at 31st March, 2015 which comprise the statement of financial position as at 31st March, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 87 to 149.

Board's Responsibility for the Financial Statements

The Board of Directors ("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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity'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 31st 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. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

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

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

1st August 2015
SSR/cc

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2015		Group		Company		
		31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated *	31st March, 2014 **
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Continuing operations						
Turnover		29,674,246,986	28,907,690,525	14,519,851,798	16,736,840,369	10,239,408,343
Cost of sales		(23,266,797,408)	(21,690,513,982)	(11,561,951,061)	(12,829,285,785)	(7,704,844,081)
Gross profit		6,407,449,578	7,217,176,543	2,957,900,737	3,907,554,584	2,534,564,262
Other income	3	226,911,828	153,837,431	432,385,546	217,020,621	373,818,925
		6,634,361,406	7,371,013,974	3,390,286,283	4,124,575,205	2,908,383,187
Distribution expenses		(2,917,213,629)	(3,025,465,028)	(1,390,148,241)	(1,600,528,660)	(1,054,808,448)
Administrative expenses		(1,170,917,687)	(1,173,310,041)	(791,005,580)	(789,345,576)	(611,649,113)
Profit from operations		2,546,230,090	3,172,238,905	1,209,132,462	1,734,700,969	1,241,925,626
Finance income	4	86,253,829	13,581,745	8,238,961	10,451,088	8,181,451
Finance expenses	5	(467,341,983)	(558,714,346)	(239,252,467)	(276,563,605)	(142,892,626)
Profit before taxation	6	2,165,141,936	2,627,106,304	978,118,956	1,468,588,452	1,107,214,451
Income tax expenses	7	(475,594,758)	(452,547,422)	(267,105,512)	(381,412,939)	(218,751,299)
Profit for the year		1,689,547,178	2,174,558,882	711,013,444	1,087,175,513	888,463,152
Other comprehensive income						
Actuarial gains/(loss) on defined benefit plan		(12,138,366)	(14,443,537)	(9,914,740)	(12,754,372)	(9,820,799)
Tax relating to components of other comprehensive income		(3,066,715)	(3,822,001)	(2,776,128)	(3,571,224)	(2,749,824)
Total other comprehensive income net of tax		(15,205,081)	(18,265,538)	(12,690,868)	(16,325,596)	(12,570,623)
Total comprehensive income for the year		1,674,342,097	2,156,293,344	698,322,576	1,070,849,917	875,892,529
Attributable to :						
Equity holders of the parent		1,626,792,777	2,126,597,911	698,322,576	1,070,849,917	875,892,529
Non-controlling interest		47,549,320	29,695,433	-	-	-
Earnings per ordinary share (Rs.per share)						
- Voting	8	5.06	6.51	2.13	3.25	2.66
- Non voting	8	5.06	6.51	2.13	3.25	2.66
Dividend per ordinary share						
- Voting	9	-	-	1.19	1.50	1.50
- Non voting	9	-	-	1.19	1.50	1.50

* The amounts shown here do not correspond to the financial statements for 2013/2014 and reflect the adjustments made due to the amalgamation between the company and Fuji Cement Company (Lanka) Ltd which are disclosed under note 34.

** Comparatives as a stand alone entity as at 2014 have also been given to aid compatibility.

Figures in brackets indicate deductions.

The accounting policies and notes from pages 87 to 149 form an integral part of these financial statements.

Colombo
1st August, 2015

THE STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH, 2015	Note	Group 31st March, 2015 Rs.	Group 31st March, 2014 Rs.	Company 31st March, 2015 Rs.	Company 31st March, 2014 Restated * Rs.	Company 31st March, 2014 ** Rs.
ASSETS						
Non-current assets						
Property, plant and equipment	10	12,425,519,007	9,916,920,986	6,831,130,777	7,033,479,744	5,976,648,329
Capital work-in-progress	11	372,145,284	2,502,065,812	85,068,729	86,983,816	86,983,816
Intangible assets	12	101,702,457	37,354,397	33,379,388	-	-
Investments in subsidiaries	13	-	-	2,913,517,829	1,900,831,859	2,050,831,859
Advance on share application	14	-	-	1,500,000,000	-	-
Operating lease prepayment	15	67,893,565	72,653,619	20,139,599	20,558,383	20,558,383
Total non-current assets		12,967,260,313	12,528,994,814	11,383,236,322	9,041,853,802	8,135,022,387
Current assets						
Inventories	16	1,618,912,385	1,870,023,919	984,374,917	919,454,320	639,280,542
Trade and other receivables	17	2,702,194,936	1,933,383,715	1,231,078,422	1,209,573,525	920,737,861
Operating lease prepayment	15	4,760,688	4,761,322	419,418	420,052	420,052
Tax receivables		34,487,217	163,183,525	12,305,270	44,204,409	95,230,146
Amount due from subsidiaries	18	-	-	987,323,000	978,439,188	708,409,424
Financial investments	19	1,888,370,820	1,413,652,072	79,909,473	36,502,502	36,502,502
Cash and cash equivalents		520,657,884	369,689,956	81,302,810	305,819,572	134,983,705
Total current assets		6,769,383,930	5,754,694,509	3,376,713,310	3,494,413,568	2,535,564,232
Total assets		19,736,644,243	18,283,689,323	14,759,949,632	12,536,267,370	10,670,586,619
EQUITY AND LIABILITIES						
Equity						
Stated capital	20	2,893,756,250	2,893,756,250	2,893,756,250	2,893,756,250	2,890,368,837
Retained earnings		7,088,585,946	6,120,473,610	4,228,897,850	4,031,762,774	2,919,862,652
Equity attributable to the equity holders of the parent		9,982,342,196	9,014,229,860	7,122,654,100	6,925,519,024	5,810,231,489
Non-controlling interest		-	11,643,710	-	-	-
Total Equity		9,982,342,196	9,025,873,570	7,122,654,100	6,925,519,024	5,810,231,489

AS AT 31ST MARCH, 2015	Note	Group 31st March, 2015 Rs.	Group 31st March, 2014 Rs.	Company 31st March, 2015 Rs.	Company 31st March, 2014 Restated * Rs.	Company 31st March, 2014 ** Rs.
Non-current liabilities						
Interest bearing borrowings	21	3,060,990,485	1,866,620,400	1,886,451,000	1,086,460,400	923,958,000
Deferred tax liability	22	1,731,952,791	1,385,392,547	1,246,657,094	1,041,261,086	967,064,714
Retirement benefits obligation	23	108,226,274	81,168,006	93,473,492	71,907,830	57,048,631
Total non-current liabilities		4,901,169,550	3,333,180,953	3,226,581,586	2,199,629,316	1,948,071,345
Current liabilities						
Trade and other payables	24	2,247,209,347	1,955,897,643	1,332,977,049	1,224,645,600	965,174,356
Amount due to subsidiaries	25	-	-	1,501,396,077	611,991,326	857,196,757
Short-term borrowings	21	2,303,920,852	3,478,404,612	1,327,282,020	1,281,944,295	817,769,599
Current tax payable		5,494,321	51,025,738	-	-	-
Bank overdrafts		296,507,977	439,306,807	249,058,800	292,537,809	272,143,073
Total current liabilities		4,853,132,497	5,924,634,800	4,410,713,946	3,411,119,030	2,912,283,785
Total equity and liabilities		19,736,644,243	18,283,689,323	14,759,949,632	12,536,267,370	10,670,586,619
Net asset value per share		29.88	27.01	21.32	20.73	17.39

* The amounts shown here do not correspond to the financial statements for 2013/2014 and reflect the adjustments made due to the amalgamation between the Company and Fuji Cement Company (Lanka) Ltd which are disclosed under note 34.

** Comparatives as a stand alone entity as at 2014 have also been given to aid compatibility.

Figures in brackets indicate deductions.

The accounting policies and notes from pages 87 to 149 form an integral part of these financial statements.

These financial statements are prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Mr. N. Kuruwita
Chief Financial Officer (CFO)

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the board.

Dr Harsha Cabral
Chairman

Mr. S. R. Gnanam
Managing Director

Colombo
1st August 2015

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Equity Shareholders Capital Redemption Reserve Fund Rs.	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.	Non-Controlling Interest Rs.	Total Equity Rs.
As at 01st April, 2013	150,000,000	2,366,750,000	4,678,019,362	7,194,769,362	(17,179,074)	7,177,590,288
Profit for the year	-	-	2,126,597,911	2,126,597,911	29,695,433	2,156,293,344
Capitalization of reserves	-	527,006,250	(527,006,250)	-	-	-
Cost on capitalization of reserves	-	-	(3,387,413)	(3,387,413)	-	(3,387,413)
Acquisitions and changes in non-controlling interest	-	-	-	-	(872,649)	(872,649)
Dividend paid	-	-	(303,750,000)	(303,750,000)	-	(303,750,000)
As at 31st March, 2014	150,000,000	2,893,756,250	5,970,473,610	9,014,229,860	11,643,710	9,025,873,570
Adjustment due to amalgamation	(150,000,000)		150,000,000			-
As at 31st March, 2014 - Restated	-	2,893,756,250	6,120,473,610	9,014,229,860	11,643,710	9,025,873,570
Profit for the year	-	-	1,626,792,777	1,626,792,777	47,549,320	1,674,342,097
Cost on Issue of shares	-	-	(4,000,000)	(4,000,000)	-	(4,000,000)
Acquisitions and changes in non-controlling interest	-	-	(153,492,941)	(153,492,941)	(59,193,030)	(212,685,971)
Dividend paid	-	-	(501,187,500)	(501,187,500)	-	(501,187,500)
As at 31st March, 2015	-	2,893,756,250	7,088,585,946	9,982,342,196	-	9,982,342,196

Company	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
As at 01st April, 2013	2,366,750,000	2,874,726,373	5,241,476,373
Adjustment due to merger		920,330,147	920,330,147
As at 01st April, 2013 - Restated	2,366,750,000	3,795,056,520	6,161,806,520
Profit for the year	-	1,070,849,917	1,070,849,917
Capitalization of reserves	527,006,250	(527,006,250)	-
Cost on capitalization of reserves	-	(3,387,413)	(3,387,413)
Dividend paid	-	(303,750,000)	(303,750,000)
As at 31st March, 2014 - Restated	2,893,756,250	4,031,762,774	6,925,519,024
Profit for the year	-	698,322,576	698,322,576
Dividend paid	-	(501,187,500)	(501,187,500)
As at 31st March, 2015	2,893,756,250	4,228,897,850	7,122,654,100

Figures in brackets indicate deductions.

The accounting policies and notes from pages 87 to 149 form an integral part of these financial statements.

Colombo
1st August 2015

STATEMENT OF CASH FLOW

		Group		Company	
		31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated *
	Note	Rs.	Rs.	Rs.	Rs.
Cash flow from operating activities					
Net profit before taxation		2,165,141,936	2,627,106,304	978,118,956	1,468,588,452
Adjustments for :					
Depreciation		933,719,337	792,544,701	608,453,859	541,762,663
Amortization of intangible assets		2,410,717	2,529,467	-	-
Retirement benefit obligation		21,006,720	14,276,769	17,588,209	12,442,506
Profit on disposal of property, plant and equipment		(14,067,914)	(5,467,021)	(14,067,914)	(5,467,021)
Interest expense		467,341,983	553,542,849	239,252,467	271,392,108
Amortization of operating lease		4,760,688	4,761,322	419,418	420,052
Interest income		(86,253,829)	(13,581,745)	(8,238,961)	(8,181,451)
Dividend income		-	-	(300,007,944)	-
Write off of economic service charges		-	21,441,514	-	-
Unabsorbed Taxes		24,454,774	-	22,096,737	-
Gift received-shares		(3,034,000)	-	(3,034,000)	-
De-recognition loss on plant and machinery		35,767,900	64,918,282	23,923,550	64,918,282
Capital work-in-progress during the year charge		-	6,425,531	-	6,425,531
Result of restatement of liabilities		(186,240,000)	-	(86,041,374)	-
Operating profit before working capital changes		3,365,008,312	4,068,497,973	1,478,463,003	2,352,301,122
(Increase)/decrease in inventories		251,111,534	(77,403,504)	(64,920,597)	185,250,278
(Increase)/decrease in trade and other receivables		(732,791,313)	(97,596,161)	(21,504,895)	(166,851,915)
Increase/(decrease) in trade and other payables		461,843,316	42,415,810	233,392,223	(113,885,328)
Cash generated from operation		3,345,171,849	3,935,914,118	1,625,429,734	2,256,814,157
Interest paid		(467,341,983)	(599,002,247)	(239,252,467)	(271,392,108)
Taxation paid		(93,702,631)	(37,786,774)	(93,702,631)	(37,786,774)
Retirement benefit obligation paid		(6,086,819)	(4,439,633)	(5,937,287)	(4,317,573)
Net cash flow from/(used in) operating activities		2,778,040,416	3,294,685,464	1,286,537,349	1,943,317,702
Cash flow from/(used in) investing activities					
Purchase of property, plant and equipment	A	(582,916,746)	(295,793,502)	(398,942,311)	(241,380,367)
Dividend received		-	-	300,007,944	-
Expenditure incurred on capital work-in-progress		(836,852,240)	(2,344,559,818)	(100,775,299)	(473,478,227)
Interest received		86,253,829	13,581,745	8,238,961	8,181,451
Proceeds from sale of property, plant and equipment		18,913,393	10,238,143	18,913,393	10,238,143
Investment/withdrawals on short-term deposits		(474,718,748)	(1,409,940,379)	(43,406,971)	(34,578,949)
Investment in shares - subsidiary		(209,651,970)	(20,680,833)	(1,009,651,970)	(170,680,833)
Net cash from/(used in) investing activities		(1,998,972,482)	(4,047,154,644)	(1,225,616,253)	(901,698,782)
Cash flow from/(used in) financing activities					
Cost on capitalization of reserves		-	(3,387,413)	-	(3,387,413)
Cost on issue of shares		(4,000,000)	-	-	-
Advances on shares		-	-	(1,500,000,000)	-
Repayment of interest bearing loans and borrowings		(18,333,255,623)	(15,805,316,106)	(6,783,595,938)	(7,878,846,444)
Receipt of interest bearing loans and borrowings		18,353,141,947	16,910,089,301	7,628,924,262	8,067,486,323
Dividend paid		(501,187,500)	(303,750,000)	(501,187,500)	(303,750,000)
Advances (to)/from subsidiary (Net)		-	-	913,900,327	(778,248,972)
Net cash from/(used in) financing activities		(485,301,176)	797,635,782	(241,958,849)	(896,746,506)
Net increase/(decrease) in cash and cash equivalents		293,766,758	45,166,603	(181,037,753)	144,872,414
Cash and cash equivalents at the beginning of the year	B	(69,616,851)	(114,783,454)	13,281,763	(131,590,651)
Cash and cash equivalents at the end of the year	C	224,149,907	(69,616,851)	(167,755,990)	13,281,763

Figures in brackets indicate deductions.

The accounting policies and notes from pages 87 to 149 form an integral part of these financial statements.

Colombo
1st August 2015

NOTES TO THE CASH FLOW STATEMENT

Note		Group 31st March, 2015 Rs.	Group 31st March, 2014 Rs.	Company 31st March, 2015 Rs.	Company 31st March, 2014 Restated * Rs.
A	Purchase of property, plant and equipment				
	Additions during the year	582,916,746	295,793,502	398,942,311	241,380,367
	Transferred from capital work-in-progress	2,900,013,992	588,974,552	35,931,610	559,883,674
	Total of additions during the year	3,482,930,738	884,768,054	434,873,921	801,264,041
	Less: Transferred from work-in-progress balance	(2,900,013,992)	(588,974,552)	(35,931,610)	(559,883,674)
		582,916,746	295,793,502	398,942,311	241,380,367
B	Cash and cash equivalents at the beginning				
	Bank balances and cash	369,689,956	368,795,554	305,819,572	235,820,065
	Bank overdraft	(439,306,807)	(483,579,008)	(292,537,809)	(367,410,716)
		(69,616,851)	(114,783,454)	13,281,763	(131,590,651)
C	Cash and cash equivalents at the end				
	Bank balances and cash	520,657,884	369,689,956	81,302,810	305,819,572
	Bank overdraft	(296,507,977)	(439,306,807)	(249,058,800)	(292,537,809)
		224,149,907	(69,616,851)	(167,755,990)	13,281,763

Figures in brackets indicate deductions.

The accounting policies and notes from pages 87 to 149 form an integral part of these financial statements.

Colombo
1st August 2015

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting entity – Domicile and legal form

Tokyo Cement Company (Lanka) PLC (Company) is a Public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Registered Office and the principal place of business of the Company is located at No.469 - 1/1, Galle Road, Colombo 03. The factory is located at Cod-Bay, China bay, Trincomalee.

Fuji Cement Company (Lanka) Limited has amalgamated with the company which is the ultimate parent and executed under Section 242 of the Companies Act no 07 of 2007 on short form amalgamation method with effect from 13th March, 2015 for which certificate of amalgamation has been obtained from the Registrar General of Companies.

1.2 Consolidated financial statements

The financial statements for the year ended 31st March, 2015, comprise "the Company" referring to Tokyo Cement Company (Lanka) PLC as the holding company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.3 Principal activities and nature of operations

During the year, the principal activities of the Company and the subsidiaries dealt within these financial statements were as follows:

Name of the company	Nature of business
Tokyo Cement Company (Lanka) PLC	Manufacturing & Marketing of Cement value added products and Ready Mixed Concrete
Tokyo Super Cement Company Lanka (Pvt) Ltd	Manufacturing & Marketing of Cement
Fuji Cement Company (Lanka) Ltd (Amalgamated with parent company on 13th March 2015)	Manufacturing, Importing & Marketing of Cement
Tokyo Cement Colombo Terminal (Pvt) Ltd	Importing, Packaging & Marketing of Cement
Tokyo Eastern Cement Company Ltd	Manufacturing & Marketing of Cement (Under Development)
Tokyo Cement Power (Lanka) Ltd	Generation of Power

1.4 Parent enterprise

The parent undertaking is Tokyo Cement Company (Lanka) PLC, and ultimate parent of the Group is also Tokyo Cement Company (Lanka) PLC.

1.5 Financial period

The financial period of the company and its group represents twelve months period from 01st April, 2014 to 31st March, 2015.

1.6 Date of authorization for issue

The consolidated financial statements for the year ended 31st March, 2015 were authorized for issue by the Board of Directors on 1st August, 2015.

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

1.7 Responsibility for financial statements

The board of directors is responsible for the preparation and presentation of the financial statements of the company and the group as per the provisions of the Companies Act No. 07 of 2007 and in accordance with new Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

These financial statements include the following components:

- a statement of comprehensive income providing information on the financial performance of the Company and the Group for the year under review,
- a statement of financial position providing the information on the financial position of the Company and the Group as at the year-end,
- a statement of changes in equity depicting all the changes in shareholders' funds during the year under review of the Company and the Group,
- a statement of cash flows providing the information to the users, on the ability of the Company and the Group to generate cash and cash equivalents and the needs of entities to utilize those cash flows and
- notes to the financial statements comprising accounting policies and other explanatory information.

The responsibility of the Directors in relation to the financial statements is set out in "The statement of directors' responsibility".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. General accounting policies

2.1.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred to as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Fuji Cement Company (Lanka) Limited has amalgamated with Tokyo Cement Company (Lanka) PLC which is the ultimate parent company and executed under Section 242 of the Companies Act no 07 of 2007 on short form amalgamation method with effect from 13th March, 2015. Accordingly, a separate financial statement of Fuji Cement Company (Lanka) Limited has been prepared for the period 1st April, 2014 to 12th March, 2015. The financial results for that period, assets , liabilities and equity including risks and benefits to the controlling party have been transferred to the company. A separate financial statement of Fuji Cement Company (Lanka) Limited for the period from 01st April, 2014 to 12th March, 2015 were audited and an unqualified audit opinion has been expressed.

Financial Statements of the company for the year then ended 31st March, 2015 represent the combined values of amalgamated entity. The presentation of combined entity's results and financial positions has been prepared and presented in accordance with the Statement of Recommended Practice for Merger Accounting for Common Control Combinations (SoRP) approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19th December, 2012. The applicable accounting treatments and polices on common control combinations have been disclosed in the note no. 2.2.3.

2.1.2. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, available-for sale of financial assets and financial assets at fair value through profit or loss that have been measured at fair value.

2.1.3. Presentation and functional currency

The consolidated financial statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.1.4. Statement of compliance

The statement of financial position, statement of comprehensive income, changes in equity and cash flow, together with Accounting Policies and Notes ("financial statements") of the company and the Group as at 31st March, 2015 and for the year then ended have been prepared in compliance with the Sri Lanka Accounting Standards (LKAS & SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka and the Statement of Recommended Practice for Merger Accounting for Common Control Combinations (SoRP), approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19th December, 2012.

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 7 of 2007.

2.1.5. Going concern

The directors have made an assessment of the Company and its subsidiaries' ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.1.6. Comparative information

The accounting policies have been consistently applied by the Company and the Group with those of the previous year in accordance with the Sri Lanka Accounting Standard – LKAS 01 on "Presentation of Financial Statements". Comparative information is re-classified wherever necessary to comply with the current presentation.

2.1.7. Discontinuing operations

A discontinuing operation is a clearly distinguishable component of the company's business that is abandoned or terminated pursuant to a single plan and which represents a separate major line of industry or geographical area of operations.

As at the reporting date, the company does not have any discontinuing operations.

2.1.8. Foreign currency transaction

All foreign exchange transactions have been converted to Sri Lanka Rupees, which is the reporting currency, at the rates of exchange prevailing at the time the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupee equivalents using year end spot foreign exchange rates, the resulting gains or losses are accounted in the statement of comprehensive income.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gain or loss is accounted in the statement of comprehensive income.

2.1.9. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.1.10. Significant accounting judgements, estimates and assumptions

a) Judgements

In the process of applying the accounting policies, management has made the judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

b) Estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that would affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at reporting date.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, have been considered.

2.2. Consolidation and business combinations

2.2.1. Basis of consolidations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March, 2015.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries have been prepared for the same reporting period as the parent company, using consistent accounting policies.

2.2.2. Business combination

Business Combinations are accounted for using the acquisition in accordance with SLFRS 3 – Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest of the acquiree. For each business combination, the Group elects whether or not it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the identifiable net assets of acquiree. Acquisition costs incurred are expensed 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest of the acquiree is re-measured to fair value at the acquisition date through profit or loss. After the control of an entity is obtained, changes in ownership interest that do not result in a loss of control are accounted as equity transactions and gain or loss from these changes are not recognized in the statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with LKAS 39 either in profit or loss or as a change to other comprehensive income.

a) Subsidiaries

Subsidiaries are all entities over which the Group has the power directly or indirectly to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are de-consolidated from the date such control ceases.

Name of the subsidiary	Control
Tokyo Super Cement Company Lanka (Pvt) Ltd	100%
Fuji Cement Company (Lanka) Ltd (amalgamated with parent company with effect from 13th March, 2015)	100%
Tokyo Cement Power (Lanka) Ltd	100%
Tokyo Cement Colombo Terminal (Pvt) Ltd (with effect from 23rd March, 2015)	100%
Tokyo Eastern Cement Company Ltd	100%

The total profits and losses for the year of the company and of its subsidiaries included in consolidation and all assets and liabilities of the company and of its subsidiaries included in consolidation are shown in the consolidated statement of comprehensive income and the statement of financial position respectively.

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

Related party transactions, balances and unrealized profits or losses among the group of companies are eliminated.

b) Cost of acquisition

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. This excludes any transaction costs incurred.

c) Non-controlling interest

The interest of the outside shareholders in net assets of the Group and proportion of the profit after taxation applicable to outside shareholders are stated separately in the consolidated statement of financial position and the consolidated statement of comprehensive income under the heading, "Non-Controlling Interest".

d) Transactions eliminated on consolidation

All intra group balances, income and expenses and unrealized gains and losses and dividends resulting from Intra group transactions are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the group obtains control and continues to be consolidated until the date that such control ceases.

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

e) Reporting date

The financial statements of the subsidiaries have been prepared for the common reporting period as the parent company, which is 12 months ending 31st March, using consistent accounting policies.

f) The consolidated cash flow statement includes the cash flows of the company and its subsidiaries.

2.2.3. Common control business combinations

Common control businesses are accounted using the guidelines used under the Statement of Recommended Practice for Merger Accounting for Common Control Combinations (SoRP), approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19th December, 2012.

The concept underlying the use of merger accounting to account for a business combination is that no acquisition has occurred and there has been a continuation of the risks and benefits to the controlling party (or parties) that existed prior to the business combination. Use of merger accounting recognizes this by accounting for the combining entities as though the separate entities were continuing as before.

In applying merger accounting, financial statement items of the combining entities for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities first came under the control of the controlling party.

Accordingly,

a. the net assets of the combining entities are consolidated using the existing book values,

b. no amount is recognized as goodwill which arises as a result of difference between the consideration and the net assets acquired,

c. comparative amounts in the financial statements are restated as if the companies were combined at the previous reporting date.

2.3. Assets and bases of their valuation

2.3.1. Property, plant & equipment

a) Property, plant and equipment are stated at cost, excluding the cost of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

Further, vessel dry docking cost and special survey dry docking cost are also recognized in the carrying amount of the vessel. All other repair and maintenance costs are recognized in the profit or loss as incurred.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 included in the statement of comprehensive income in the year the asset is de-recognized.

The depreciation of an asset begins when it is available for use and ceases at earlier of the date that asset is classified as held for sale and the date that the asset is de-recognized.

Depreciation is calculated on a straight line basis over the useful life of the assets as disclosed below:

Category	Years
Factory buildings	Over the lease period
Generator house	20
Other buildings	10
Fuel storage tanks	20
Plant and machinery	50
Power plant	30
Laboratory equipment and generators	10
Office equipment	4 – 8
Factory and other equipment	20
Recycling system	8
Furniture and fittings	8
Vehicles	4 – 5
Cement silo	60
Tug boat	10
Railway platform	10
Barges	10
Computer and other electrical equipment	8
Packer house	20
Landing jetty	20
Batching plant	30
Vessel	32
Vessel dry docking	2.5
Dry docking – special survey	5
Vessel equipment	20
Bio-mass building	30
Bio-mass plant & machinery	30

b) Useful lives of property, plant and equipment

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgement made by management based on the professional experts is exercised in the estimation of these values, rates and methods.

c) Restoration costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

d) De-recognizing

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognizing of the asset is calculated as the difference between the net disposal proceeds and the carrying amount.

2.3.2. Capital work-in-progress

Capital work-in-progress was transferred to the respective asset accounts at the time of the first utilization of the asset.

2.3.3. Intangible assets

An intangible asset will be recognized if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 on intangible assets. Intangible assets with finite useful lives are measured at cost, less accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or Group of cash generating units) to which the goodwill relates. Where the recoverable amount of cash generating unit (or Group of cash generating units) is less than the carrying amount of cash generating unit (or Group of cash generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

b) Computer software – Accounting and related software

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

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is de-recognized.

Computer Software is amortized over 4 years.

2.3.4. Leases

a) Finance leases

Leases in terms of which the Group assumes that substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of a finance lease are measured at an amount equal to the lower of their fair value or the present value of minimum lease payments at the inception less accumulated depreciation and accumulated impairment losses.

The corresponding principal amount payable to the lessor is shown as a liability. The finance charges allocated to future periods are separately disclosed in the notes.

The interest element of the rental obligation applicable to each financial year is charged to the statement of comprehensive income over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The cost of improvements to or on leased property is capitalized and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

Any excess of sales proceeds over the carrying amount of assets in respect of a sale and leaseback transaction that results in a finance lease is deferred and amortized over the lease term.

b) Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of an asset under the leased term are classified as operating leases.

Lease payments (excluding cost of service such as insurance and maintenance) paid under operating leases are recognized as an expense in the statement of comprehensive income over the period of lease on a straight line basis.

c) Leasehold property

The initial cost of acquiring leasehold property is treated as an operating lease and is amortised over the period of the lease in accordance with the pattern of benefits expected to be derived from the lease. The carrying amount of leasehold property is tested for impairment annually.

2.3.5. Exploration and evaluation of mineral resources

a) Measurement of exploration and evaluation assets

The asset which satisfies the following conditions is recognized as exploration and evaluation asset.

i. Before the exploration for and evaluation of mineral resources, such as expenditures incurred before obtaining the legal right to explore a specific area,

ii. After the technical feasibility and commercial viability of extracting mineral resources are demonstrable,

iii. Expenditures related to the development of mineral resources shall not be recognized as exploration and evaluation assets.

b) Measurement after recognition

Exploration and evaluation assets are recognized either as the cost model or the revaluation model. If the revaluation model is applied, it should be consistent with the classification of the assets.

c) Classification of exploration and evaluation assets

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the asset acquired and applied the classification consistently.

d) Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, shall measure, present and disclose any resulting impairment loss in accordance with LKAS 36.

2.3.6. Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists or when annual impairment testing for an asset is required the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset 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 assessment of the time value of money and the risk specific to the asset. These calculations are collaborated by valuation multiples, quoted share prices or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity upto the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset will be increased to its recoverable amount.

The increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.7. Non-current assets (or disposal group) held-for-sale

Non-current assets (or disposal group) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sales transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

2.3.8. Financial instruments - Initial recognition and subsequent measurement

2.3.8.1. Financial assets

Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not being at fair value through profit or loss, directly attributable transaction costs.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) is recognized on the trade date, i.e., the date on which the Group commits to purchase or sell the asset .

The Group's financial assets include trade and other receivables, loans and other receivables and investments made in quoted equity securities.

Subsequent measurement

Subsequent measurement of financial assets depends on their classification as described below:

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the statement of comprehensive income.

The Group's financial assets at fair value through profit or loss include investments made in quoted equity securities.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized in the consolidated statement of comprehensive income in selling and distribution expenses.

c) Held-to-maturity investments

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

The Group did not have any held-to-maturity investments as at, 31st March, 2014 and 31st March, 2015.

d) Available-for-sale financial investments

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

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to re-classify these financial assets in rare circumstances.

Re-classification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intention and ability to hold these assets of the foreseeable future or until maturity. Re-classification to be held-to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset re-classified 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 will be re-classified to the statement of comprehensive income.

De-recognition

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

i) the rights to receive cash flows from the asset have expired,

ii) 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 it, the asset is recognized to the extent of the Group's continuing involvement in it. In that case, the Group also recognizes 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.

2.3.8.2. 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 have 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 interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization 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.

a) Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows are discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss will be the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of ensuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss would be increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery will be credited to finance costs in the statement of comprehensive income.

b) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original 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 recognized in the consolidated statement of comprehensive income is removed from other comprehensive income and recognized in the consolidated statement of comprehensive income. Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income; increases in their fair value after impairments are recognized directly in other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, 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 finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

2.3.8.3. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classifications as follows:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognized in the statement of comprehensive income.

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

b) Loans and borrowings

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

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

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When 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 de-recognition of the original liability and the recognition of anew liability and the difference in the respective carrying amounts are recognized in the statement of comprehensive income.

2.3.8.4. Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.3.8.5. 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.

Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortized cost less impairment losses for bad and doubtful debt, if any, except for the following receivables,

- Interest free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any.

- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any,

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Company's statement of financial position.

2.3.9. SLFRS 7 Fair Value Measurement Hierarchy

SLFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and;

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

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement, financial assets and financial liabilities are classified in their entirety into only one of the three levels.

2.3.10. Investments

Long-term investment

Long-term investments are classified as non-current investments and are stated at cost less any impairment losses. The cost of the Investment includes acquisition charges such as brokerages, fee, duties and bank charges.

In the parent Company's financial statement, investment in subsidiaries is carried at cost less impairment loss.

Provision for impairment is made in the statement of comprehensive income when in the opinion of the Directors there has been a decline other than temporary in the value of the investments determined on individual basis.

2.3.11. Inventories

Inventories are measured 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 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 formula;

Raw material	-	At cost determined on first-in-first-out basis (FIFO)
Finished goods	-	At the cost of direct materials, direct labour and appropriate proportion of fixed production overheads at normal operating capacity.
Work-In-progress	-	At the cost of direct materials, direct labour and appropriate proportion of fixed production overheads.
Packing material	-	At cost determined on first-in first-out basis.
Goods in transit	-	At actual cost.

2.3.12. Trade and other receivables

Trade and other receivables are recognized at the amounts they are estimated to realize net of provisions for impairment. Other receivables and dues from related parties are recognized at fair value less provision for impairment. The amount of the provision is recognized in the statement of comprehensive income. Trade receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest method, less provision for impairment.

2.3.13. Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and demand deposits.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

The cash flow statements are reported based on the indirect method.

2.4. Liabilities and provisions

2.4.1. Liabilities

Liabilities classified under current liabilities in the statement of financial position are those expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at point of time after one year from the date of financial position.

Trade and other payables

Trade creditors and other payables are stated at Fair Value.

2.4.2. Provisions, contingent assets and contingent liabilities

Provisions are recognized when the group has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

All the contingent liabilities are disclosed as notes to the financial statements unless the outflow of resources is made contingent asset if exits are disclosed when inflow of economic benefit is probable.

2.4.2.1. Retirement benefit obligations

2.4.2.1.1. Defined benefit plans – gratuity

Provision has been made for retirement gratuities, in conformity with LKAS 19 / Gratuity Act No.12 of 1983. The liability is not externally funded. The gratuity liabilities were based on actuarial valuation carried out. The actuarial gains and losses are charged or credited to the statement of other comprehensive income in the period in which they arise.

The retirement benefit obligation of the Company and its subsidiaries with more than 100 employees are based on the actuarial valuation carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd., actuaries. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in note 23 on pages 129-130. The main assumptions used relate to mortality, disability rates and withdrawal rates. The assumptions regarding the discount rate and salary rate are of critical importance in determining the pace of providing for a final salary retirement scheme.

2.4.2.1.2. Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The company contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

2.4.2.2. Taxation

Income tax comprises current tax and deferred tax. This is a recognized profit or loss except to the extent that it relates to the items recognized directly in the statement of comprehensive income or statement of changes in equity in which case, it is recognized directly in the respective statements.

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

2.4.2.2.1.Current tax

The provision for Income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No.10 of 2006 and the amendments thereto.

The Company has entered into an agreement with Board of Investment of Sri Lanka Law no 4 of 1978 under which the profit is exempt from income Tax for a period of ten years commencing from 01stJuly 2013. Accordingly, such exemption expired on 30th June, 2013 and hereafter the company is liable for income tax under the Inland Revenue Act No.10 of 2006 at the rate of 28%.

Tokyo Super Cement Company Lanka (Pvt) Ltd, a subsidiary of the company has entered into an agreement with Board of Investment of Sri Lanka Law No. 4 of 1978 under which the profit is exempt from Income Tax for a period of ten years of assessment reckoned from the date of commencement of business in April, 2008.

Fuji Cement Company (Lanka) Limited, a subsidiary of the company, is liable for income tax under the Inland Revenue Act No. 10 of 2006 at the rate of 28%.

Tokyo Cement Colombo Terminal (Pvt) Ltd, a subsidiary of the company is liable to pay income tax under the Inland Revenue Act No.10 of 2006 at the rate of 28%.

Tokyo Cement Power (Lanka) Ltd, a subsidiary of the company has entered into an agreement with Board of Investment of Sri Lanka Law No. 4 of 1978 under which the profit is exempt from Income Tax for a period of five years of assessment reckoned from the date of commencement of the year of assessment in which the enterprise commences to make profit from transaction entered into in that year of assessment or from the commencement of the year of assessment immediately succeeding the year of assessment in which the enterprise commences to carry on commercial operations whichever occurs earlier as determined by the Commissioner General of the Department of Inland Revenue. After the expiration of the aforesaid tax exemption period referred to above the income of the enterprise shall be taxable for any year of assessment at the rate of 15%.

Tokyo Eastern Cement Company Ltd, a subsidiary of the company has entered into an agreement with Board of Investment of Sri Lanka Law No. 4 of 1978 under which the profit is exempt from Income Tax for a period of five years of assessment reckoned from the date of commencement of the year of assessment in which the enterprise commences to make profit from transactions entered into in that year of assessment or from the commencement of the year of assessment immediately succeeding the year of assessment in which the enterprise commences to carry on commercial operations whichever occurs earlier as determine by the commissioner general of the department of inland revenue. After the expiration of the aforesaid tax exemption period referred to above the income of the enterprise shall be taxable for any year of assessment at the rate of 12%.

2.4.2.2.2.Deferred taxation

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Income tax relating to items recognized directly in equity is recognized in equity.

Deferred tax assets and deferred tax liabilities will be offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax for tax holiday companies

Deferred tax during the tax holiday period for group companies under BOI tax holidays has been recognized for temporary differences, where reversals of such differences extend beyond the tax exemption period, taking into account the requirements of LKAS 12 and The Institute of Chartered Accountants of Sri Lanka (ICASL) council's ruling on deferred tax.

2.4.3. Commitment

All material commitments as at the reporting date have been identified and disclosed in the notes to the financial statements.

2.5. Statement of comprehensive income

2.5.1. Revenue recognition

a) Sale of goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably.

b) Interest

Interest income is recognized using the effective interest method. When a loan and receivables are impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate. Interest income is recognized as the interest accrued on the time basis.

c) Dividend

Dividend income is recognized when the shareholders' right to receive payment has been established.

d) Others

Other income is recognized on an accrual basis.

e) Gains and losses

Net gains and losses of a revenue nature on the disposal of property, plant and equipment and other non- current assets including investments have been accounted for in the statement of comprehensive income having deducted from proceeds on disposal, the carrying amount of the assets and related property, plant and equipment amount remaining in revaluation reserve relating to that asset is transferred directly to accumulated profit/(loss).

2.5.2. Expenditure recognition

2.5.2.1. Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

2.5.2.2. For the purpose of presentation of the statement of comprehensive income the directors are of the opinion that function of expenses method presents fairly the elements of the company's' and group's performance and hence, such presentation method is adopted.

2.5.2.3. Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs are directly attributable to the acquisition, construction or production of a qualifying assets which are assets that necessarily take a substantial period of time to get ready for its intended purpose are added to the cost of those assets until such time, as the assets are substantially ready for their intended use or sale.

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.6. Financial instruments - Risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk
- Currency risk
- Market risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

2.6.1. Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

Instrument	Risk(s)
• Trade receivables	Credit risk
• Cash and cash equivalents	Liquidity risk
• Investments	Interest rate risk
• Trade and other payables	Currency risk
• Bank overdrafts	Liquidity risk
• Bank loans	Interest rate risk/ Liquidity risk

2.6.2. General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

2.6.2.1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is a Company policy, implemented locally, to assess the credit risk of new customers before entering into contracts. Such credit ratings are taken into account by local business practices.

Steps taken by the Company to minimize the Credit Risk

- Credit policy , which analyses the customer credit worthiness
- Credit limits
- Bank guarantees

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with the concern of the Board of Directors of the Company.

2.6.2.2. Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's approach managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

2.6.2.3. Interest rate risk

Interest rate risk is the risk that the entity's financial position will be adversely affected by movements in floating interest and this risk is minimised by investing excess funds in diversified entities, effective decision making by the group finance division etc. The Group manages interest rate risk on borrowings by using a combination of fixed and floating interest rates.

2.6.2.4. Currency risk

The Group is exposed to currency risk on purchases that are dominated in a currency other than the respective functional currencies of group entities. The currency in which these transactions primarily denominated in US Dollars. The currency risk is limited by the short-term nature of the period between the dates of the purchase and the settlements of the related liability.

2.6.2.5. Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

2.7. General

2.7.1. Events occurring after the reporting date

All material events occurring after the statement of financial position date have been considered and where necessary, adjustments or disclosures have been made in the respective notes to the financial statements.

2.7.2. Related party transactions

Disclosures are made in respect of the transactions in which the Company has the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is charged.

2.7.3. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of voting or non-voting ordinary shares.

In applying the merge accounting, the number of ordinary shares used for the calculation of basic earnings per share in a common control combination which is accounted for using merger accounting is the average outstanding shares of the entity whose shares are remaining after the combination.

2.7.4. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services within a particular economic environment (Geographical Segment), which is subject to risks and rewards that are different from those of other segments.

2.7.5. Comparative figures

Where necessary, comparative figures have been re-classified to conform to the current year's presentation.

2.7.6. Cash flow statement

The cash flow statement has been prepared using the 'indirect method'.

2.7.7. Effect of Sri Lanka Accounting Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective upto the date of issuance of the Group financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

a) SLFRS 9 - Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities as defined in LKAS 39. SLFRS 9 was issued in 2012 and becomes effective for the financial periods beginning on or after 01st January, 2018. Accordingly, the financial statements for the year ending 31st March, 2018 will adopt the SLFRS 9. The Company will quantify the effect in due course.

b) SLFRS 15 - Revenue from Contracts with Customers

An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognized when control of goods or services is transferred, rather than on transfer of risks and rewards as it is currently the case under LKAS 18 - Revenue.

To accomplish this, SLFRS 15 requires the application of a five-step model:

1. Identify the contract
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to each performance obligation
5. Recognize revenue when each performance obligation is satisfied

This standard will be effective for the financial period beginning on or after 01st January, 2018.

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
		31st March 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
		Rs.	Rs.	Rs.	Rs.
3. OTHER INCOME					
Bio-mass power income (net)		-	19,825,986	-	70,825,294
Profit on disposal of property, plant and equipment		14,067,914	5,467,021	14,067,914	5,467,021
Sale of carbon credit		-	57,693,813	-	57,693,813
Exchange gain from import bills		20,279,797	12,207,227	8,006,717	7,340,494
Dividend received from subsidiaries		-	-	300,007,944	-
Handling charges		-	3,502,675	-	3,502,675
Packing income		-	-	18,049,728	17,147,524
Sundry income		3,290,117	4,756,288	3,177,869	4,659,379
Freight income		-	50,384,421	-	50,384,421
Gift received - shares		3,034,000	-	3,034,000	-
Result of restatement of liabilities		186,240,000	-	86,041,374	-
		226,911,828	153,837,431	432,385,546	217,020,621
4. FINANCE INCOME					
Interest on fixed deposit		41,607,353	5,633,136	3,057,860	5,633,136
Interest on Repo	4.1	39,880,500	-	2,254,082	2,269,637
Interest on money market deposit		4,765,976	7,948,609	2,927,019	2,548,315
		86,253,829	13,581,745	8,238,961	10,451,088

4.1 Notional tax credit

The Inland Revenue Act No. 10 of 2006 and the amendments thereto provide that a company which derives interest income from secondary market transactions in Government Securities would be entitled to a notional tax credit (being one ninth of the net interest income), provided such interest income forms a part of the statutory income of the company for that year of assessment.

Accordingly, the net interest income earned from secondary market transactions in Government Securities for the year has been grossed up in the financial statements for the year 2014/2015. The resulting notional tax credit is amounting to Rs. 3,985,050/= for Group and Rs. 225,408/= for the company.

		Group		Company	
		31st March 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
		Rs.	Rs.	Rs.	Rs.

5. FINANCE EXPENSES

Interest expenses on borrowings		496,295,562	599,002,247	239,252,467	5,171,497
Less : Borrowing cost capitalized during the year	5.1 (a)	(30,144,880)	(45,459,398)	-	-
Bank guarantee commissions		1,191,301	5,171,497	-	271,392,108
		467,341,983	558,714,346	239,252,467	276,563,605

5.1 (a) Borrowing cost capitalized during the year

This amount relates to borrowing costs that are directly attributable to the acquisition, construction or production of certain qualifying assets that are being constructed and developed which are shown in note number 11. A capital work-in-progress. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably as per LKAS 23.

5.1(b) Rate of capitalization

As the borrowing cost that directly relates to qualifying asset which was readily identified on import loan obtained on the specific items purchased and specific cost of borrowing on term loan obtained for the special purpose of construction and acquisition of asset have been identified and capitalized to the extent that the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

		Group		Company	
		31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
		Rs.	Rs.	Rs.	Rs.
6. PROFIT BEFORE TAXATION					
A Profit before taxation		2,165,141,936	2,627,106,304	978,118,956	1,468,588,452
B Profit before taxation is stated after charging all expenses including the following:					
Depreciation on property, plant and equipment		933,719,337	792,544,701	608,453,859	541,762,663
Directors' emoluments		35,520,607	32,080,000	35,520,607	32,080,000
Auditors' remuneration					
- Audit services		4,757,353	4,073,478	2,903,215	2,905,127
Charity and donations		16,651,436	7,465,863	14,502,221	4,496,432
Staff cost including all benefits		590,776,481	519,864,262	527,904,102	470,954,499
Defined benefits cost - Retirement benefit obligation		21,006,720	14,276,769	17,683,310	12,442,506
Defined contribution plan cost - E.P.F. and E.T.F.		44,899,106	42,532,213	38,315,121	37,236,795
Amortization of operating lease		4,760,688	4,761,332	419,418	420,052
Research and development cost		1,725,187	599,657	1,722,387	1,471,638
Legal expenses and professional fee		34,988,587	35,618,784	22,612,274	23,463,132
Repairs and maintenance- Plant Machinery		764,042,762	668,209,704	617,851,218	587,669,580
Reimbursement of vessel operational expenses		713,905,693	570,880,040	579,081,943	390,980,040
Sales commission		632,627,922	688,285,349	305,006,657	387,651,338
NBT expenses		484,271,063	530,050,886	287,635,671	340,942,706
Advertisements		124,128,556	115,818,614	69,584,285	78,719,926
Asset de-recognition loss		35,767,900	64,918,282	23,923,550	-
Disallowed VAT		-	6,435,299	-	14,549,023
7. INCOME TAX EXPENSE					
Current income tax provision	7 A	129,034,513	162,294,628	61,709,504	142,749,664
Deferred taxation	7 B	346,560,245	290,252,794	205,396,008	238,663,275
		475,594,758	452,547,422	267,105,512	381,412,939

			Group		Company	
			31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
			Rs.	Rs.	Rs.	Rs.

7. INCOME TAX EXPENSE (Contd...)

7 A INCOME TAX

Reconciliation between current tax expense/(income) and the product of accounting profit

Operating profit before taxation		2,165,141,936	2,627,106,304	978,118,956	1,468,588,452
Effect of amalgamation		-	-	188,999,999	194,000,000
Other comprehensive income		(12,138,366)	(14,443,537)	(9,914,740)	(12,754,372)
Less : Income considered separately		(86,253,829)	(13,536,695)	(309,145,965)	(210,451,088)
Profit from trade or business		2,066,749,741	2,599,126,072	848,058,250	1,439,382,992
Less: Exempt profit	7A.2	(1,148,708,418)	(1,146,492,210)	-	(74,509,159)
Taxable profit from trade or business	a	918,041,323	1,452,633,862	848,058,250	1,364,873,833
Income considered separately		86,253,829	13,536,695	309,145,965	210,451,088
Exempt other income	7A.2	-	-	(300,907,004)	(200,000,000)
Liable other income	b	86,253,829	13,536,695	8,238,961	10,451,088
Accounting profit /(loss) chargeable to Income taxes	(a+b)	1,004,295,152	1,466,170,557	856,297,211	1,375,324,921
Tax rate for the year		28%	28%	28%	28%
Tax effect on chargeable profits		281,202,643	410,527,756	239,763,219	385,090,978
Add :Tax effect of disallowable expenses in determining taxable income/(loss)		214,863,371	213,799,183	207,822,621	199,583,920
Tax effect on allowable expenses in determining taxable income /(loss)		(368,405,749)	(436,530,445)	(358,661,474)	(426,617,401)
Group tax effect on intercompany taxable income		53,235,266	22,222,222	-	22,222,222
		180,895,531	210,018,716	88,924,366	180,279,719
Tax effect on deduction under section 32		(51,861,018)	(47,724,087)	(27,214,862)	(37,530,055)
Tax @ 28% before adjustments on tax credits		129,034,513	162,294,628	61,709,504	142,749,664
Income tax provision for the year		129,034,513	162,294,628	61,709,504	142,749,664

NOTES TO THE FINANCIAL STATEMENTS

			Group		Company	
			31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
			Rs.	Rs.	Rs.	Rs.
	Current tax charged to the statement of comprehensive income		129,034,513	162,294,628	61,709,504	142,749,665
	The applicable tax rate of the company & its subsidiaries are given in note no 2.4.2.2					
	Tax loss carried forward to the Y/A 2015/2016		240,091,979	995,013,676	-	-
7A.1	**Current tax attributable to comprehensive income/(loss) and other comprehensive income /(loss)**					
	Tax attributable to operating profit	Note 7	129,034,513	162,294,628	61,709,504	142,749,664
	Tax attributable to other comprehensive income		3,066,715	3,822,001	2,776,128	3,571,224
			132,101,228	166,116,629	64,485,632	146,320,888

7A.2 **Exempt profit**

The Dividend income included under other income has already been taxed and exempted from income tax.

Trading profit from the business of subsidiary companies, Tokyo Super Cement Company Lanka (Pvt) Ltd and Tokyo Cement Power (Lanka) Ltd were exempted from income tax under BOI law.

		Group 2015	Group 2014	Company 2015	Company 2014
7 B	**Deferred tax expenses**				
	Deferred tax expenses arising from;				
	- Accelerated depreciation for tax purposes on freehold property	173,609,130	498,274,512	31,661,730	445,575,600
	- Retirement benefit liabilities	(6,821,549)	(21,243,585)	(6,038,386)	(20,134,192)
	- Tax effect arising from tax losses	179,772,664	(186,778,133)	179,772,664	(186,778,133)
		346,560,245	290,252,794	205,396,008	238,663,275

7B.1 Deferred tax has been calculated at 28% and 15% that is expected to apply after the tax exemption period, assuming that tax rate will not be changed over the specified period.

8. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of ordinary shares used for the calculation of basic earning per share under common control combination, which is accounted for using merger accounting, is the average outstanding shares of the entity whose shares are remaining after the combination.

	Group		Company	
	31st March 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
	Rs.	Rs.	Rs.	Rs.
Amount used as the numerator:				
Profit attributable to ordinary equity holders of the parent for basic earnings	1,689,547,178	2,174,558,882	711,013,444	1,087,175,513
	1,689,547,178	2,174,558,882	711,013,444	1,087,175,513
Number of ordinary shares used as the denominator:	Nos.	Nos.	Nos.	Nos. Restated
Weighted average number of ordinary shares as at 31st March, 2015	334,125,000	334,125,000	334,125,000	334,125,000
- Ordinary voting shares	222,750,000	222,750,000	222,750,000	222,750,000
- Ordinary non-voting shares	111,375,000	111,375,000	111,375,000	111,375,000
			`	
Basic earnings per share (Rupee per share)				
- Ordinary voting shares	5.06	6.51	2.13	3.25
- Ordinary non-voting shares	5.06	6.51	2.13	3.25

8.1 Diluted earning per share

There is no potentially diluted ordinary share of the company and as a result, the diluted earnings per share (DPS) is as same as the basic EPS shown above.

9 DIVIDEND PER SHARE (RUPEE PER SHARE)

Final dividends proposed				
- Ordinary voting shares	-	-	1.19	-
- Ordinary non-voting shares	-	-	1.19	-
Interim dividends				
- Ordinary voting shares	-	-	-	1.50
- Ordinary non-voting shares	-	-	-	1.50

10. PROPERTY, PLANT AND EQUIPMENT

10.A Group

Item	COST/VALUATION				DEPRECIATION				WDV	
	As at 01.04.2014 Rs.	Additions Rs.	Disposals / Derecognization Rs.	As at 31.03.2015 Rs.	As at 01.04.2014 Rs.	Charged for the Year Rs.	On Disposals Rs.	As at 31.03.2015 Rs.	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
Freehold land	264,580,367	12,892,900	-	277,473,267	-	-	-	-	277,473,267	264,580,367
Factory buildings	1,023,354,737	686,133,031	-	1,709,487,768	254,219,541	25,784,954	-	280,004,495	1,429,483,273	769,135,196
Generator house	22,558,795	-	-	22,558,795	19,171,544	1,127,940	-	20,299,484	2,259,311	3,387,251
Other buildings	445,234,248	17,486,180	-	462,720,428	276,321,648	44,074,747	-	320,396,395	142,324,033	168,912,600
Fuel storage tanks	4,940,759	-	-	4,940,759	4,833,703	107,056	-	4,940,759	-	107,056
Plant and machinery	3,546,416,016	2,214,099,217	-	5,760,515,233	1,094,174,863	136,513,312	-	1,230,688,175	4,529,827,058	2,452,241,153
Power plant	221,083,463	-	-	221,083,463	147,174,899	4,895,659	-	152,070,558	69,012,905	73,908,564
Factory and other equipment	557,538,841	16,713,914	-	574,252,755	218,352,977	23,457,393	-	241,810,370	332,442,385	339,185,864
Laboratory equipment	45,827,258	12,617,401	-	58,444,659	23,370,762	4,794,425	-	28,165,187	30,279,472	22,456,496
Office equipment	20,944,827	1,247,834	-	22,192,661	12,548,792	2,264,490	-	14,813,282	7,379,379	8,396,035
Generators	68,337,390	-	-	68,337,390	17,111,159	6,624,112	-	23,735,271	44,602,119	51,226,231
Recycling system	785,895	3,143,120	-	3,929,015	785,895	71,099	-	856,994	3,072,021	-
Furniture and fittings	23,223,715	4,978,047	-	28,201,762	12,542,570	3,149,808	-	15,692,378	12,509,384	10,681,145
Vehicles	1,159,286,744	203,550,185	69,966,904	1,292,870,025	715,927,465	152,686,869	65,121,425	803,492,909	489,377,116	443,359,279
Bulk cement carriers	12,637,344	-	-	12,637,344	12,637,344	-	-	12,637,344	-	-
Cement silos	477,698,536	9,234,371	-	486,932,907	179,022,680	16,206,226	-	195,228,906	291,704,001	298,675,856
Cement silos - Steel	27,322,920	-	-	27,322,920	27,322,920	-	-	27,322,920	-	-
Tug boat	8,940,227	-	-	8,940,227	3,578,226	1,015,886	-	4,594,112	4,346,115	5,362,001
Railway platform	7,263,915	-	-	7,263,915	7,263,915	-	-	7,263,915	-	-
Barges	11,812,085	-	-	11,812,085	10,031,100	-	-	10,031,100	1,780,985	1,780,985
Computer and other electronic equipment	80,095,553	26,667,235	-	106,762,788	55,845,102	11,582,429	-	67,427,531	39,335,257	24,250,451
Packer house	171,738,244	-	-	171,738,244	37,454,326	4,948,449	-	42,402,775	129,335,469	134,283,918
Landing jetty	69,837,150	-	-	69,837,150	46,658,809	3,491,858	-	50,150,667	19,686,483	23,178,341
Batching plant and pumper truck	646,542,969	27,907,208	31,815,861	642,634,316	83,599,571	26,323,141	7,892,311	102,030,401	540,603,915	562,943,398
Vessel	3,338,058,349	-	-	3,338,058,349	1,386,439,797	245,347,750	-	1,631,787,547	1,706,270,802	1,951,618,552
Vessel dry docking	516,085,694	192,742,901	354,572,198	354,256,397	407,684,438	119,294,751	342,727,847	184,251,342	170,005,055	108,401,256
Bio-mass building	220,637,920	-	-	220,637,920	49,152,758	7,145,215	-	56,297,973	164,339,947	171,485,162
Bio-mass plant and machinery	2,418,697,758	53,517,194	-	2,472,214,952	445,960,364	86,280,423	-	532,240,787	1,939,974,165	1,972,737,394
Bag storage warehouse - Dambulla	64,711,746	-	-	64,711,746	12,524,376	6,471,176	-	18,995,552	45,716,194	52,187,370
	15,476,193,465	3,482,930,738	456,354,963	18,502,769,240	5,561,711,544	933,659,168	415,741,583	6,079,629,129	12,423,140,111	9,914,481,921
Leasehold assets - Motor vehicles	7,303,079	-	-	7,303,079	4,864,014	60,169	-	4,924,183	2,378,896	2,439,065
	15,483,496,544	3,482,930,738	456,354,963	18,510,072,319	5,566,575,558	933,719,337	415,741,583	6,084,553,312	12,425,519,007	9,916,920,986

10. PROPERTY, PLANT AND EQUIPMENT (Contd..)

10.B Company

Item	COST/VALUATION As at 01.04.2014 Restated Rs.	Additions Rs.	Disposals / Dereco-gnization Rs.	As at 31.03.2015 Rs.	DEPRECIATION As at 01.04.2014 Restated Rs.	Charged for the Year Rs.	Disposal for the Year Rs.	As at 31.03.2015 Rs.	WDV As at 31.03.2015 Rs.	As at 31.03.2014 Restated Rs.
Freehold land	236,566,673	12,892,900	-	249,459,573	-	-	-	-	249,459,573	236,566,673
Factory buildings	327,782,498	-		327,782,498	134,795,546	2,741,731	-	137,537,277	190,245,221	192,986,952
Generator house	22,558,795	-		22,558,795	19,171,544	1,127,940	-	20,299,484	2,259,311	3,387,251
Other buildings	391,612,804	17,132,080		408,744,884	268,379,932	39,722,814	-	308,102,746	100,642,138	123,232,872
Fuel storage tanks	4,940,759	-		4,940,759	4,199,646	247,038	-	4,446,684	494,075	741,113
Plant and machinery	1,691,900,955	22,173,110	-	1,714,074,065	819,007,195	38,447,756	-	857,454,951	856,619,114	872,893,760
Power plant	210,267,852	-		210,267,852	146,624,270	4,895,659	-	151,519,929	58,747,923	63,643,582
Factory and other equipment	515,286,767	16,519,787		531,806,554	197,823,983	21,846,918	-	219,670,901	312,135,653	317,462,784
Laboratory equipment	45,792,389	12,617,401		58,409,790	23,369,600	4,788,659	-	28,158,259	30,251,531	22,422,789
Office equipment	14,165,615	519,928		14,685,543	8,249,710	1,791,026	-	10,040,736	4,644,807	5,915,905
Generators	55,116,311	-		55,116,311	14,131,350	5,511,631	-	19,642,981	35,473,330	40,984,961
Recycling system	785,895	3,143,120		3,929,015	785,895	71,099	-	856,994	3,072,021	-
Furniture and fittings	19,423,574	1,803,451		21,227,025	10,123,338	2,575,292	-	12,698,630	8,528,395	9,300,236
Vehicles	1,052,387,900	181,219,765	69,966,904	1,163,640,761	650,784,004	138,376,600	65,121,425	724,039,179	439,601,582	401,603,896
Bulk cement carriers	12,637,344	-		12,637,344	12,637,344	-	-	12,637,344	-	-
Cement silos	232,708,317	-		232,708,317	57,392,832	3,537,657	-	60,930,489	171,777,828	175,315,485
Tug boat	8,940,227	-		8,940,227	3,578,226	1,015,886	-	4,594,112	4,346,115	5,362,001
Railway platform	7,263,915	-		7,263,915	7,263,915	-	-	7,263,915	-	-
Barges	10,031,100	-		10,031,100	10,031,100	-	-	10,031,100	-	-
Computer and other electronic equipment	52,416,184	18,992,759		71,408,943	27,428,398	6,892,735	-	34,321,133	37,087,810	24,987,786
Packer house	153,618,474	-		153,618,474	35,213,464	4,948,449	-	40,161,913	113,456,561	118,405,010
Landing jetty	69,837,150	-		69,837,150	46,819,631	3,491,858	-	50,311,489	19,525,661	23,017,519
Batching plant and pumper truck	646,542,969	27,907,208	31,815,861	642,634,316	83,438,748	26,323,141	7,892,311	101,869,578	540,764,738	563,104,221
Vessel dry docking	152,970,650	66,435,218	53,807,523	165,598,345	118,376,857	56,362,703	53,807,523	120,932,037	44,666,308	34,593,793
Bio-mass building	220,637,920	-		220,637,920	49,152,757	7,145,215	-	56,297,972	164,339,948	171,485,163
Bio-mass plant and machinery	2,418,697,758	53,517,194		2,472,214,952	445,960,361	86,280,423	-	532,240,784	1,939,974,168	1,972,737,397
Vessel	2,005,284,463	-		2,005,284,463	351,955,868	150,311,629	-	502,267,497	1,503,016,966	1,653,328,595
	10,580,175,258	434,873,921	155,590,288	10,859,458,891	3,546,695,514	608,453,859	126,821,259	4,028,328,114	6,831,130,777	7,033,479,744
Leasehold assets - Motor vehicles	-	-	-	-	-	-	-	-	-	-
Grand total	10,580,175,258	434,873,921	155,590,288	10,859,458,891	3,546,695,514	608,453,859	126,821,259	4,028,328,114	6,831,130,777	7,033,479,744

10. PROPERTY, PLANT AND EQUIPMENT (Contd..)

10.C Value of Land And Ownership

	Company	Location	Land extent	Number of buildings	Building cost Rs.	Land cost Rs.
a)	"Tokyo Cement Company (Lanka) PLC"	Cod bay, China bay, Trincomalle (Leasehold)	Acres 44.00	7	1,021,054,153	-
		Elpitiya	Acres 7.50	3	111,344,366	17,906,600
		Jaffna	Acres 6.50	2	29,323,996	8,495,843
		Colombo	Perches 40.90	-	-	180,982,714
		Peliyagoda (Leasehold)	Acres 1.90	5	28,011,803	25,815,502
		Negombo land	Acres 1.97	1	23,120,689	28,935,510
b)	Tokyo Super Cement Company Lanka (Pvt) Ltd	Cod bay, China bay, Trincomalle (Leasehold)		2	655,271,169	-
		Dambulla	Acres 5.00	2	85,378,803	14,675,000
c)	Tokyo Cement Power (Lanka) Ltd	Mahiyanganaya	Acres 19.00	8	686,133,031	13,338,695
d)	Tokyo Eastern Cement Company Ltd	Cod bay, China bay, Trincomalee (Leasehold)	Hect 4.77			

The Directors are of the opinion that the market value of the above lands does not substantially differ from its book values as at the reporting date.

11. CAPITAL WORK-IN-PROGRESS

11.A Group

Description	Balance as at 01.04.2014 Rs.	Expenses Incurred during the year Rs.	Capitalized/ charged during the year Rs.	Balance as at 31.03.2015 Rs.	Balance as at 31.03.2014 Rs.
O'Sepa separator project	-	22,173,110	22,173,110	-	-
ERP implementation	60,988,879	21,687,071	80,517,276	2,158,674	60,988,879
Mahiyangana power plant	2,408,414,895	455,667,487	2,864,082,382	-	2,408,414,895
Resource planning project	25,994,937	12,392,411	-	38,387,348	25,994,937
Weigh bridge	-	1,124,290	-	1,124,290	-
Batching plants - Peliyagoda and Jaffna	-	43,398,417	-	43,398,417	-
Landing jetty	6,667,101	4,430,189	-	11,097,290	6,667,101
Tile motor plant	-	1,046,636	-	1,046,636	-
Cement grinding mill	-	21,855,276	-	21,855,276	-
Bio-mass power plant	-	119,579,381	-	119,579,381	-
Cement silo - Colombo Port	-	133,497,972	-	133,497,972	-
Total	2,502,065,812	836,852,240	2,966,772,768	372,145,284	2,502,065,812

11.B Company

Description	Balance as at 01.04.2014 Rs.	Expenses Incurred during the year Rs.	Capitalized/ charged during the year Rs.	Balance as at 31.03.2015 Rs.	Balance as at 31.03.2014 Rs.
O'Sepa separator project	-	22,173,110	22,173,110	-	-
ERP implementation	60,988,879	21,687,071	80,517,276	2,158,674	60,988,879
Resource planning project	25,994,937	12,392,411	-	38,387,348	25,994,937
Weigh bridge	-	1,124,290	-	1,124,290	-
Batching plants					
Peliyagoda	-	38,966,257	-	38,966,257	-
Jaffna	-	4,432,160	-	4,432,160	-
Total	86,983,816	100,775,299	102,690,386	85,068,729	86,983,816

12. INTANGIBLE ASSETS

Item	Note	WDV 31.03.2015 Rs.	31.03.2014 Rs.
Goodwill		32,995,007	32,995,007
Accounting and related software	12.1	68,707,450	4,359,390
		101,702,457	37,354,397

In compliance with SLFRS 3-Business Combinations upon acquiring controlling interest, the accounted goodwill reflects the excess of the purchase price of shares in Tokyo Cement Colombo Terminal (Pvt) Ltd, (Formerly known as Samudra Cement Company Lanka (Pvt) Ltd.) over the fair value of the proportionate share of the net assets of such company as at the date of acquisition. Unamortized balance of goodwill as at 01st December, 2006 as well as the goodwill generated from subsequent acquisition which was made upto 01st March, 2014 has been recorded as a permanent asset.

When assessing the impairment, the recoverable amount of the Cash Generating unit has been determined using the higher of fair value less cost to sell and the value in use.

Since the value in use of the cash generating unit is higher than the fair value less cost to sell, it has been considered as the recoverable amount where the value in use is based on the present value of the future cash flows of the forecasted business operations of Tokyo Cement Colombo Terminal (Pvt) Ltd for next five years, using the key assumptions made considering the past experience or, if appropriate consistent with external source of information, and which has been approved by the Board of Directors of the company.

Key assumptions used in Value in Use (VIU) calculations

Discount rate

Discount rate is used at 30% per annum, which is the weighted average cost of capital of the company.

Inflation and general price

The basis used to determine the value assigned to the budgeted cost inflation is the inflation rate based on projected economic conditions and is assumed that general expenses will be increased at the rate of 10%. per annum.

Exchange rate

Rupee rate fluctuation against USD has been considered from Rs.134.50/- to Rs. 138/- throughout the period.

12.1 Accounting and related software

12.1 A Group

Item	Cost/Valuation 01.04.2014 Rs.	Cost/Valuation Additions Rs.	Cost/Valuation 31.03.2015 Rs.	Amortization 01.04.2014 Rs.	Amortization For the year Rs	Amortization 31.03.2015 Rs.	WDV 31.03.2015 Rs.	WDV 31.03.2014 Rs.
ABAS ERP solution system	9,080,327	66,758,777	75,839,104	5,107,684	2,270,082	7,377,766	68,461,338	3,972,643
H Senid HRM-Payroll enterprise system	475,000	-	475,000	475,000	-	475,000	-	-
Weigh bridge intergration software	562,541	-	562,541	175,794	140,635	316,429	246,112	386,747
	10,117,868	66,758,777	76,876,645	5,758,478	2,410,717	8,169,195	68,707,450	4,359,390

12.1 B Company

Item	Cost/Valuation 01.04.2014 Rs.	Cost/Valuation Additions Rs.	Cost/Valuation 31.03.2015 Rs.	Amortization 01.04.2014 Rs.	Amortization For the year Rs	Amortization 31.03.2015 Rs.	WDV 31.03.2015 Rs.	WDV 31.03.2014 Rs.
ABAS ERP solution system	-	33,379,388	33,379,388	-	-	-	33,379,388	-
								-
	-	33,379,388	33,379,388	-	-	-	33,379,388	-

		Group		Company	
		31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
		Rs.	Rs.	Rs.	Rs.
13.	**INVESTMENTS**				
13.1	**Investments In subsidiaries - Unquoted - At cost**				
	Tokyo Cement Colombo Terminal (Pvt) Ltd				
	Ordinary shares - (34,170,588 shares)	-	-	468,416,813	255,730,843
	Tokyo Super Cement Company Lanka (Pvt) Ltd				
	Ordinary shares (48,388,380 shares)	-	-	1,345,100,006	1,345,100,006
	Tokyo Cement Power (Lanka) Ltd				
	Ordinary shares (1,100,000,010 shares)	-	-	1,100,000,010	300,000,010
	Tokyo Eastern Cement Company Ltd				
	Ordinary shares of Rs. 1/- each 1000 shares	-	-	1,000	1,000
		-	-	2,913,517,829	1,900,831,859

As a result of short form amalgamation with Fuji Cement Company (Lanka) Ltd, in accordance with section 242(2) of the Companies Act of no 07 of 2007, all the shares representing the stated capital of Fuji Cement Company (Lanka) Ltd has been cancelled without payment or any other consideration.

13.2 Acquisitions during the year and changes in the equity interest

Name of the subsidiary	Description of subsidiary	Percentage of equity interest as at 31st March, 2014	Percentage of equity interest as at 31st March, 2015	Reason for acquisition and nature of control
Tokyo Cement Colombo Terminal (Pvt) Ltd.	The Tokyo Cement Colombo Terminal (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The Registered Office and the principal place of business of the Company is located at No.469 - 1/1, Galle Road, Colombo 03 and the bagging plant is located at Colombo Port.	59.87%	100.00%	The company has acquired with a view of expanding the import business a demonstrated the synergy benefits in carrying out the business.
	The principal activities of the Company are importing and packing of Cement Powder and sale of Cement in bagged and bulk forms to the Local Market and generate the income through handling and bagging of cement of BOI customers.			The company acquired a total of 40.13% representing 13,711,385 number of ordinary shares during the year and demonstrated the 100% of control. Now Tokyo Cement Colombo Terminal (Pvt) Ltd is a wholly owned subsidiary of the company.

		Group		Company	
		31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
		Rs.	Rs.	Rs.	Rs.
14.	**ADVANCE ON SHARE APPLICATIONS**				
	Tokyo Eastern Cement Company Ltd	-	-	1,500,000,000	-
		-	-	1,500,000,000	-
15.	**OPERATING LEASE PREPAYMENT**				
	At the beginning of the year	77,414,941	82,176,263	20,978,435	21,398,487
	Amortization during the year	(4,760,688)	(4,761,322)	(419,418)	(420,052)
	At the end of the year	72,654,253	77,414,941	20,559,017	20,978,435
	Less: Current portion of pre-payment	(4,760,688)	(4,761,322)	(419,418)	(420,052)
	Long term portion of pre-payment	67,893,565	72,653,619	20,139,599	20,558,383

Pre-paid lease rentals to acquire the rights to use have been classified as lease rental paid in advance/lease hold property and are amortized over the lease term in accordance with the pattern of benefits provided.

16.	**INVENTORIES**				
	Raw materials	526,327,411	906,297,777	348,713,480	367,633,603
	Finished goods - Manufactured	311,543,254	431,956,720	290,650,106	351,153,561
	Packing materials	427,063,141	303,183,315	80,915,505	105,488,130
	Spares and consumables	104,224,789	76,896,858	14,342,036	38,993,153
	Grinding media	22,017,940	56,185,873	22,017,940	56,185,873
	Goods - in - transit	227,735,850	95,503,376	227,735,850	-
		1,618,912,385	1,870,023,919	984,374,917	919,454,320

The inventories have been pledged against borrowings as disclosed in Note No 29.

17.	**TRADE AND OTHER RECEIVABLES**					
	Trade debtors - Related parties	17.1	362,002,773	174,241,263	37,292,775	52,569,983
	- Others		1,360,148,511	1,409,817,920	757,777,625	1,068,218,250
			1,722,151,284	1,584,059,183	795,070,400	1,120,788,233
	Less: Impairment provision		(8,315,639)	(8,315,639)	(8,315,639)	(8,315,639)
			1,713,835,645	1,575,743,544	786,754,761	1,112,472,594
	Deposits, advances and prepayments		390,220,732	61,259,713	92,698,118	45,380,635
	Other receivables		598,138,559	296,380,458	351,625,543	51,720,296
			2,702,194,936	1,933,383,715	1,231,078,422	1,209,573,525

The trade and other receivables are classified as loans and receivables other than prepayments.

		Group		Company	
		31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
		Rs.	Rs.	Rs.	Rs.

17.1 Trade debtors - Related parties

Name of the related party	Nature of the relationship	Group 31st March, 2015 Rs.	Group 31st March, 2014 Rs.	Company 31st March, 2015 Rs.	Company 31st March, 2014 Restated Rs.
Rhino Roofing Products Ltd		130,958,805	130,741,133	27,438,806	51,972,303
Rhino Products Ltd	Significance influence in terms of common directors	231,043,968	43,500,130	9,853,969	597,680
		362,002,773	174,241,263	37,292,775	52,569,983

17.2 The age analysis of trade receivables is as follows:

Group

Year ended 31st March, 2015	Less than 60 days	60 to 90 days	90 to 180 days	More than 180 days	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Trade receivables	1,368,616,444	149,539,433	155,536,297	48,459,110	1,722,151,284
	1,368,616,444	149,539,433	155,536,297	48,459,110	1,722,151,284

Company

Year ended 31st March, 2015	Less than 60 days	60 to 90 days	90 to 180 days	More than 180 days	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Trade receivables	611,338,755	82,311,446	55,066,884	46,353,315	795,070,400
	611,338,755	82,311,446	55,066,884	46,353,315	795,070,400

17.3 Mitigation of credit risk exposure

The management reviews impairment indications of each debtor by individual basis and fair value of trade debtors are subject to the net of impairment loss and sought no requirement to allowance for credit risk. Also above outstanding balances are secured by the bank guarantees.

	Group		Company	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
	Rs.	Rs.	Rs.	Rs.
18. AMOUNT DUE FROM SUBSIDIARIES				
Tokyo Cement Colombo Terminal (Pvt) Ltd	-	-	318,874,464	213,830,703
Tokyo Cement Power (Lanka) Ltd	-	-	629,186,414	725,558,671
Tokyo Eastern Cement Company Ltd		-	39,262,122	39,049,814
	-	-	987,323,000	978,439,188

	Group		Company	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
	Rs.	Rs.	Rs.	Rs.
19. FINANCIAL INVESTMENTS - AVAILABLE FOR SALE				
Investments in treasury bills	1,622,471,606	-	-	-
Money market deposits	265,899,214	64,633,749	79,909,473	36,484,179
Investment in fixed deposits	-	1,349,000,000	-	-
Savings at banks	-	18,323	-	18,323
	1,888,370,820	1,413,652,072	79,909,473	36,502,502

20. STATED CAPITAL

Description	Group			
	At the beginning of the year 01.04.2014 Rs.	Issued during the year (Net) Rs.	At the end of the year 31.03.2015 Rs.	At the end of the year 31.03.2014 Rs.
Value of ordinary shares	2,893,756,250	-	2,893,756,250	2,893,756,250
	2,893,756,250	-	2,893,756,250	2,893,756,250

Description	Company			
	At the beginning of the year 01.04.2014 Rs.	Issued during the year (Net) Rs.	At the end of the year 31.03.2015 Rs.	At the end of the year 31.03.2014 Rs.
Value of ordinary shares	2,893,756,250	-	2,893,756,250	2,893,756,250
	2,893,756,250	-	2,893,756,250	2,893,756,250

In accordance with Section 58 of the Companies Act No.07 of 2007 which became effective from 3rd May, 2007, share capital and share premium have been classified as stated capital. Also in order to comply with provision of this act, all share issue costs have been directly debited to equity (retained earnings).

20.1 Movement in number of ordinary shares

Description	Company			
	At the beginning of the year 01.04.2014 Nos.	Issued during the year (Net) Nos.	At the end of the year 31.03.2015 Nos.	At the end of the year 31.03.2014 Nos.
Ordinary Shares				
- Voting	222,750,000	-	222,750,000	222,750,000
- Non-voting	111,375,000	-	111,375,000	111,375,000
	334,125,000	-	334,125,000	334,125,000

The above shares are quoted in the Colombo Stock Exchange. The non-voting shares rank pari pasu in respect of all rights with the ordinary voting shares of the Company except voting rights on resolutions passed at general meetings.

		Group		Company	
		31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
		Rs.	Rs.	Rs.	Rs.

21. INTEREST BEARING BORROWINGS

21.1 Long term interest bearing borrowings

At the beginning of the year		2,682,833,191	1,679,614,114	1,572,293,191	1,215,000,795
Add: Loans obtained during the year		3,099,984,485	1,638,000,000	1,500,000,000	800,000,000
		5,782,817,676	3,317,614,114	3,072,293,191	2,015,000,795
Less: Settlements during the year		(1,740,518,191)	(634,780,923)	(669,169,191)	(442,707,604)
At the end of the year		4,042,299,485	2,682,833,191	2,403,124,000	1,572,293,191
Current maturity portion	21.2	981,309,000	816,212,791	516,673,000	485,832,791
Non-current maturity portion		3,060,990,485	1,866,620,400	1,886,451,000	1,086,460,400
		4,042,299,485	2,682,833,191	2,403,124,000	1,572,293,191
Repayable after one year					
repayable between one and five years		3,060,990,485	1,866,620,400	1,886,451,000	1,086,460,400
		3,060,990,485	1,866,620,400	1,886,451,000	1,086,460,400

21.2 Short term interest bearing borrowings

Import demand loans	21.2.1	1,322,611,852	2,010,205,724	810,609,020	675,404,860
Working capital loans	21.2.2	-	651,986,097	-	120,706,644
Current maturity portion of long term loan		981,309,000	816,212,791	516,673,000	485,832,791
		2,303,920,852	3,478,404,612	1,327,282,020	1,281,944,295

Current term and Long term portion of the borrowings over interest cost and capital repayable has been apportioned between borrowings repayable within one year, repayable between one and five years and more than five years.

		Group 31st March, 2015 Rs.	Group 31st March, 2014 Rs.	Company 31st March, 2015 Rs.	Company 31st March, 2014 Restated Rs.
21.	**INTEREST BEARING BORROWINGS (contd...)**				
21.2.1	**Import demand loans**				
	At the beginning of the year	2,010,205,724	2,310,637,703	675,404,860	964,764,020
	Add: Loans obtained during the year	14,968,279,372	13,928,603,104	6,128,924,263	7,146,779,680
	Less: Settlements during the year	(15,655,873,244)	(14,229,035,083)	(5,993,720,103)	(7,436,138,840)
	At the end of the year	1,322,611,852	2,010,205,724	810,609,020	675,404,860
21.2.2	**Working capital loans**				
	At the beginning of the year	651,986,098	250,000,000	120,706,644	-
	Add: Loans obtained during the year	-	1,343,486,197	-	120,706,644
	Less: Settlements during the year	(651,986,098)	(941,500,100)	(120,706,644)	-
	At the end of the year	-	651,986,097	-	120,706,644

		Note	Group 31st March, 2015 Rs.	Group 31st March, 2014 Rs.	Company 31st March, 2015 Rs.	Company 31st March, 2014 Restated Rs.
22.	**DEFERRED TAX LIABILITY**					
	At the beginning of the year		1,385,392,546	1,095,139,753	1,041,261,086	802,597,811
	Charged to/(from) statement of comprehensive income	7.B	346,560,245	290,252,794	205,396,008	238,663,275
	At the end of the year		1,731,952,791	1,385,392,547	1,246,657,094	1,041,261,086
22.1	Tax effect on temporary difference on property, plant and equipment		1,760,017,925	1,593,414,265	1,272,829,672	1,248,173,412
	Tax effect on temporary difference on retirement benefit obligations		(28,065,134)	(21,243,585)	(26,172,578)	(20,134,193)
			1,731,952,791	1,572,170,680	1,246,657,094	1,228,039,219
	Less: Unused tax losses		-	(186,778,133)	-	(186,778,133)
	Probable deferred tax liability		1,731,952,791	1,385,392,547	1,246,657,094	1,041,261,086

22.2 The deferred tax effect on undistributed reserves of subsidiaries has not been recognized since the parent company can control the timing of the reversal of these temporary differences.

22.3 The deferred tax asset amounting to Rs 2,005,976 arisen from the carried forward tax losses from Tokyo Cement Colombo Terminal (Pvt) Ltd a fully owned subsidiary has not been recognized as of the reporting date since the company does not expect these assets to reverse in the foreseable future. Accordingly, during the year, impact has not been recognized in the statement of comprehensive income.

22.4 Deferred tax for tax holiday companies

For group companies under BOI tax holidays, deferred tax has been recognized for temporary differences, when reversals of such differences extend beyond the tax exemption period, taking into account the requirements of LKAS 12 and the ICASL Council's ruling on deferred tax.

	Group		Company	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
	Rs.	Rs.	Rs.	Rs.
23. RETIREMENT BENEFITS OBLIGATION				
At the beginning of the year	81,168,007	56,887,333	71,907,830	51,028,525
Actuarial gain or loss	12,138,366	14,443,537	9,914,740	12,754,372
Current service cost	12,817,990	8,019,162	10,370,767	6,829,368
Interest cost	8,188,730	6,257,607	7,217,442	5,613,138
Provision for the year	33,145,086	28,720,306	27,502,949	25,196,878
	114,313,093	85,607,639	99,410,779	76,225,403
Payment made during the year	(6,086,819)	(4,439,633)	(5,937,287)	(4,317,573)
At the end of the year	108,226,274	81,168,006	93,473,492	71,907,830

23.1 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible changes in the key assumptions employed with all other variables held constant in the employee benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

Increase/ (Decrease) in discount rate	Increase/ (Decrease) in salary escalation rate	Effect on employee benefit obligation Rs. Group	Effect on employee benefit obligation Rs. Company
1%	**	99,957,099	87,016,197
-1%	**	116,973,908	100,996,715
**	1%	117,066,872	101,056,397
**	-1%	99,761,579	86,871,101

23. RETIREMENT BENEFIT OBLIGATION (Contd..)

The retirement benefit obligation of Tokyo Cement Company (Lanka) PLC and of its subsidiaries with more than 100 employees are based on the actuarial valuations carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd. The group has adopted the "Project Unit Credit Method" to determine the present value of the retirement benefit obligation as recommended by LKAS 19.

The principal assumptions used in determining the cost of employee benefits were;

	2014/2015	2013/2014
a) Discount rate	9%	11%
b) Salary increment rate	10%	10%
c) Retirement age	55 Years	55 Years
d) Employee turnover ratio	2%	2%

Assumptions regarding future mortality are based on 67/70 mortality table issued by the Institute of Actuaries, London.

24. TRADE AND OTHER PAYABLES

			Group		Company	
			31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
			Rs.	Rs.	Rs.	Rs.
Trade creditors			36,809,846	-	-	-
Bills payable			1,034,804,092	472,212,435	573,586,040	256,233,438
Expense creditors	- Related parties	24.1	27,773,149	56,526,801	56,462,808	20,333,593
	- Others		908,671,761	1,131,661,452	660,622,109	667,411,858
Other creditors			239,150,499	295,496,955	42,306,092	280,666,711
			2,247,209,347	1,955,897,643	1,332,977,049	1,224,645,600

24.1 Payable to related parties

Name of the related party	Nature of the relationship				
St. Anthony's Consolidated (Pvt) Ltd	Significance influence in terms of common directors (Note 30.1)	23,967,413	51,580,311	23,967,413	20,333,593
South Asian Investment (Pvt) Ltd		3,805,736	4,946,490	3,805,736	-
Tokyo Cement Colombo Terminal (Pvt) Ltd	Subsidiary	-	-	28,689,659	-
		27,773,149	56,526,801	56,462,808	20,333,593

	Group		Company	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014 Restated
	Rs.	Rs.	Rs.	Rs.

25. AMOUNT DUE TO SUBSIDIARIES

Tokyo Super Cement Company Lanka (Pvt) Ltd	-	-	1,501,396,077	611,991,326
	-	-	1,501,396,077	611,991,326

26. CAPITAL MANAGEMENT

The Board of Directors reviews the capital structure of the Companies of the Group on a regular basis. The intention of Board of Directors is to maintain an optimum capital structure while minimizing cost of financing and safeguarding key stakeholders' interests.

27. CAPITAL AND OTHER COMMITMENTS

27.1 Company

27.1.1 Capital commitments

The following capital commitments have been approved by the respective Board of Directors but not provided for in the financial statements.

a) Implementation of new Enterprise Resource Planning (ERP) System with an estimated cost of Rs.70 Mn. Total cost of project completed as at 31st March, 2015 is Rs.82 Mn with the additional approval for cost overrun. Remaining modules are expected to be completed within the next 12 to 18 months.

b) Establishment of batching plant at Vavuniya at an estimated cost of Rs 105.5 Mn.

c) Establishment of batching plant in Colombo at an estimated cost of Rs.432 Mn including the investment in machinery and equipment for Rs.229 Mn and Purchase of Land Rs.203 Mn. Approval for purchase of free hold land for Rs.269 Mn. was granted.

d) Purchase of De-logging machine and shredder for Bio Mass plant for Rs.13.1 Mn.

e) Formation of new undertaking Tokyo Super Aggregated limited with a joint venture partner Raddela Engineering & Earth Movers (Pvt) Ltd with an investment of Rs 51 Mn representing 51% equity investment of the said undertaking.

27.1.2 Other commitments

a) The company has entered into an agreement to export Bio-Mass power with Ceylon Electricity Board (CEB) for a period of 20 years subject to the terms and conditions.

b) The company has entered into an agreement with Ceylon Electricity Board (CEB) to purchase Coal Ash from Norochchola Power Plant for a period of 5 years.

27.2 Subsidiary companies

a) Subsidiary company - Tokyo Eastern Cement Company Ltd.

The company has announced an investment of USD 50 Mn (over Rs.6.7 Bn) under newly incorporated subsidiary Tokyo Eastern Cement Company Ltd. This investment is estimated to take place within the next two financial years. Total cost of work completed as at 31st March 2015 is Rs.153 Mn.

b) Subsidiary company - Tokyo Cement Colombo Terminal (Pvt) Ltd.

Construction of additional steel silo at Colombo port with an estimated cost of Rs.202 Mn. The cost incurred for this project as at 31st March, 2015 is Rs.133 Mn and the total project is expected to be completed by mid August 2015.

c) Subsidiary company - Tokyo Cement Power (Lanka) Ltd.

The company has entered into an agreement to export Bio-Mass power with Ceylon Electricity Board (CEB) for a period of 20 years subject to the terms and conditions.

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

28.1 Contingent liabilities

There are no contingent liabilities as at the reporting date other than the following:

Tokyo Cement Company (Lanka) PLC

a) The Department of Inland Revenue has not allowed Rs.300 Mn donation made in the year of assessment 2002/03 to the Ministry of Shipping and Ports Development, as a qualifying payment relief and an appeal has been preferred to the Court of Appeal on question of law under Section 141 (1) of the Inland Revenue Act. Lawyers have informed that the question of law is very much in favour of the company to overturn the board of review determinations. The case is yet to be listed.

28.2 Contingent assets

There were no material contingent assets for the Group existing as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

29. ASSETS PLEDGED

Following assets have been pledged as securities for liabilities

Name of the company		Nature of liabilities the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2015 Rs.	Balance outstanding as at 31.03.2014 Rs.
Tokyo Cement Colombo Terminal (Pvt) Ltd	a.	Term loans			
	i.	Sampath Bank PLC	623,000,000	116,780,000	272,540,000
	ii	National Development Bank PLC	150,000,000	99,984,485	
	b.	Trust receipts loans			
	i.	Sampath Bank PLC	525,000,000	190,924,536	284,878,090
	ii.	Commercial Bank of Ceylon PLC	750,000,000	321,078,297	192,105,614
	C.	Overdraft facility			
	i.	Sampath Bank PLC	35,000,000	-	61,590,195
Tokyo Cement	a.	Term loans			
Company (Lanka) PLC	i.	Commercial Bank of Ceylon PLC	800,000,000	599,996,000	800,000,000
	ii.	Commercial Bank of Ceylon PLC	2,000,000,000	1,500,000,000	-
	iii.	Sampath Bank PLC.	1,125,000,000	140,625,000	421,875,000
	iv.	Bank of Ceylon PLC	40,000,000	-	11,874,991
	b.	Working capital loans			
	i.	Citi Bank	US $ 7.5 Mn	-	120,706,643
	c.	Import demand loan			
	i	Commercial Bank PLC	700,000,000	266,153,000	178,423,000
	ii	Sampath Bank PLC	500,000,000	246,530,501	208,847,963
	d.	Overdraft facility			
	i	Commercial Bank PLC	1,000,000	249,058,800	272,143,073
Term Loans Transferred From Fuji Cement Company (Lanka) Ltd	a.	Term loans			
	i.	Sampath Bank PLC	650,000,000	176,044,000	338,543,200
	ii.	Import demand loans			
		Sampath Bank PLC	500,000,000	297,925,519	288,133,896

Repayment	Security pledged
Repayable in 48 equal monthly instalments of Rs.12,980,000/- and final installements of Rs.12,490,000/-	Loan agreement on term loan and corporate guarantee from Tokyo Cement Company (Lanka) PLC.
Loan amount repayable in 48 monthly instalment of Rs.3,125,000	Loan agreement on term loan and corporate guarantee from Tokyo Cement Company (Lanka) PLC
Each loan to be settled within 90 days from date of grant.	Short term Loan agreement for Rs 525 Mn.
Each loan to be settled within 90 days from date of grant.	Corporate guarantee of Tokyo Cement Company (Lanka) Plc of Rs.609 Mn and Mortgage Bond No. 1649 dated 06th August, 2002, executed over stock in trade and book debts of the company for Rs.110 Mn ranking equal and pari passu with the primary mortgage on executed by the company in favour of Sampath Bank for Rs.385 Mn and documents relating to goods received duly accepted by the company.
On Demand	Overdraft agreement of Rs 35Mn secondary mortagage over cement, plant and Machinery at Port premises, Colombo for 360 Mn.
Repayable in 47 equal monthly instalments of Rs.16,667,000/- a final instalment of Rs.16,651,000/-.	On demand loan agreement.
Repayable in 59 equal monthly instalments of Rs.33,330,000/- a final instalment of Rs.33,530,000/- (A grace period of 2 years at the beginning).	Mortgage over plant, machinery and project assets of cement and bio-mass power plants under construction (Tokyo Eastern Cement Company Ltd)
In 48 equal monthly instalments of Rs.23,437,500/-.	An undertaking to mortgage over the vessel "ID Symphony" (Tabernacle Star ii)
Repayment will commence after 24 months from first disbursement of the loan, thereafter repayable in 48 equal monthly instalments.	On demand loan agreement.
	On demand loan agreement.
Each loan to be settled within 90 days from date of grant.	Lien over documents of title to the goods under import and counter indemnity in respect of Letter of Guarantee/Bills Purchase Facility.
Each loan to be settled within 90 days from date of grant.	On demand loan agreement.
On demand	General terms and conditions relating to overdraft.
Repayable in 48 equal monthly instalments	(a) An undertaking to mortgage over the vessel "Terbancle Prince"
	(b) Corporate guarantee of TCCL for Rs.650 Mn
Each Loan to be paid within 90 days	(a) General terms and condition documents relating to IDL.
	(b) Lien over documents of title of the goods under import
	(c) Corporate guarantee of TCCL for Rs.800 Mn

29. ASSETS PLEDGED (Conted...)

Name of the company		Nature of liabilities the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2015 Rs.	Balance outstanding as at 31.03.2014 Rs.
Tokyo Super Cement Company Lanka (Pvt) Ltd	a.	Term loans			
	i.	Sampath Bank PLC	500,000,000	-	681,447,160
	b.	Trust receipts loans			
	i.	Commercial Bank of Ceylon PLC	100,000,000	-	176,370,000
"Tokyo Cement Power					
(Lanka) Ltd"	a.	Term loans			
	i.	Sampath Bank PLC	500,000,000	-	488,000,000
	ii.	Sampath Bank PLC	350,000,000	-	350,000,000
	b.	Short term loan			
	i.	Citi Bank PLC	(US $ 6 Mn)	-	531,279,454
		Capital term loan			
	i.	National Development Bank PLC	1,500,000,000	1,422,411,000	

Repayment	Security pledged
Repayable within 90 days from the date of grant	(a) Short term import loan agreement for Rs.500 Mn.
	(b) Existing Hypothecation Bond for Rs.520 Mn over stock and book debts of the company.
Repayable within 90 days from the date of grant	(a) Corporate guarantee of Tokyo Cement Company (Lanka) PLC for Rs.350 Mn.
	(b) Lien Over documents of title to the goods under import.
In 47 equal monthly instalments of Rs.10,500,000/- & one final instalment of Rs.6,500,000/-	(a) Loan agreement on term loan and corporate guarantee from Tokyo Cement Company (Lanka) PLC for Rs.500 Mn.
	(b) Undertaking to mortgage for Rs. 500 Mn over the allotment of land market lots 1 & 2 in plan No. 558 dated 20.09.2001 made by 1 kotagama L.S and Lots 43 & 44 in Plan No Topo 59 made by the surveyor general together with civil structure, plant, machinery and equipment fixed /to be fixed therein at Bathalaya, Mahiyanganaya together with deposit of title deed and power of attorney in favour of the bank.
In 47 equal monthly instalments of Rs.7,300,000/- & a final instalment of Rs.6,900,000/-	(a) Loan agreement on term loan and corporate guarantee from Tokyo Cement Company (Lanka) PLC for Rs.350 Mn.
	(b) Undertaking to an additional mortgage for Rs 350 Mn over same property mentioned above together with power of Attorney in favour of the bank.
Repayable within 90 days from the date of grant	Unconditional corporate guarantee from Tokyo Cement Company(Lanka) PLC.
In 57 monthly equal instalment @ Rs 25,863,000 & one instalment of Rs 25,809,000.	Corporate guarantee from Tokyo Cement Company Lanka PLC and agreement to mortgage over plant, machinery and equipment of the Bathalayaya Biomass power project of the borrowers.

30. RELATED PARTY TRANSACTIONS

30.1 The Directors of the Company are also Directors of the following Companies:

	Fuji Cement Co (Lanka) Ltd	Tokyo Super Cement Co Lanka (Pvt) Ltd	Tokyo Cement Colombo Terminal (Pvt) Ltd	St. Anthony's Consolidated (Pvt) Ltd
Mr. E. Gunatunga (Late)	X	X	X	-
Mr. S.R. Gnanam	X	X	X	X
Mr. Tatsuro Naruse (Late)	X	X	X	-
Mr. S.V. Wanigasekera	X	X	-	-
Mr. A.S.G. Gnanam	X	X	-	X
Mr. E.J. Gnanam	X	X	X	X
Mr. R. Seevaratnam	X	X	-	-
Mr. H. Tsukigawa	-	-	-	-
Dr. Harsha Cabral	X	X	-	-
Dr. I. Coomaraswamy	X	X	-	-
Mr. M.Ravi Dias	-	-	-	-
Mr. Akira Ikematsu	X	X	X	-
Mr. W.C Fernando	X	X	X	-

"X" denotes the companies in which each of the persons mentioned was a Director.

30.1.1 Mr. Akira Ikematsu was appointed as the nominee director of Nippon Coke Engineering Company Ltd with effect from 16th September, 2014.

Mr. S.V Wanigasekara, Nominee directors of Nippon Coke Engineering Company Ltd. ceased to be a director of the company with effect from 16th September, 2014.

Mr. W.C Fernando, the Group general manager was appointed as executive director of the company effective from 30th October, 2014.

Late Mr. Edgar Gunatunga chairman of the company ceased to be a director of the company effective from 20th November, 2014.

Dr.Harsa Cabral was appointed as the chairman of the company effective from 1st of December, 2014.

Mr. M.Ravi Dias was appointed as non executive indpendent director with effect from 16th September, 2014.

30.1.2 Mr. W.C. Fernando, Executive director is a Director of the Tokyo Super Cement Co. Lanka (Pvt) Ltd, Tokyo Cement Colombo Terminal (Pvt) Ltd and Tokyo Eastern Cement Company (Lanka) Ltd, Tokyo Cement Power (Lanka) Ltd.

	St. Anthony's Hardware (Pvt) Ltd	South Asian Investments (Pvt) Ltd	Rhino Roofing Products Ltd	Rhino Products Ltd	Providence Network & Solutions (Pvt) Ltd	Tokyo Eastern Cement Company Ltd	Tokyo Cement Power (Lanka) Ltd
	-	-	-	-	-	X	X
	X	X	X	X	-	X	X
	-	-	-	-	-	-	x
	-	-	-	-	-	-	-
	X	X	X	X	X	X	X
	X	X	X	X	-	X	X
	-	-	-	-	-	X	X
	-	-	-	-	-	-	-
	-	-	-	-	-	X	X
	-	-	-	-	-	X	X
	-	-	-	-	-	X	X
	-	-	-	-	-	X	X
	-	-	-	-	-	X	X

30. RELATED PARTY TRANSACTIONS (Contd..)

30.2 The Company/Group has had following transactions entered during the year in the ordinary course of business with related entities at commercial rates.

Subsidiary companies	Nature of the relationship	Group 2015 (Rs.)	Group 2014 (Rs.)	Company 2015 (Rs.)	Company 2014 (Rs.)
(a) Tokyo Cement Colombo Terminal (Pvt) Ltd	Subsidiary company				
i. Handling and bagging income		82,959,626	232,662,225	25,327,788	-
ii. Cement sales including transport charges		153,862,043	102,902,793	153,862,043	102,902,793
iii. Additional share investment		212,685,972	20,680,833	212,685,972	20,680,833
iv. Rent income		1,296,000	3,888,000	1,296,000	3,888,000
(b) Tokyo Super Cement Company Lanka (Pvt) Ltd	Subsidiary company				
i. Fund transfers from /(to)		738,150,000	496,281,340	228,150,000	-
ii. Purchase of bio-mass power		122,604,002	55,999,308	122,604,002	55,999,308
iii. Packing plant hiring expenses		17,695,812	17,147,524	3,701,825	-
iv. Purchase of clinker		259,132,319	-	259,132,319	-
v . Dividend paid		300,007,544	-	300,007,544	-
vi. Expenses incurred onbehalf of company		-	-	24,190,939	-
vii. Sale of cement		145,902	-	-	-
(c) Tokyo Cement Power (Lanka) Ltd	Subsidiary company				
i. Investment in stated capital		800,000,000	150,000,000	800,000,000	150,000,000
ii. Fund transfers from/(to)		702,340,274	125,607,294	(702,340,274)	-
iii. Purchase of Cement		139,891	-	139,891	-
iv. Expenses incurred onbehalf of company		-	-	1,848,639	-
(d) Tokyo Eastern Cement Company Ltd	Subsidiary company				
i. Advances on share application		1,500,000,000	-	1,500,000,000	-
ii. Fund transfers from/(to)		510,000,000	-	-	-

The company had the following transaction with Fuji Cement Company (Lanka) Ltd before the amalgamation executed. (For the period 1st of April 2014 to 12th March 2015).

Subsidiary companies	Nature of the relationship	Group 2015 (Rs.)	Group 2014 (Rs.)	Company 2015 (Rs.)	Company 2014 (Rs.)
(e) Fuji Cement Company (Lanka) Ltd	Subsidiary company				
i. Sale of cement including transport charges		314,313,748	374,910,028	314,313,748	374,910,028
ii. Purchase of bio-mass Power		48,655,062	30,895,032	48,655,062	30,895,032
iii. Fund transfers from/(to)		665,207,896	1,071,371,521	657,207,896	1,071,371,521
iv. Dividend paid (Net of tax)		175,500,000	200,000,000	175,500,000	200,000,000
v. Sale of Raw & packing material (Net of tax)		178,098,724	-	178,098,724	-
vi. Packing plant hiring income		13,993,987	-	-	-
vii. Handling and bagging charges		57,565,838	-	-	-

Other Related Companies	Nature of the relationship	Group 2015 (Rs.)	Group 2014 (Rs.)	Company 2015 (Rs.)	Company 2014 (Rs.)
(a) St. Anthony's Consolidated (Pvt) Ltd					
i. Sales Ccommission	Significance influence in terms of common directors (30.1)"	564,855,067	613,131,018	190,989,301	215,401,406
(b) St. Anthony's Hardware (Pvt) Ltd	Significance influence in terms of common directors (30.1)				
i. Purchase of chemicals		90,773,619	62,085,578	90,773,619	62,085,578
ii. Sale of ready mix concrete		920,300	-	920,300	-
(c) South Asian Investment (Pvt) Ltd	Significance influence in terms of common directors (30.1)				
i. Sales commission paid		62,251,403	72,654,581	2,999,179	-
(d) Rhino Roofing Products Ltd	Significance influence in terms of common directors (30.1)				
i. Sale of cement		1,286,115,887	1,241,633,290	19,469,192	-
ii. Trade receivables		45,386,590	-	-	-
(e) Rhino Product ltd	Significance influence in terms of common directors (30.1)				
i. Sale of cement		1,059,469,007	-	5,612,410	-
ii. Trade receivables		152,360,952	-	-	-

30. RELATED PARTY TRANSACTIONS (Contd..)

30.3 Collaterals or corporate guarantees given to related parties

The Company has not provided assets as collaterals or corporate guarantees for subsidiaries or other related companies for borrowing purposes except as referred in note no 29.

30.4 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2015, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2014 - Nil, 2013 - Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

30.4.1 Amounts due to / from related parties

The amounts due to / from related parties are disclosed in the note no 17,18, 24 & 25.

30.5 Transactions with key management personnel of the company or its parent

30.5.1 Key Management Personnel (KMPs) are defined as those persons such as directors, chief executive officers and other senior executives etc. who have authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, directly or indirectly.

a) Compensation of key management personnel

	2014/2015 Rs	2013/2014 Rs
Directors' Emoluments and other key personnel's remuneration	62,104,900	41,473,221
Non-cash benefits	-	-
Total Compensation paid to key management personnel	62,104,900	41,473,221

30.5.2 The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel which can be classified as follows.

	2014/2015 Rs	2013/2014 Rs
a) Short-term employee benefits	61,184,650	40,633,221
b) Post - employment benefits	920,250	840,000
c) Other long-term benefits	Nill	Nill
d) Termination benefits	Nill	Nill
e) Share-based payments	Nill	Nill
	62,104,900	41,473,221

30.5.3 Purchase/Disposal of the company's shares

The following interests recognized in acquisition of shares issued by the company to the Board.

Name of KMPs/ Close relatives	Nature of transactions	Class of shares	No. of shares	Date of Acquisition/ disposal	Consideration paid per share
Late Mr.Edgar Gunatunga	Company acquired shares of Tokyo Cement Colombo Terminal (Pvt) Ltd at Rs.19.99 per share from Late Mr.Edgar Gunatunga	Voting	67,006	28th April 2014	Rs.19.99
Mr.S.V.Wanigasekara	Disposal of shares of the company	Voting	940	27th August 2014	46.50
Late Mr.Edgar Gunatunga	Purchase of shares of the company	Non-Voting	1,000	26th June 2014	32.50

30.5.4 Share transactions with key management personnel

Name of related enitities	Nature of transactions	Name of directors	Class of shares	Number of shares	Date of Acquisition/ Disposal	Consideration paid per share
South Asia Investment (Pvt) Limited	Company accquired shares of Tokyo Cement Colombo Terminal (Pvt) Ltd	Mr.E.J.Gnanam	Voting	8,662,500		Rs.19.99
		Mr.S.R.Gnanam				
Nippon Coke & Engineering (Pvt) Ltd	Disposal of company's shares	Mr.Akira Ikemastu	Voting	2,000	March 2015	Rs.55.5
		Mr.Hiroki Tsukigawa	Voting	6,300	March 2015	Rs.51.60 to 54.90
			Voting	41,194	December 2014	Rs.64.00
			Voting	1,893	March 2015	Rs.40 to Rs.54.70
			Voting	3,800	March 2015	Rs.52 to Rs.53.90
			Voting	29,200	March 2015	Rs.50.80 to Rs.53.90
			Voting	3,000	March 2015	Rs.51 to Rs.53
			Voting	7,805	March 2015	Rs.51.50 to Rs.54
			Voting	174,629	December 2014	Rs.63 to Rs.65.50
			Voting	10,000	April 2014	Rs.36 to Rs.36.20
			Voting	5,677	December 2014	Rs.63 to Rs.63.90
			Voting	28,500	December 2014	Rs.61.80 to Rs.63.80
			Voting	250,000	December 2014	Rs.60 to Rs.60.60

30. RELATED PARTY TRANSACTIONS (Contd..)

30.6 Non-recurrent related party transactions

There were no other non-recurrent Related Party Transactions other than following which in aggregate value exceed 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31st March, 2014 audited financial statements, which required additional disclosures in the 2014/15 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Name of the related party	Relationship	Nature of transaction	Value of the related party transactions entered into during the financial year	Value of related party transactions as a % of equity and as a % of total assets	"Terms and conditions of the related party transactions"	The rationale for entering into the transactions
Tokyo Cement Power (Lanka) Ltd	Fully owned subsidiary	Share Issue	800,000,000	12% and 6%	On Demand	To fulfil the capital commitments over the new subsidiary.
		Fund Transfer	702,340,274	10% and 6%	On Demand	To fulfil the capital commitments over the new subsidiary.
Tokyo Eastern Cement Company Ltd	Fully owned subsidiary	Advance on share application	1,500,000,000	22% and 12%	General terms and conditions under Companies Act	To fulfil the capital commitments over the new subsidiary.

30.7 Recurrent related party transactions

There were no other recurrent related party transactions which in aggregate value exceed 10% of the consolidated revenue of the Group as per 31st March, 2014 audited financial Statements, which required additional disclosures in the 2014/15 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

31. SUBSIDIARY COMPANIES

Company	Holding
Fuji Cement Company (Lanka) Ltd (amalgamated with parent company on 13th March 2015)	100%
Tokyo Super Cement Company Lanka (Pvt) Ltd	100%
Tokyo Cement Power (Lanka) Ltd	100%
Tokyo Eastern Cement Company Ltd	100%
Tokyo Cement Colombo Terminal (Pvt) Ltd	100%

32. EVENTS OCCURING AFTER THE REPORTING DATE

a) Dividend declaration

The directors have recommended the payment of a first and final dividend of Rs.1.19 per share amounting Rs.265,072,500 on issued stated capital of Ordinary Voting Shares and Rs.1.19 per share amounting to Rs.132,536,250 on issued stated capital of Non Voting Ordinary Shares for the year ended 31st March, 2015,which require the approval of the shareholders at the annual general meeting to be held on 27th August 2015. In accordance with Sri Lanka Accounting Standards (LKAS) 12 events after the reporting period, this proposed first and final dividend has not been recognised as a liability in the financial statements under review.

As required by Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the company satisfies itself the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007 and will be obtaining the certificate from the auditors prior to payment of the dividend of Rs.1.19 per Ordinary Voting Shares and Rs.1.19 per Ordinary Non-Voting Shares for the financial year under review.

b) Formation of new business

Subsequent to the year end, a new company was incorporated under the name of Tokyo Super Aggregated Limited with an equity interest of 51%. Company intends to carry out sand manufacturing project with Raddela Engineering & Earth Movers (Pvt) Ltd as a joint venture partner.

c) Super gains tax

An imposition of a Super Gains Tax has been recommended for the approval of Parliament per a Bill dated 27th March, 2015. Since the bill had not been approved by the parliament as at the reporting date, being 31st March, 2015, the Group has not provided for the potential liability in the Financial Statements for the year ended 31st March, 2015. The board of directors is of the view that although the Group had a profit of 2.627 bn which included tax exempted profit of Rs.800 mn from Tokyo Super Cement Company (Pvt) Ltd it is very unlikely that the company will be called upon to pay the super gain tax.

33. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

34 EFFECT OF AMALGAMATION

Pursuant to the approval of directors on 12th March, 2014 the company was amalgamated with Fuji Cement Company (Lanka) Ltd with effect from 13th March, 2015.

Comparative figures were restated as if the companies had been combined at the previous reporting date as per the guidelines issued under statement of recommended practice (SORP)-merger accounting common control business combination issued by the Institute of Chartered Accountants of Sri Lanka.

Effect of Amalgamation is as follows:

(a) The combined statement of comprehensive income includes the result of each of the combining entities or business that was presented from the earliest date.

(b) Expenditure incurred in relation to the a common control combination that is to be accounted for by using merger accounting is recognized as an expense.

(c) The effect of all transactions between the combining entities or businesses, whether occurring to before or after the common control combinations are eliminated.

34.1 Effect of amalgamation for the year ended 2013/2014 - Statement of comprehensive income

	Year Ended 31.03.2014 TCCL * Rs.	Year Ended 31.03.2014 FCCL ** Rs.	Effect of amalgamation Rs.	Combined entity (Restated) Rs.
Continuing operations				
Turnover	10,239,408,343	6,900,962,104	(403,530,078)	16,736,840,369
Cost of sales	7,704,844,081	5,558,866,814	(434,425,110)	12,829,285,785
Gross profit	2,534,564,262	1,342,095,290	30,895,032	3,907,554,584
Other income	373,818,925	74,096,728	(230,895,032)	217,020,621
	2,908,383,187	1,416,192,018	(200,000,000)	4,124,575,205
Distribution expenses	1,054,808,448	545,720,212	-	1,600,528,660
Administrative expenses	611,649,113	177,696,463	-	789,345,576
Profit from operations	1,241,925,626	692,775,343	(200,000,000)	1,734,700,969
Finance Income	8,181,451	2,269,637	-	10,451,088
Finance expenses	(142,892,626)	(139,670,979)	6,000,000	(276,563,605)
Profit before taxation	1,107,214,451	555,374,001	(194,000,000)	1,468,588,452
Income tax expense	(218,751,299)	(140,439,418)	(22,222,222)	(381,412,939)
Profit for the year	888,463,152	414,934,583	(216,222,222)	1,087,175,513
Other comprehensive Income				
Actuarial gains/(loss) on defined benefit plan	(9,820,799)	(2,933,573)	-	(12,754,372)
Tax relating to components of other comprehensive income	(2,749,824)	(821,400)	-	(3,571,224)
Total other comprehensive income net of tax	(12,570,623)	(3,754,973)	-	(16,325,596)
Total comprehensive income for the year	875,892,529	411,179,610	(216,222,222)	1,070,849,917

*TCCL- Tokyo Cement Company (Lanka) PLC

**FCCL- Fuji Cement Company (Lanka) Limited

NOTES TO THE FINANCIAL STATEMENTS

34 EFFECT OF AMALGAMATION (Contd...)

34.2 Effect of amalgamation for the year ended 2013/2014 - statement of financial position

	As at 31.03.2014 TCCL * Rs.	As at 31.03.2014 FCCL ** Rs.	Effect of Amalgamation Rs.	Combined entity (Restated) Rs.
ASSETS				
Non-current assets				
Property, plant and equipment	5,976,648,329	1,056,831,415	-	7,033,479,744
Capital work-in-progress	86,983,816	-	-	86,983,816
Intangible assets	-	-	-	-
Investment in subsidiaries	2,050,831,859	-	(150,000,000)	1,900,831,859
Operating lease prepayment	20,558,383	-	-	20,558,383
	8,135,022,387	1,056,831,415	(150,000,000)	9,041,853,802
Current assets				
Inventories	639,280,542	280,173,778	-	919,454,320
Trade and other receivables	920,737,861	473,815,312	(184,979,648)	1,209,573,525
Operating lease prepayment	420,052			420,052
Amount due from subsidiaries	708,409,424	583,953,431	(313,923,667)	978,439,188
Tax receivables	95,230,146	(51,025,737)	-	44,204,409
Financial investments	36,502,502	-	-	36,502,502
Cash and cash equivalents	134,983,705	170,835,867	-	305,819,572
	-			
	2,535,564,232	1,457,752,651	(498,903,315)	3,494,413,568
Total assets	10,670,586,619	2,514,584,066	(648,903,315)	12,536,267,370
EQUITY AND LIABILITIES				
Capital and reserve				
Stated capital	2,893,756,250	150,000,000	(150,000,000)	2,893,756,250
Capital redemption reserve fund	-	150,000,000	(150,000,000)	-
Retained earnings	2,916,475,239	965,287,535	150,000,000	4,031,762,774
	5,810,231,489	1,265,287,535	(150,000,000)	6,925,519,024
Non-current liabilities				
Deferred tax liability	967,064,714	74,196,372	-	1,041,261,086
Retirement benefit obligation	57,048,631	14,859,199	-	71,907,830
Interest bearing borrowings	923,958,000	162,502,400	-	1,086,460,400
	1,948,071,345	251,557,971	-	2,199,629,316
Current liabilities				
Trade and other payables	965,174,356	444,450,892	(184,979,648)	1,224,645,600
Amount due to subsidiaries	857,196,757	68,718,236	(313,923,667)	611,991,326
Current tax payable	-		-	-
Short-term borrowings	817,769,599	464,174,696	-	1,281,944,295
Bank overdraft	272,143,073	20,394,736	-	292,537,809
	2,912,283,785	997,738,560	(498,903,315)	3,411,119,030
Total equity and liabilities	10,670,586,619	2,514,584,066	(648,903,315)	12,536,267,370

*TCCL- Tokyo Cement Company (Lanka) PLC
**FCCL- Fuji Cement Company (Lanka) Limited

34.3 Effect of amalgamation for the year ended 2014/2015 - Statement of comprehensive income

	As at 31.03.2015 TCCL * Rs.	As at 12.03.2015 FCCL ** Rs.	Effect of Amalgamation Rs.	Combined entity (Restated) Rs.
Continuing operations				
Turnover	10,593,353,120	4,368,484,929	(441,986,251)	14,519,851,798
Cost of sales	8,421,606,637	3,602,295,678	(461,951,254)	11,561,951,061
Gross profit	2,171,746,483	766,189,251	19,965,003	2,957,900,737
Other income	596,822,315	50,528,234	(214,965,003)	432,385,546
	2,768,568,798	816,717,485	(195,000,000)	3,390,286,283
Distribution expenses	965,500,605	424,647,636	-	1,390,148,241
Administrative expenses	647,615,428	143,390,152	-	791,005,580
Profit from operations	1,155,452,764	248,679,697	(195,000,000)	1,209,132,462
Finance income	7,311,616	927,345	-	8,238,961
Finance expenses	(193,786,897)	(51,465,570)	6,000,000	(239,252,467)
Profit before taxation	968,977,483	198,141,472	(189,000,000)	978,118,956
Income tax expenses	(34,482,279)	(232,623,233)	-	(267,105,512)
Profit for the year	934,495,204	(34,481,761)	(189,000,000)	711,013,444
Other comprehensive income				
Actuarial gains/(loss) on defined benefit plan	(8,843,484)	(1,071,256)	-	(9,914,740)
Tax relating to components of other comprehensive income	(2,476,176)	(299,952)	-	(2,776,128)
Total other comprehensive income net of tax	(11,319,660)	(1,371,208)	-	(12,690,868)
Total comprehensive income for the year	923,175,545	(35,852,969)	(189,000,000)	698,322,576

*TCCL- Tokyo Cement Company (Lanka) PLC
**FCCL- Fuji Cement Company (Lanka) Limited

SHAREHOLDER & INVESTOR INFORMATION

DISTRIBUTION OF VOTING ORDINARY SHARES AS AT 31st March 2015

Category			No of Holders Nos	Share Holdings Shares %	% Holding
1	-	250	766	65,041	0.03%
251	-	500	185	73,254	0.03%
501	-	1,000	287	214,636	0.10%
1,001	-	2,000	410	584,741	0.26%
2,001	-	5,000	440	1,414,226	0.63%
5,001	-	10,000	214	1,528,772	0.69%
10,001	-	20,000	156	2,234,958	1.00%
20,001	-	30,000	73	1,852,816	0.83%
30,001	-	40,000	36	1,286,598	0.58%
40,001	-	50,000	27	1,228,341	0.55%
50,001	-	100,000	63	4,366,375	1.96%
100,001	-	10,00,000	71	20,953,377	9.41%
1,000,001	-	99,999,999	13	186,946,865	83.93%
TOTAL			2,741	222,750,000	100.00%

DISTRIBUTION OF NON VOTING SHARES AS AT 31st March 2015

Category			No of Holders Nos	Share Holdings Shares %	% Holding
1	-	250	1,042	97,916	0.09%
251	-	500	317	125,706	0.11%
501	-	1,000	404	305,482	0.27%
1,001	-	2,000	470	660,693	0.59%
2,001	-	5,000	490	1,605,302	1.44%
5,001	-	10,000	264	1,967,246	1.77%
10,001	-	20,000	179	2,517,240	2.26%
20,001	-	30,000	85	2,161,661	1.94%
30,001	-	40,000	46	1,586,651	1.42%
40,001	-	50,000	35	1,618,841	1.45%
50,001	-	100,000	81	6,107,905	5.48%
100,001	-	1,000,000	88	27,308,525	24.52%
1,000,001	-	99,999,999	18	65,311,832	58.64%
TOTAL			3,519	111,375,000	100.00%

Percentage of Public Shareholding

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	As at 31/3/15	As at 31/3/14	As at 31/3/15	As at 31/3/14
The percentage of shares held by public	25.76%	25.51%	100%	100%

Directors / CEO's Shareholdings

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held As at 31/3/15	No of Shares Held As at 31/3/14	No of Shares Held As at 31/3/15	No of Shares Held As at 31/3/14
Local Joint Venture Partner - St Anthony's				
Consolidated (Private) Limited	61,255,977	61,255,977	-	-
Gnanam A S G	12	12	-	-
Gnanam S R - Managing Director/CEO	12	12	-	-
Gnanam E J	12	12	-	-
Fernando W C	-	-	59,400	59,400
Foreign Joint Venture Partner - Nippon				
Coke Engineering Co Limited, Japan	52,116,302	52,680,300	-	-
Nominee Directors of Foreign Collaborator				
Mr. Akira Ikematsu	-	-	-	-
Mr. Hiroki Tsukigawa	-	-	-	-
Independent Non Executive Directors				
Mr. Ranjeevan Seevaratnam	-	-	-	-
Dr. Harsha Cabral	-	-	-	-
Dr. Indrajit Coomaraswamy	-	-	-	-
Mr. Ravi Dias	-	-	-	-
	113,372,315	113,936,313	59,400	59,400
Total Shares in Issue	222,750,000	222,750,000	111,375,000	111,375,000

SHAREHOLDER & INVESTOR INFORMATION

Chief Executive Officer's Shareholding

Mr. S. R. Gnanam, the Managing Director and Chief Executive Officer is also director and shareholder of the following companies.

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held As at 31/3/15	No of Shares Held As at 31/3/14	No of Shares Held As at 31/3/15	No of Shares Held As at 31/3/14
St Anthony's Consolidated (Pvt) Limited	61,255,977	61,255,977	-	-
South Asian Investment (Pvt) Limited	44,850,630	44,850,630	-	-
Capital City Holdings (Pvt) Limited	6,682,806	6,682,806	-	-
St Anthony's Hardware (Pvt) Limited	454,410	454,410	-	-
TOTAL	113,243,823	113,243,823	-	-

Twenty Largest Voting Shareholders as at	31st March 15		31st March 14	
	No of Shares	%	No of Shares	%
St. Anthony's Consolidated (Pvt) Ltd	61,255,977	27.5%	61,255,977	27.5%
Nippon Coke & Engineering Co. Ltd	52,116,302	23.4%	52,680,300	23.6%
South Asian Investment (Pvt) Ltd	44,850,630	20.1%	44,850,630	20.1%
Hsbc Intl Nom Ltd -Ssbt -Wasatch Frontier Emerging	8,641,037	3.9%	Not in Top 20 List	-
Capital City Holdings (Private) Limited	6,682,806	3.0%	6,682,806	3.0%
Deutsche Bank Ag-National Equity Fund	3,000,000	1.3%	1,974,309	0.9%
Mariapillai Radhakrishnan (Deceased)	2,742,349	1.2%	2,742,349	1.2%
Hsbc Intl Nom Ltd-Jpmcb-T.Rowe Price Institutional	1,513,811	0.7%	Not in Top 20 List	-
Deutsche Bank Ag As Trustee For Namal Acuity Value	1,500,000	0.7%	1,011,737	0.5%
Cb Ny S/A Wasatch Frontier Emerging Small Countrie	1,259,428	0.6%	Not in Top 20 List	-
Mellon Bank N.A-Acadian Frontier Markets Equity Fu	1,188,198	0.5%	Not in Top 20 List	-
Waldock Mackenzie Limited / M.T.Moosajee	1,100,000	0.5%	1,100,000	0.5%
Cb London S/A Tundra Frontier Opportunities Fund	1,096,327	0.5%	Not in Top 20 List	-
Mr. Hamish Winston Mcdonald Woodward	887,346	0.4%	887,346	0.4%
Mr. Kenneth Rudy Kamon	762,740	0.3%	762,740	0.3%
Ms Otara Del Gunewardene	688,672	0.3%	688,672	0.3%
Union Assurance Plc/No-01A/C	640,777	0.3%	640,777	0.3%
Hnb Assurance Plc A/C No2 (Life Insurance Fund)	618,022	0.3%	Not in Top 20 List	-
Deutsche Bank Ag-Namal Growth Fund	612,000	0.3%	Not in Top 20 List	-
Waldock Mackenzie Ltd/ Mr.S.N.P.Palihena And Mrs.	600,000	0.3%	Not in Top 20 List	-
TOTAL	191,756,422	86.1%	175,277,643	78.7%

Twenty Largest Non Voting Shareholders as at	31st March 15		31st March 14	
	No of Shares	%	No of Shares	%
Trading Partners (Pvt) Ltd	13,386,765	12.0%	Not in Top 20 List	-
Hinl-Jpmcb-Butterfield Trust (Bermuda) Limited	12,746,647	11.4%	12,642,062	11.35%
Cb London S/A Tundra Frontier Opportunities Fund	4,800,000	4.3%	Not in Top 20 List	-
Hsbc Intl Nom Ltd-State Street Luxembourg C/O Ssbt	4,295,522	3.9%	Not in Top 20 List	-
Employees Provident Fund	4,055,452	3.6%	10,961,062	9.84%
Mas Capital (Private) Limited	3,360,859	3.0%	4,019,950	3.61%
Deutsche Bank Ag As Trustee For Jb Vantage Value E	2,833,030	2.5%	2,474,720	2.22%
Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	2,759,289	2.5%	3,675,552	3.30%
Union Assurance Plc/No-01A/C	2,658,150	2.4%	2,658,150	2.39%
Deutsche Bank Ag-National Equity Fund	2,591,100	2.3%	2,591,100	2.33%
Deutsche Bank Ag As Trustee For Namal Acuity Value	2,218,863	2.0%	1,754,450	1.58%
Yoropa Investments (Private) Ltd	2,000,000	1.8%	Not in Top 20 List	-
Cb Lux S/A East Capital (Lux) - Frontier Markets F	1,802,367	1.6%	Not in Top 20 List	-
Cb Luxembourg East Capital (Lux) Emerging Asia Fun	1,455,000	1.3%	Not in Top 20 List	-
Bank Of Ceylon A/C Ceybank Century Growth Fund	1,181,093	1.1%	1,134,711	1.02%
DFCC Bank Plc A/C	1,127,096	1.0%	2,471,700	2.22%
Bank Of Ceylon-No2 A/C	1,021,009	0.9%	1,921,009	1.72%
Mr. Abdulhusen Hassenally Rajkotwala	1,019,590	0.9%	1,019,590	0.92%
Mr. Husein Nuruddin Esufally	956,475	0.9%	927,055	0.83%
Askold (Private) Limited	940,000	0.8%	1,000,000	0.90%
TOTAL	67,208,307	60.3%	49,251,111	44.22%

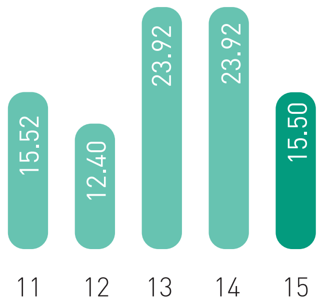
FIVE YEAR SUMMARY

Rs. Mn. Year ended March 31	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
OPERATING RESULTS					
Turnover	29,674	28,908	27,296	22,927	16,495
Gross profit	6,407	7,217	5,289	4,137	3,219
Profit Before Taxation	2,165	2,627	1,252	1,272	1,163
Taxation	(479)	(453)	(360)	(231)	(115)
Profit After Taxation	1,689	2,156	892	1,041	1,048
Non-Controlling Interest	(48)	(30)	(9)	129	37
Profit Attributable to Ordinary Shareholder	1,627	2,126	883	1,170	1,085
BALANCE SHEET					
Assets					
Non Current Assets					
Property, Plant & Equipment	12,426	9,917	9,901	9,681	8,870
Capital Work - in - Progress	372	2,502	701	162	53
Intangible Assets	102	37	20	22	13
Investment	-	-	-	-	-
Fixed Deposit	-	-	-	-	3
Operating Lease Prepayment	68	73	82	87	92
Total Non Current Assets	12,967	12,529	10,704	9,952	9,031
Current Assets					
Inventories	1,619	1,870	1,793	1,483	1,122
Trade & Other Receivable	4,630	3,515	1,950	1,871	1,437
Cash & Cash Equivalent	521	370	369	232	199
Total Current Assets	6,770	5,755	4,112	3,586	2,758
Total Assets	19,737	18,284	14,816	13,538	11,789
Equity & Liabilities					
Capital & Reserves					
Stated Capital	2,894	2,894	2,367	2,367	2,367
Reserves	-	-	150	150	150
Retained Earnings	7,089	6,120	4,678	4,189	3,322
Non-Controlling Interest	-	12	(17)	(26)	103
Total Capital & Reserves	9,983	9,026	7,178	6,680	5,942

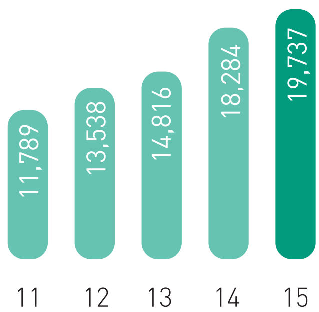
Rs. Mn. Year ended March 31	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
Non Current Liabilities					
Interest Bearing Borrowing	3,061	1,867	1,044	1,553	940
Deferred Tax	1,732	1,385	1,095	788	599
Retirement Benefit Obligations	108	81	57	45	37
Deferred Revenue	-	-	-	-	4
Lease Creditors	-	-	-	3	17
Total Non Current Liabilities	4,901	3,333	2,196	2,389	1,597
Current Liabilities					
Trade & Other Liabilities	2,247	2,007	1,763	1,565	1,054
Short Term Borrowings	2,309	3,479	3,196	2,613	2,895
Lease Creditors	-	-	-	14	40
Deferred Revenue - Current Maturity Portion	-	-	-	1	-
Bank Overdraft	297	439	483	276	261
Total Current Liabilities	4,853	5,925	5,442	4,469	4,250
Total Equity and Liabilities	19,737	18,284	14,816	13,538	11,789
INVESTOR INFORMATION					
Earnings Per Share - Voting Ordinary Share (Rs.)	5.06	6.51	2.68	3.44	3.45
Earnings Per Share - Non Voting Ordinary Share (Rs.)	5.06	6.51	2.68	3.44	3.45
Dividend Per Share - Voting Ordinary Share (Rs.)	1.19	1.50	1.00	1.30	1.65
Dividend Per Share - Non Voting Ordinary Share (Rs.)	1.19	1.50	1.00	1.30	1.65
Retune on Equity (%)	16.77	23.92	12.40	15.52	17.95
Interest Cover (Time)	5.63	5.70	2.79	3.93	3.39
Market Price Per Share (Rs.) - Voting	54.90	36.20	23.50	37.00	60.80
Market Price Per Share (Rs.) - Non Voting	37.40	29.00	17.50	27.00	44.00
Price Earnings Ratio (Times)	10.85	5.57	8.77	10.76	17.62
Assets Turnover Ratio (Times)	1.50	1.58	1.84	1.69	1.40
Net Asset Per Share (Rs.)	29.88	27.01	23.63	21.99	19.56

FIVE YEAR SUMMARY GRAPHICAL REVIEW

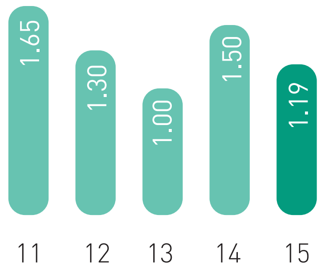
Return on Equity (%)



Total Assets (Rs.Mn)

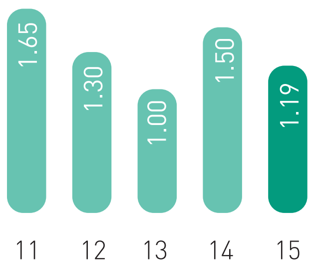


Dividend Per Share-Voting (Rs.)



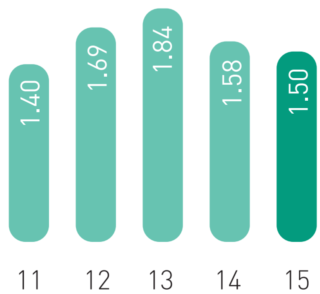
*After Sub Division

Dividend Per Share-Non Votin (Rs.)

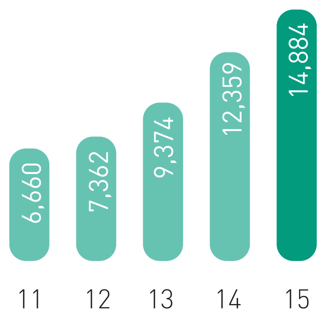


*After Sub Division

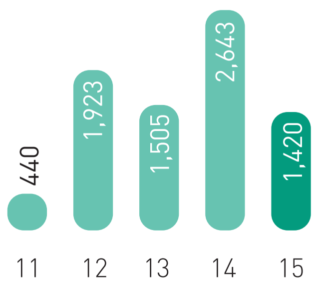
Assets Turnover (Time)



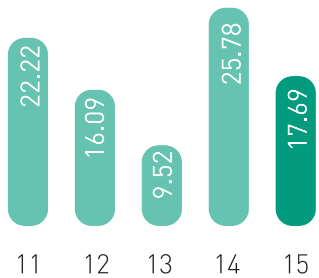
Capital Employed (Rs. Mn)



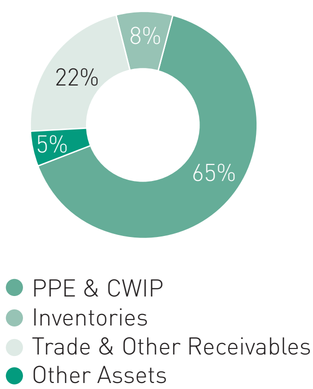
Capital Investment (Rs. Mn)



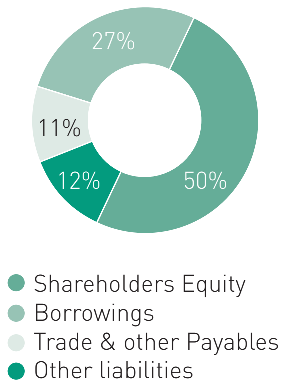
Return on Capital Employed (%)



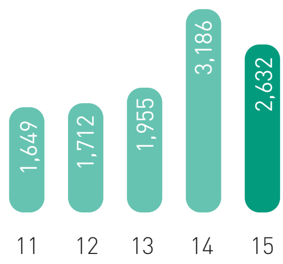
Composition Assets (%)



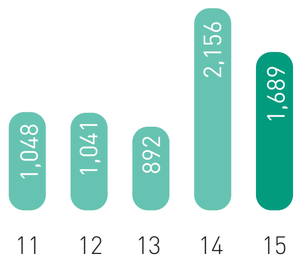
Composition Liabilities (%)



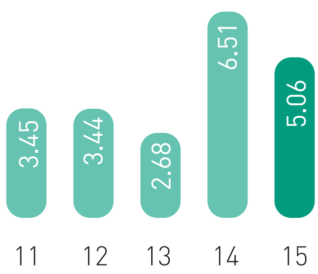
Earnings before Interest & Tax (Rs.Mn)



Earnings after Tax & Interest (Rs.Mn)

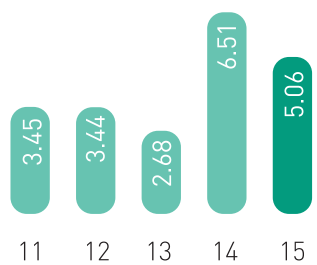


Earnings per Share- Non Voting (Rs)



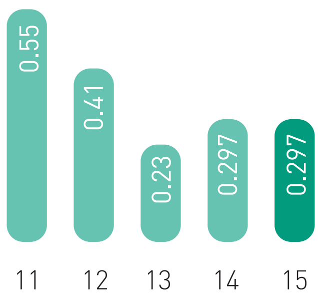
*After Sub Division

Earnings per Share- Voting (Rs)

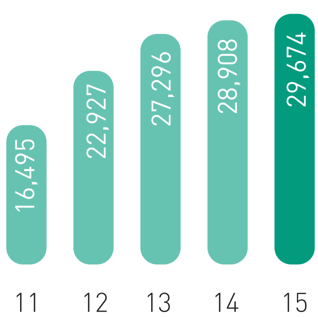


*After Sub Division

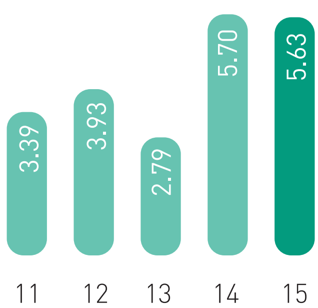
Gearing Ratio (Times)



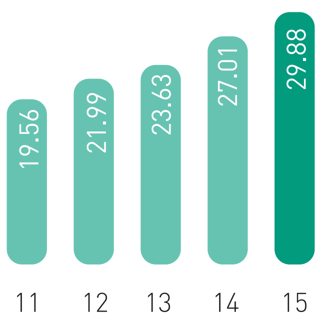
Group Revenue (Rs. Mn)



Interest Cover (Time)



Net Assets Per Share (Rs.)



NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of the Shareholders of Tokyo Cement Company (Lanka) PLC will be held on Thursday 27th August 2015 at 4.45 p.m. at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malasekera Mawatha, Colombo 7. The business to be brought before the Meeting to transact will be :

Agenda

Normal Business

1. To receive and adopt the Report of the Directors, the statement of Audited Accounts for the year ended 31st March 2015 and the Report of the Auditors thereon.

2. To declare a First and Final dividend of Rs 1/19 per share (voting and non voting) in respect of the Financial Year ending 31st March 2015 as recommended by the directors.

3. To re-elect Mr. Ravi Dias who retires by rotation in terms of Article 107 of the Articles of Association.

4. To re-elect Mr. W. Christopher Fernando who retires by rotation in terms of Article 107 of the Articles of Association.

5. To re-elect Dr Harsha Cabral who retires by rotation in terms of Article 114 of the Articles of Association.

6. To authorize the Directors to fix the remuneration payable to the Auditors BDO Partners, (Chartered Accountants) or determining the manner in which such remuneration is to be given.

   (An Auditor is deemed to be re-appointed at the Annual General Meeting of the Company under Article of Association)

7. To authorize the Directors to determine contributions to charities.

8 Special Business

   To re-elect as a director Mr. Ranjeevan Seevaratnam and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No 7 of 2007 for which special notice of the following ordinary resolution has been given by a member for the purpose

   THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr. Ranjeevan Seevaratnam who is 71 years and that he be re-elected a Director of the Company

9. To transact any other business of which due notice has been given.

By Order of the Board
TOKYO CEMENT COMPANY (LANKA) PLC

Seccom (Private) Limited

Company Secretaries

1st August 2015

Notes

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him.
2. A proxy need not be a member of the Company. A form of proxy accompanies this notice.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company, 469 - 1/1, Galle Road, Colombo.

3 not later than 48 hours before the time appointed for the commencement of the Meeting.

4 Shareholders / proxies attending the Annual General Meeting, please produce your National Identity Card to the security personnel stationed at the entrance.

PROPOSED TEXT OF RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

ORDINARY BUSINESS

Resolution 1 — Adoption of Accounts

THAT the Directors' Report and Accounts for the year ended 31st March 2015 as audited and reported by the Company's Auditors be and they are hereby received and adopted.

Resolution 2 — Dividends

RESOLVED THAT a First and Final dividend of Rs.1/19 per share (voting and Non Voting) be paid on 8th September 2015 for the year 2014/15.

Resolution 3 — Re-election of Directors

THAT Mr. Ravi Dias be and is hereby re-appointed a Director of the Company.

Resolution 4 — Re-election of Directors

THAT Mr. W. Christopher Fernando be and is hereby re-appointed a Director of the Company.

Resolution 5 — Re-election of Directors

THAT Dr Harsha Cabral be and is hereby re-appointed a Director of the Company.

Resolution 6 — RE- Appointment of Auditors

Directors are authorized to fix the remuneration payable to the Auditors BDO Partners, (Chartered Accountants) or determining the manner in which such remuneration is to be given.

Resolution 7 — Donations

That the directors are hereby authorised to make donations for good cause and as a corporate responsibility to the society.

SPECIAL BUSINESS

Resolution 8 — Re-election of Directors

Age Limit not to Apply

THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr. Ranjeevan Seevaratnam who is 71 years and that he be re-elected a Director of the Company

FORM OF PROXY

VOTING ORDINARY SHARES

For Thirty Third Annual General Meeting of
TOKYO CEMENT COMPANY (LANKA) PLC

I/We ....

of ....

being a member /members * of the Company hereby appoint .... of

.... or failing him

Dr. Harsha Cabral	of Colombo	or failing him
Mr. Simon Rajaseelan Gnanam	of Colombo	or failing him
Mr. Arul Selvaraj Gunaseelan Gnanam	of Colombo	or failing him
Mr. Elijah Jeyaseelan Gnanam	of Colombo	or failing him
Mr. Shiro Takihara	of Japan	or failing him
Mr. Hiroki Tsukigawa	of Japan	or failing him
Mr. Ranjeevan Seevaratnam	of Colombo	or failing him
Dr. Indrajit Coomraswamy	of Colombo	or failing him
Mr. Ravi Dias	of Colombo	or failing him
Mr. W. C. Fernando	of Colombo	or failing him

as my /our Proxy to represent me/us and * .... / to vote for me/us on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on Thursday 27th August 2015 at 4.45 p.m. at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malasekera Mawatha, Colombo 7 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the resolutions set out in the Notice convening the meeting by an "X" in the appropriate space given below.

		For	Against
1	To receive and adopt the Report of the Directors, the statement of Audited Accounts for the year ended 31st March 2015 and the Report of the Auditors thereon.		
2	RESOLVED THAT a First and Final dividend of Rs 1/19 per share (voting and Non Voting) be paid for the year 2014/15 as recommended by the Directors		
3	To re-elect Mr. Ravi Dias as a Director of the Company.		
4	To re-elect Mr. W. Christopher Fernando as a Director of the Company.		
5	To re-elect Dr. Harsha Cabral as a Director of the Company.		
6	To authorize the Directors to fix the remuneration payable to the Auditors		
7	To authorize the Directors to determine contributions to charities		
8	To re-elect as a director Mr. Ranjeevan Seevaratnam and being over the age of 70 years for which special notice has been received from a member for the purpose		

Signature of Shareholder/s .... Date ....

Notes:

1. Please delete the inappropriate words.
2. Instructions as to completion are enclosed.
3 Members are requested to inform the changes if any , in their registered addresses to the Company's Secretaries or Central Depository System as appropriate.
4. Members are invited to direct all correspondences relating to matters on shares, dividends, change of addresses etc to the Company's Secretaries quoting their register folio number
5. If you maintain an account with Central Depository Systems (Private) Limited, we advice you to inform them directly through your broker with regard to your change of address and dividend mandate.

INSTRUCTIONS AS TO COMPLETION

1. To be valid, this form of proxy must be deposited at the Registered Office, 469 1/1 Galle Road, Colombo 3 not later than 48 hours before the time appointed for holding the meeting.
2. In perfecting the form of proxy please ensure that all details are legible.
3. Please indicate with an 'X' in the relevant space given against each resolution how your proxy is to vote on the resolution. If no indication is given the proxy in his discretion will vote as he thinks fit.
4. In the case of a Company/Corporation, the Form of Proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association
5. In the case of a proxy signed by an attorney, the power of attorney must be deposited at the Registered Office for Registration.
6. In the case of non-resident Shareholders, the stamping, if necessary, will be attended to, on return of the completed form of proxy to the Registered Office of the Company in Sri Lanka.

FORM OF PROXY

NON VOTING ORDINARY SHARES

For Thirty Third Annual General Meeting of
TOKYO CEMENT COMPANY (LANKA) PLC

I/We ....

of ....

being a member /members * of the Company hereby appoint .... of

.... or failing him

Dr. Harsha Cabral	of Colombo	or failing him
Mr. Simon Rajaseelan Gnanam	of Colombo	or failing him
Mr. Arul Selvaraj Gunaseelan Gnanam	of Colombo	or failing him
Mr. Elijah Jeyaseelan Gnanam	of Colombo	or failing him
Mr. Shiro Takihara	of Japan	or failing him
Mr. Hiroki Tsukigawa	of Japan	or failing him
Mr. Ranjeevan Seevaratnam	of Colombo	or failing him
Dr. Indrajit Coomraswamy	of Colombo	or failing him
Mr. Ravi Dias	of Colombo	or failing him
Mr. W C Fernando	of Colombo	or failing him

as my /our Proxy to represent me/us and * .... on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on Thursday 27th August 2015 at 4.45 p.m at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malasekera Mawatha, Colombo 7 and at any adjournment thereof

Signature of Shareholder/s .... Date ....

INSTRUCTIONS AS TO COMPLETION

1. To be valid, this form of proxy must be deposited at the Registered Office, 469 1/1 Galle Road, Colombo 3 not later than 48 hours before the time appointed for holding the meeting.
2. In perfecting the form of proxy please ensure that all details are legible.
3. In the case of a Company/Corporation, the Form of Proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association
4. In the case of a proxy signed by an attorney, the power of attorney must be deposited at the Registered Office for Registration.
5. In the case of non-resident Shareholders, the stamping, if necessary, will be attended to, on return of the completed form of proxy to the Registered Office of the Company in Sri Lanka.

Notes :

1. Please delete the inappropriate words
2. Members are requested to inform the changes if any , in their registered addresses to the Company's Secretaries or Central Depository System as appropriate
3. Members are invited to direct all correspondences relating to matters on shares, dividends, change of addresses etc to the Company's Secretaries quoting their register folio number If you maintain an account with Central Depository Systems (Private) Limited, we advice you to inform them directly through your broker with regard to your change of address and dividend mandate FORM OF REQUEST for printed version of the Annual Report 2014/15 of Tokyo Cement Company (Lanka) PLC

CORPORATE INFORMATION

NAME OF THE COMPANY	Tokyo Cement Company (Lanka) PLC
COMPANY REGISTRATION NO	PQ 115
LEGAL FORM	A public Quoted Company with Limited Liability, Incorporated in Sri Lanka in 1982 and Listed on 1st January 1984
BOARD OF DIRECTORS :	
Dr Harsha Cabral	Chairman and Non Executive Independent Director
Mr S. R. Gnanam	Managing Director
Mr A. S. G. Gnanam	Non Executive Director
Mr E. J. Gnanam	Non Executive Director
Mr R Seevaratnam	Non Executive Independent Director
Dr Indrajit Coomaraswamy	Non Executive Independent Director
Mr Ravi Dias	Non Executive Independent Director (Appointed on 16/9/2014)
Mr Akira Ikematsu	Non Executive Director & Nominee Director of Nippon Coke & Eng (Replaced on 1st Aug 2015)
Mr Hiroki Tsukigawa	Non Executive Director & Nominee Director of Nippon Coke & Eng
Mr Shiro Takihara	Non Executive Director & Nominee Director of Nippon Coke & Eng (Appointed on 1st Aug 2015)
Mr W .C. Fernando	Executive Director and Group General Manager (Appointed to directorate on 30/10/2014)
Mr S. V. Wanigasekera	Non Executive Director & Nominee Director of Nippon Coke & Eng (Replaced on 16th Sep 2014)
COMPANY SECRETARY	Seccom (Private) Limited, (Company Secretaries) 1E - 2/1, De Fonseka Place, Colombo 5 T Phone 2 590176 Fax 2 581618 E-Mail kmaahamed@hotmail.com
HEAD OFFICE	469 - 1/1 Galle Road, Colombo 3 T Phone 2 587619 Fax 2 500897 Web Site www.tokyocement.lk
SUBSIDIARY COMPANIES	Fuji Cement Company (Lanka) Limited (Amalgameted with Tokyo Cement Company (Lanka) PLC on 13th March 2015) Tokyo Super Cement Company Lanka (Private) Limited Tokyo Cement Power (Lanka) Limited Tokyo Eastern Cement Company Limited (initial stages) Tokyo Cement Colombo Terminal (Private) Limited Tokyo Super Aggregate Limited (incorprated on 9th April 2015)
AUDITORS	BDO Partners, (Chartered Accountants) 65/2, Sir Chittambalam A Gardiner Mawatha, Colombo 2
LEGAL ADVISORS	Neelakandan & Neelakandan (Attorney at Law and Notaries Public)) M & N Building - Level 5 2, Deal Place, Colombo 3
BANKERS	Commercial Bank of Ceylon PLC Sampath Bank PLC Bank of Ceylon Citi Bank National Development Bank PLC

REDWORKS
Designed & produced by REDWORKS
Digital plates & Printed by Printel (Pvt) LTD

www.tokyocement.lk