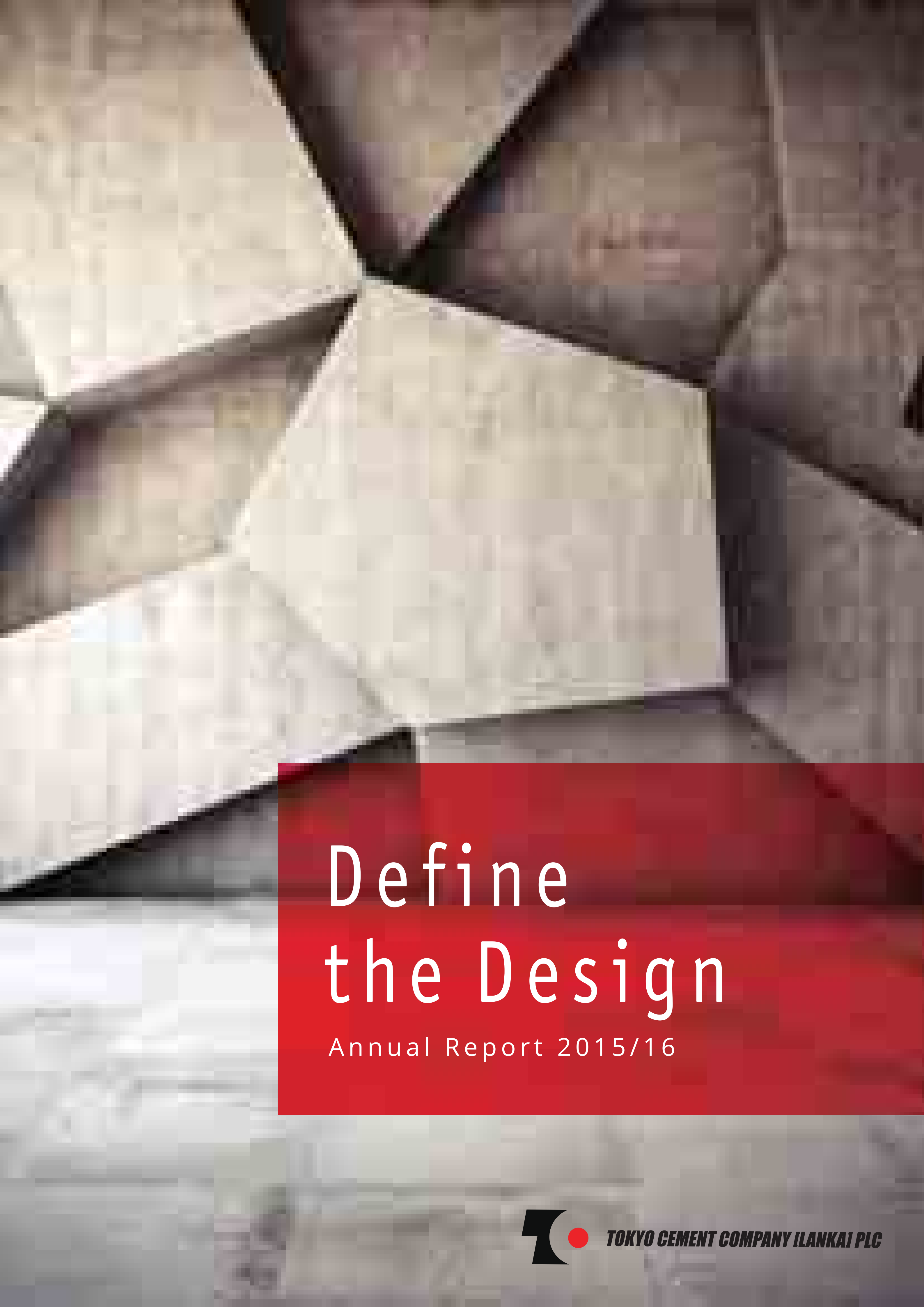

Define the Design

Annual Report 2015/16

TOKYO CEMENT COMPANY [LANKA] PLC

Contents

TOKYO CEMENT COMPANY (LANKA) PLC

Define the Design

Annual Report 2015/16

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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.

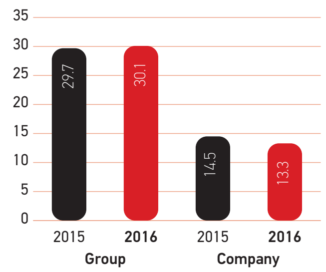
Define the Design

Journey of an Architects' imagination couldn't realize without the elements of design. We the element of cement starting from ground to stretch vertically and horizontally to celebrate the space. We define its form and shape, it creates the voids as well as solids in balance, play of unlimited shapes and forms. Different characteristics harmonized a unique language together to celebrate the space to meet one's imaginary lines into a three dimensional reality.

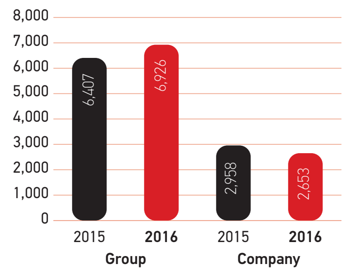
Performance Highlights

Rs. Mn.	Group		Company	
	2016	2015	2016	2015
PERFORMANCE				
Turnover	30,117	29,674	13,335	14,520
Less: Cost of sales	(23,191)	(23,267)	(10,682)	(11,562)
Gross Profit	6,926	6,407	2,653	2,958
Profit Before tax	2,487	2,165	1,655	978
Profit After Tax	1,931	1,690	1,385	711
Total Comprehensive Income	1,944	1,674	1,399	698
INFORMATION TO SHAREHOLDERS				
Earnings Per Share - Voting	5.78	4.91	4.14	2.13
Earnings Per Share - Non Voting	5.78	4.91	4.14	2.13
Dividend Per Share - Voting	-	-	1.35	1.19
Dividend Per Share - Non Voting	-	-	1.35	1.19
Net Asset Value Per Share	34.18	29.88	24.05	21.32
Market Value Per Share - Voting	37.00	54.90	37.00	54.90
Market Value Per Share - Non Voting	32.30	37.40	32.30	37.40
KEY FINANCIAL INDICATORS				
Return on Capital Employed (ROCE)	16.32%	17.15%	15.66%	11.78%
Interest Cover (Times)	6.34	5.63	6.90	5.09
Price Earnings Ratio - Voting	6.40	11.18	8.94	25.77
Price Earnings Ratio - Non Voting	5.59	7.62	7.80	17.56
Current Ratio	0.87 : 1	1.39 : 1	1.09 : 1	0.77 : 1
Quick Asset Ratio	0.59 : 1	1.06 : 1	0.89 : 1	0.54 : 1
Dividend Payout Ratio	-	-	33%	56%

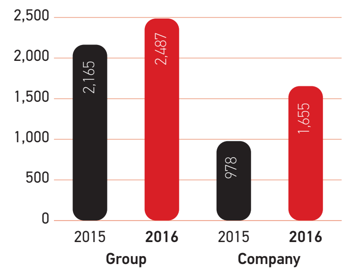
Revenue (Rs. Bn.)



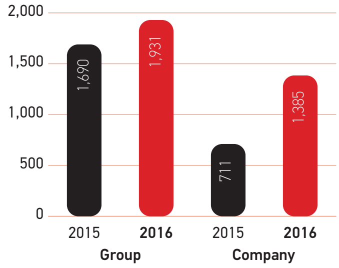
Gross Profit (Rs. Mn.)



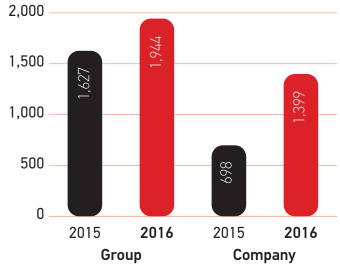
Pre Tax Profit (Rs.Mn.)



Post Tax Profit (Rs.Mn.)



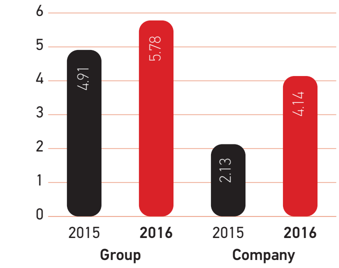
Profit Attributable to Equity Holders (Rs.Mn.)



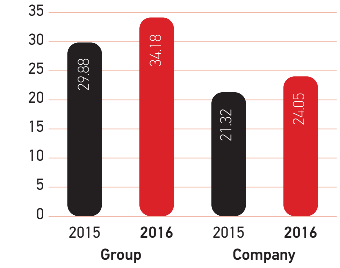
Turnover
30.1 Bn

Net Profit After Tax
1.9 Bn

Earning Per Share (Rs.)



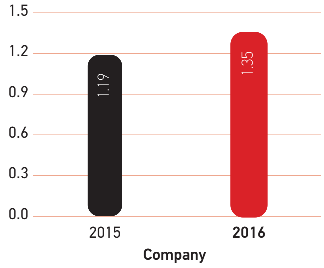
NAV Per Share (Rs.)



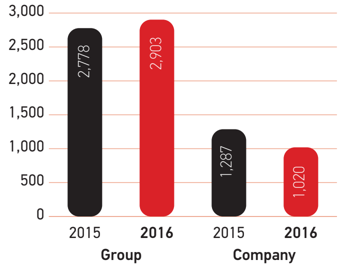
Capital Expenditure
5.4 Bn

Total Equity
11.5 Bn

Dividend per Share (Rs.)

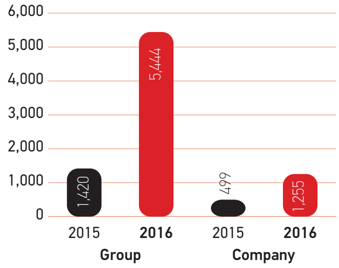


Net Operating Cash Flow (Rs. Mn.)

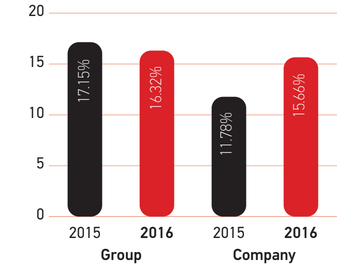


Total Assets
22.2 Bn

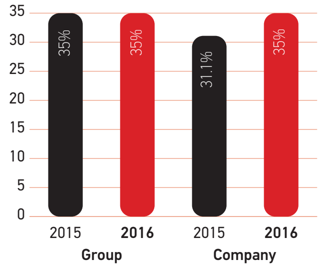
Capital Expenditure (Rs. Mn.)



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.

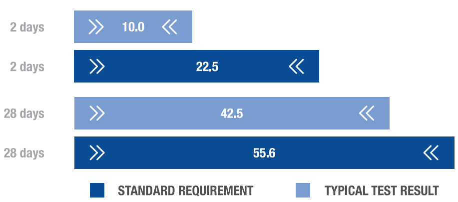
HIGH STRENGTH | WATER & SEWAGE TANKS | HEAVY TRAFFIC | DOMESTIC | WALLS

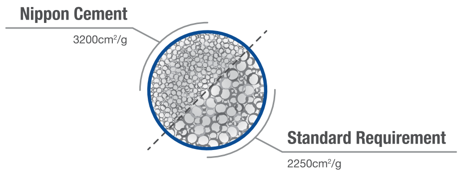
FOR READY MIX CONCRETE | BASEMENTS | ROOF SLABS | FOR PRE-CAST CONCRETE | INDUSTRIAL

42.5N
STRENGTH CLASS

SLS 107:2008
ORDINARY PORTLAND CEMENT

Compressive Strength (N/mm²)





TOKYO SUPER OPC

ORDINARY PORTLAND CEMENT

SUPER FOR ANYTHING

“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

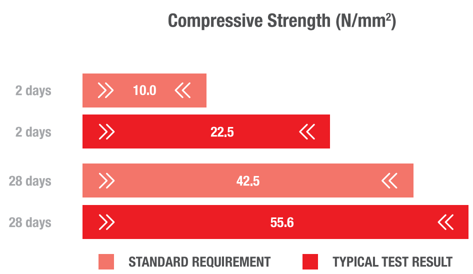
ROOF SLABS

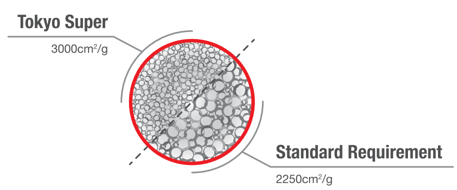
FOR PRE-CAST CONCRETE

INDUSTRIAL

42.5N
STRENGTH CLASS

SLS 107:2008
ORDINARY PORTLAND CEMENT





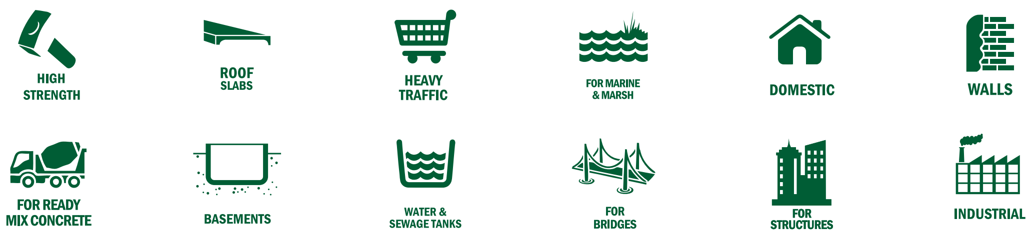
TOKYO SUPER PPC

PORTLAND POZZOLANA CEMENT

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

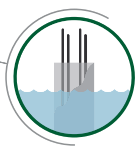
"Tokyo Super" Portland Pozzolana Cement is produced to conform to SLS 1247 : 2008 Strength Class 42.5 N standard specification. This cement is highly resistant to chemical attack and suitable for concreting and in mortar in marine and sulphate containing soil environments. The cement is low heat cement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

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



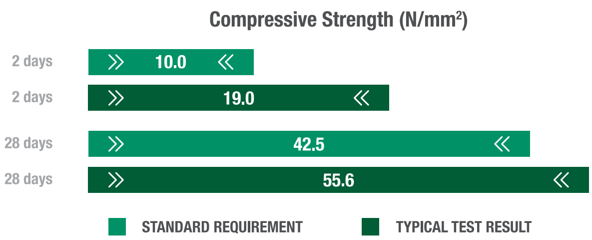
PPC for piling

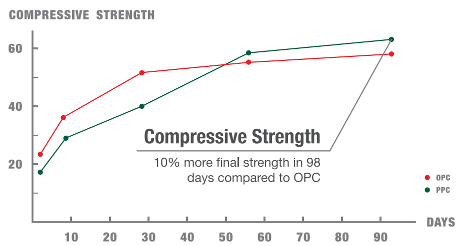
PPC protects steel from being degraded by moisture over the long term, making it optimal for piling



42.5N
STRENGTH CLASS

SLS 1247:2008
PORTLAND POZZOLANA CEMENT



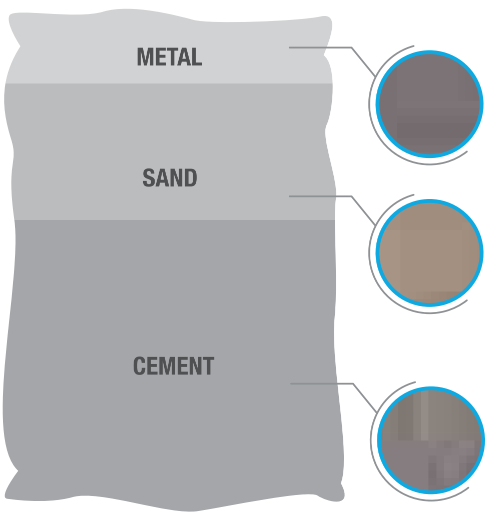


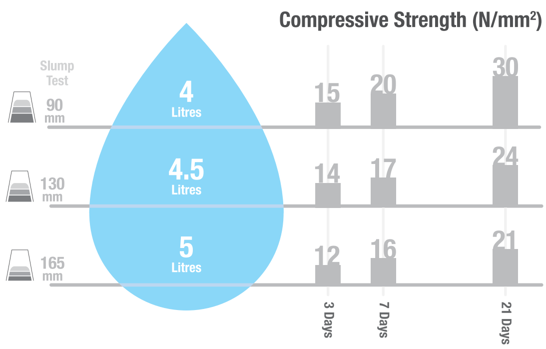
TOKYO SUPERMIX

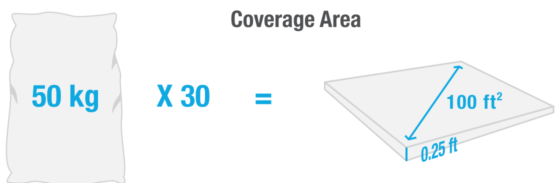
CONCRETE MIX

JUST ADD WATER | PAVEMENTS DRIVEWAYS | GRADE 20 METAL:SAND:CEMENT 1:2:4 | SIMPLE STRUCTURES | SLABS | SAME AS TRUCK MIX | LESS WASTE | PERSONALISE YOUR MIX

THE EXPERIENCE & THE STANDARDS OF THE NATION'S LARGEST CONCRETE MANUFACTURER, NOW IN A BAG.







*Coverage area determined under laboratory conditions.

TOKYO SUPERBOND

TILE ADHESIVE

WHY USE A TILE ADHESIVE?

JUST ADD WATER
EASY APPLICATION
LESS WASTE

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 hardens 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

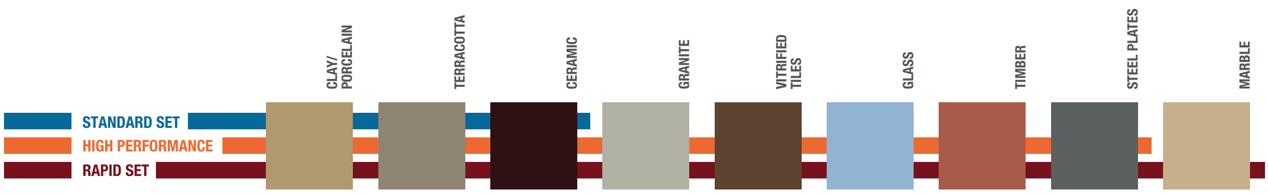
Pot Life
Maximum time interval during which the adhesive can be used after mixing.

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 combined adhesive layer in a vertical or inclined surface.

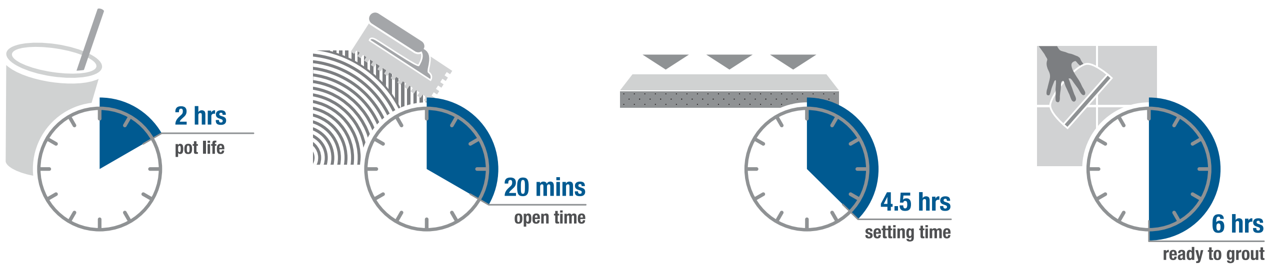
Adhesion Strength
Maximum strength per unit surface are which can be measured by shear or tensile testing.

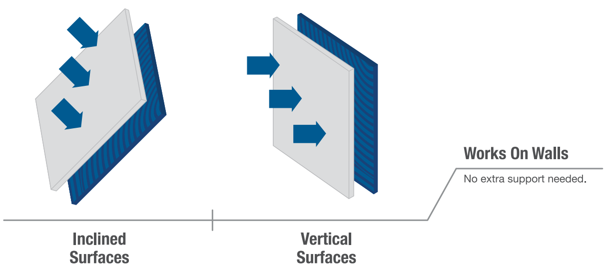


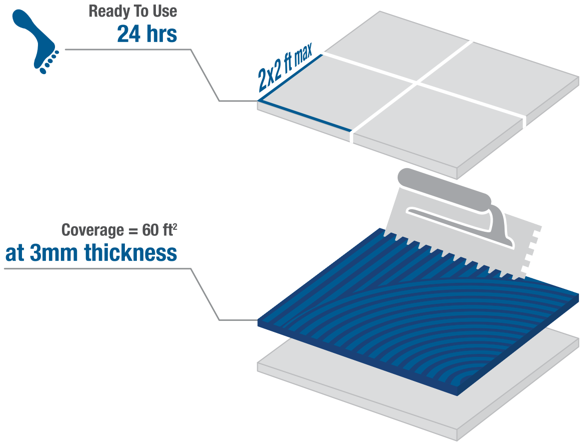
TOKYO SUPERBOND

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.





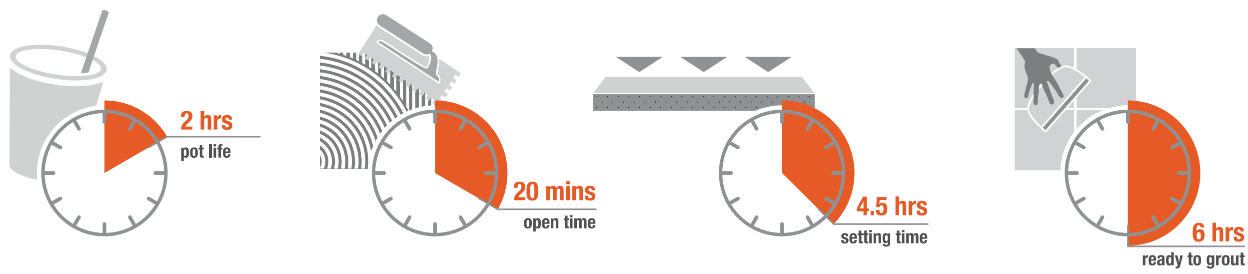


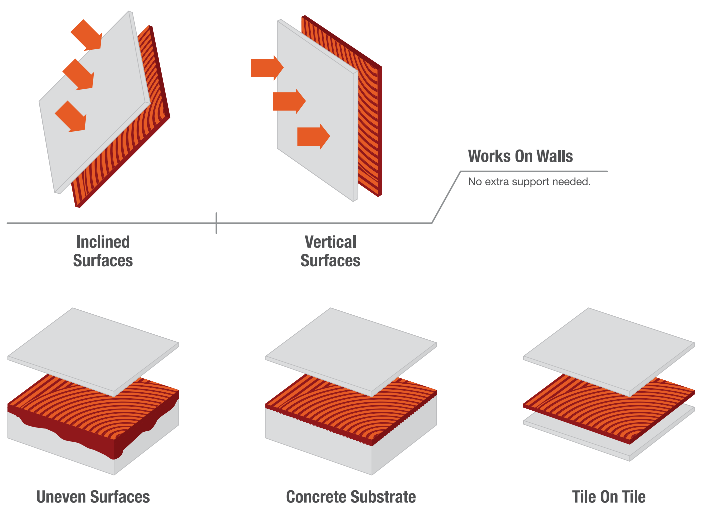
*Coverage area determined under laboratory conditions.

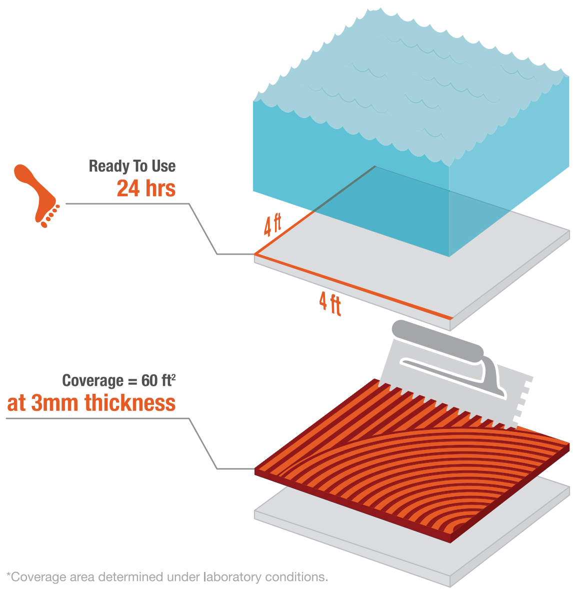
TOKYO SUPERBOND

TILE ADHESIVE HIGH PERFORMANCE

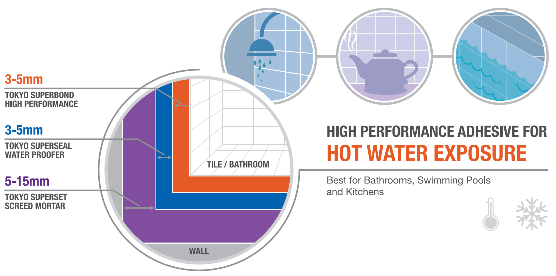
TOKYO SUPERBOND HIGH PERFORMANCE TILE ADHESIVE is specially formulated to result high bonding strength. In addition to use of this adhesive for fixing all types of tile, it is highly recommended for fixing large format (3'x3' or 4'x4') porcelain or fully vitrified tiles on floors and walls. This adhesive 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.







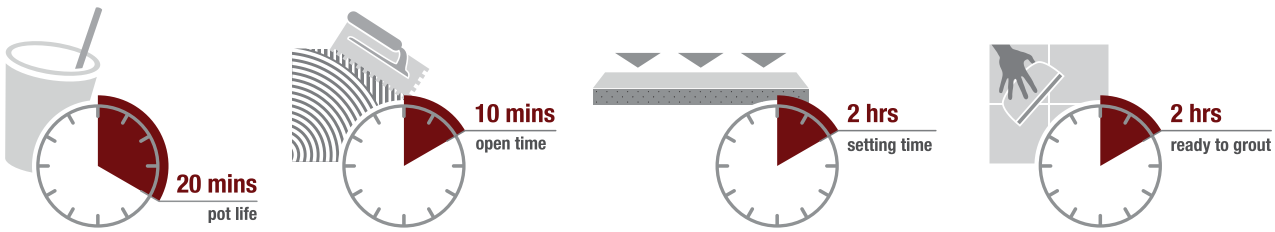
*Coverage area determined under laboratory conditions.

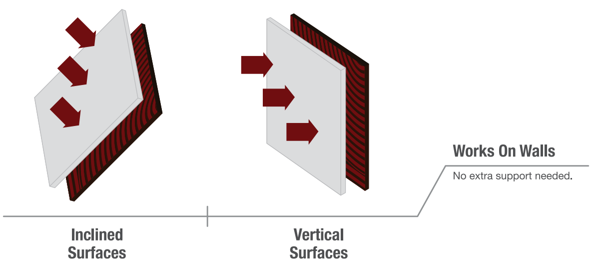


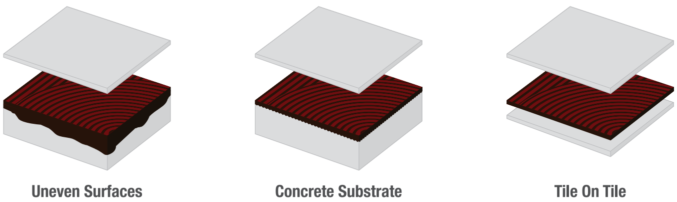
TOKYO SUPERBOND

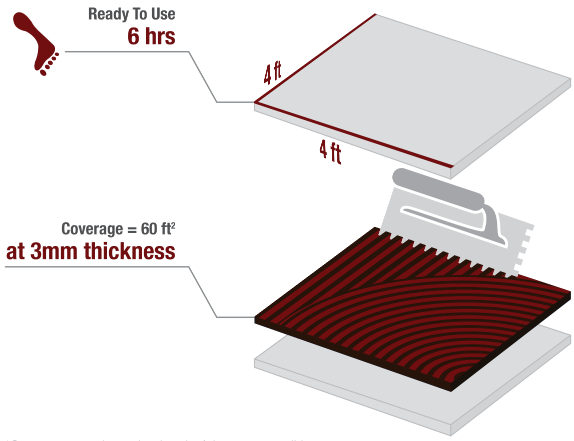
TILE ADHESIVE RAPID SET

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.









*Coverage area determined under laboratory conditions.

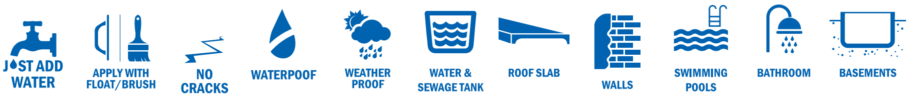
FOR COMMERCIAL USE

REFURBISH WITH SHORT TIMELINES

TOKYO SUPERSEAL

WATER PROOFER

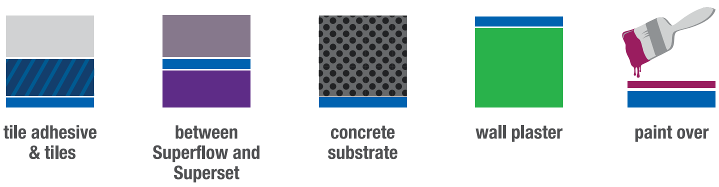
TOKYO SUPERSEAL WATER PROOFER is a one-component cement base material suitable for both interior and exterior surfaces, wherever waterproofing may be required. Traditionally, waterproofing requires the mixture of two components. The main limitation of this is the extremely short pot life that forces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

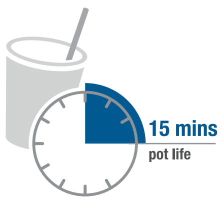


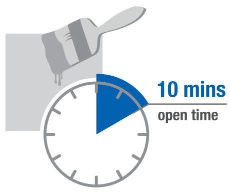
JUST ADD WATER

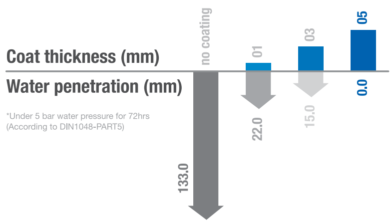
With TOKYO SUPERSEAL WATER PROOFER you can just add water and apply within 15 minutes. This allows for ample time to do the job right, the first time.

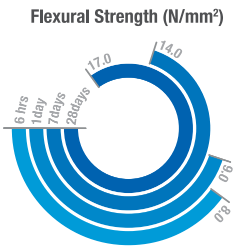
Application

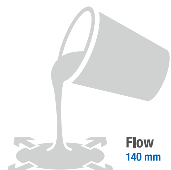


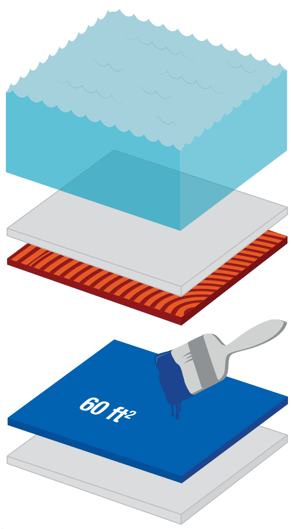


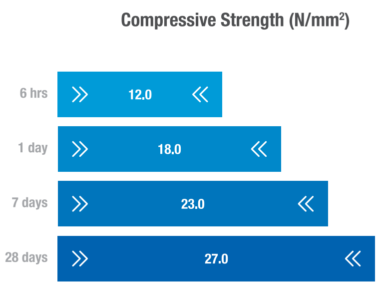


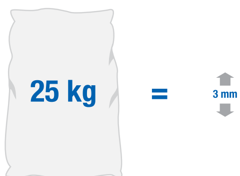










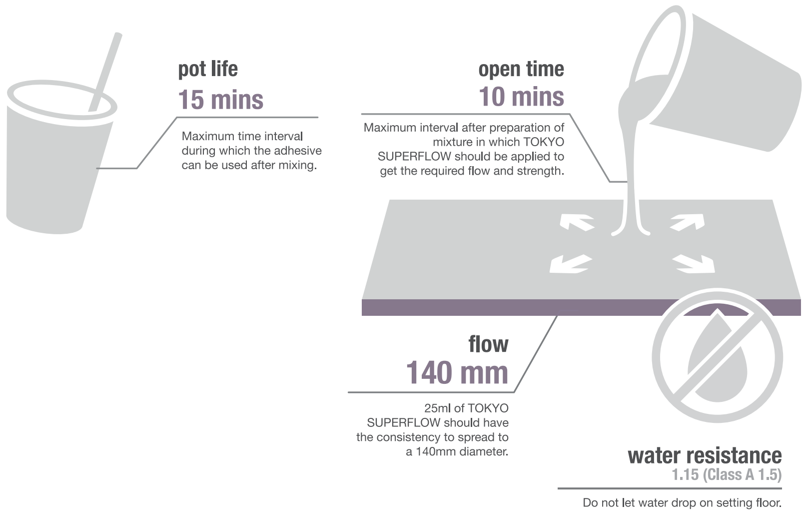


*Coverage area determined under laboratory conditions.

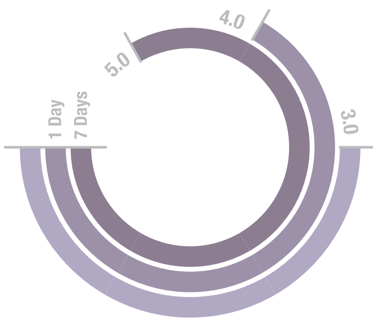
TOKYO SUPERFLOW

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.

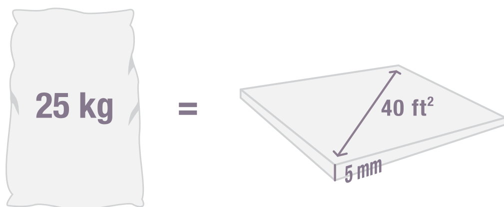


Flexural Strength (N/mm²)



Compressive Strength (N/mm²)

Coverage Area



*Coverage area determined under laboratory conditions.

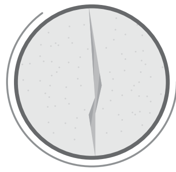
TOKYO SUPERCAST

INTERNAL PLASTER

EXTERNAL PLASTER

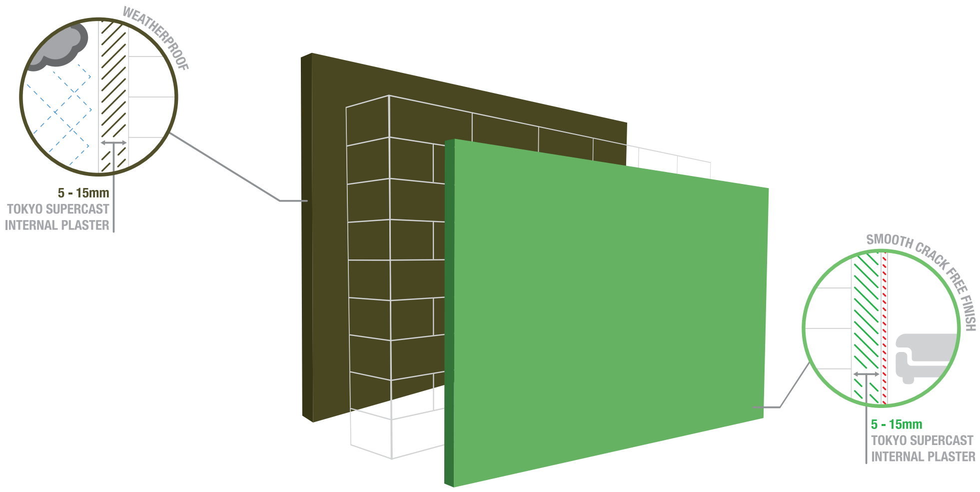
Add Water

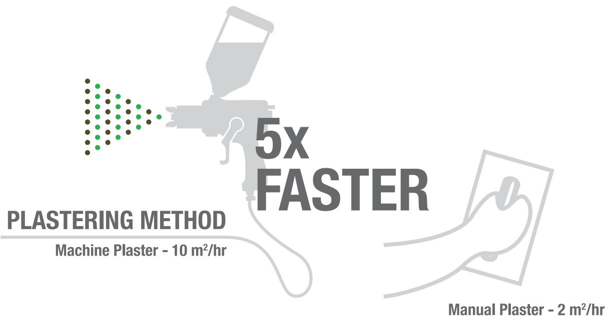
Just add water, mix and apply TOKYO SUPERCAST. Alternative plasters require sourcing and mixing several ingredients and the results aren't always the same.



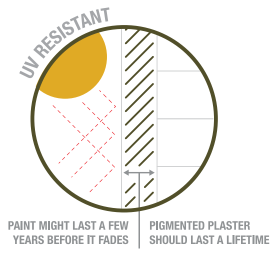
Ordinary Plaster

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.





VOC FREE



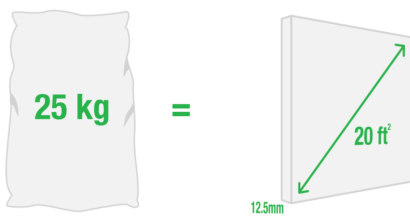
Compressive Strength (N/mm²)

7 days	7.00
28 days	90.0

COMPRESSIVE STRENGTH (N/mm²)

7 days	7.00
28 days	90.0

COVERAGE AREA

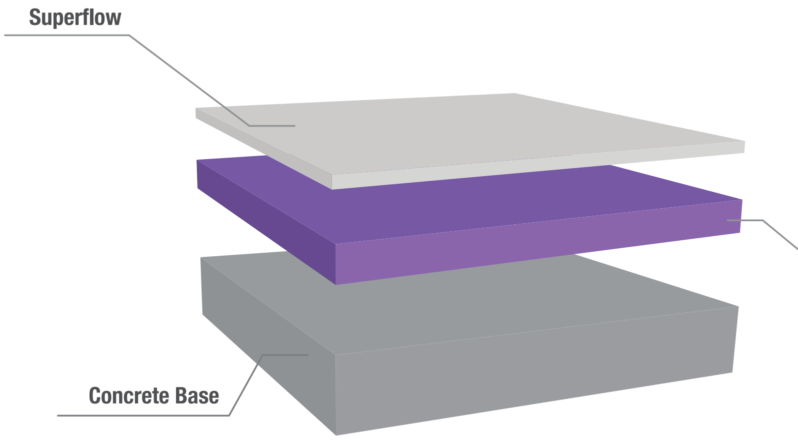


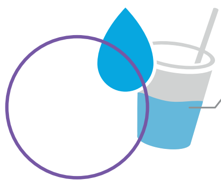
TOKYO SUPERSET

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.

- INDOOR & OUTDOOR USE
- PAVEMENTS DRIVEWAYS
- HORIZONTAL SLABS
- FOR CARPARKS
- BALCONIES

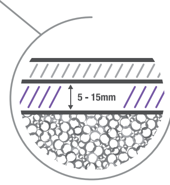




Water Mixing Ratio

5.5 - 5.7l

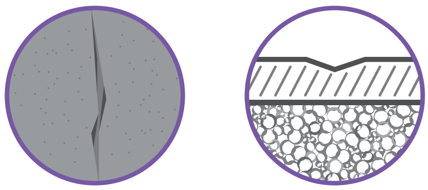
Just add water, mix and apply TOKYO SUPERCAST. Alternative mortars require sourcing and mixing several ingredients and the results aren't always the same.



Screed Mortar

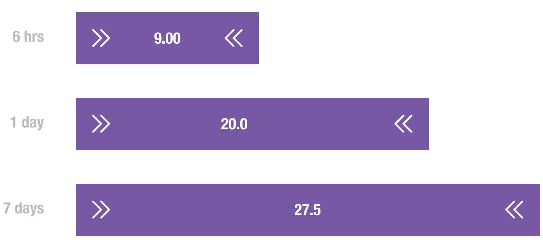
By using screed mortar, we can ensure that surfaces are levelled prior to applying exterior surfaces.

Ordinary Mortar

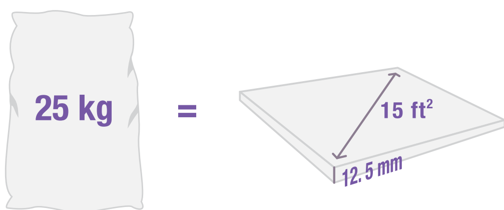


Traditionally, cement and sand (at a 1:3 ratio) is mixed at site. Add water to make a paste. Inhomogeneous mixing of cement and sand causes low strength areas to form in the floor resulting in hollow sounds and subsequently to the formation of cracks.

Compressive Strength (N/mm²)



Coverage Area



*Coverage area determined under laboratory conditions.

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.

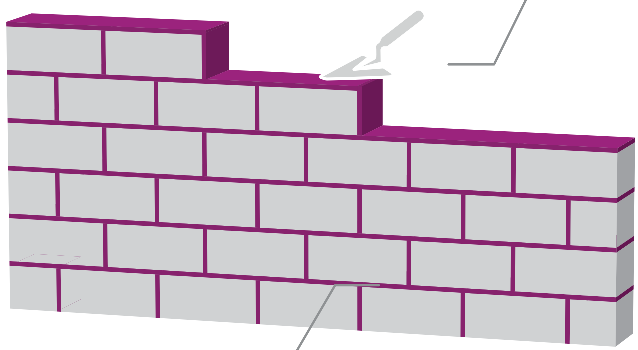
TOKYO SUPERLIGHT BLOCK BOND is a self-curing type mortar and does not need pre-wetting of block surface or curing after application.

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.

EASY APPLICATION

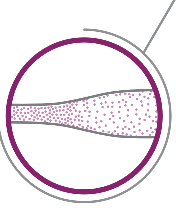
set time
4 hrs

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

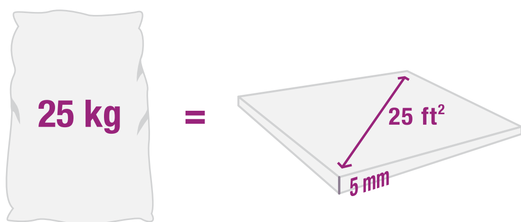
pot life
2 hrs

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

TENSILE ADHESION STRENGTH (N/mm²)

28 days	0.7

COVERAGE AREA



COMPRESSIVE STRENGTH (N/mm²)

7 days	12.0
28 days	28.0

TOKYO SUPERLIGHT

LIGHTWEIGHT BLOCKS

HIGH COMPRESSIVE STRENGTH

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

100 mm

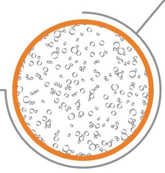
500 mm

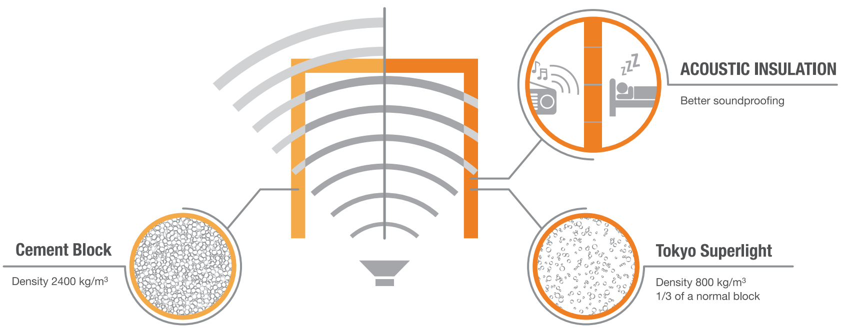
200 mm

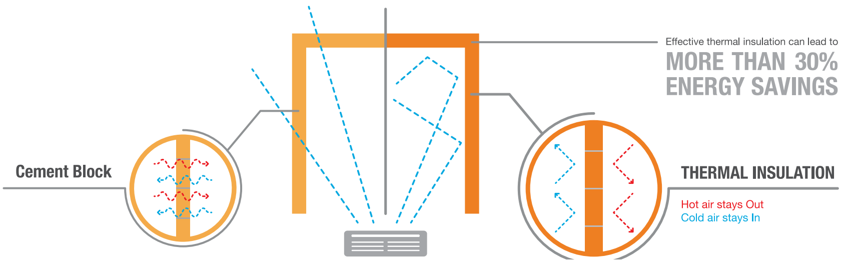
TOKYO SUPERLIGHT blocks use a technology known as Cellular Lightweight Concrete (CLC). Instead of coarse aggregates found in traditional cement blocks, the CLC blocks are made up of millions of tiny air bubbles that result in a lighter weight concrete block. It is produced by mixing ordinary Portland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

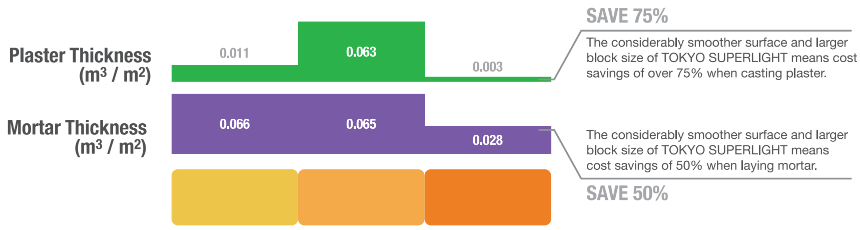
Density

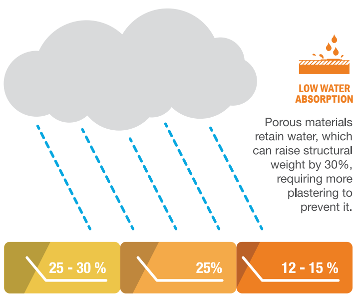
TOKYO SUPERLIGHT allows you to customize the density of your building material to your architectural needs, from a higher density and compressive strength for structural, load bearing purposes to a material to increase sound and thermal insulation between rooms.

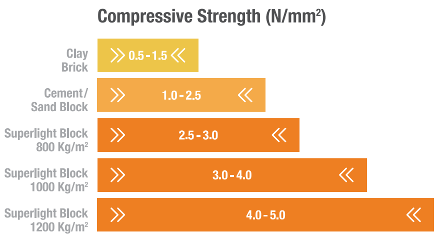






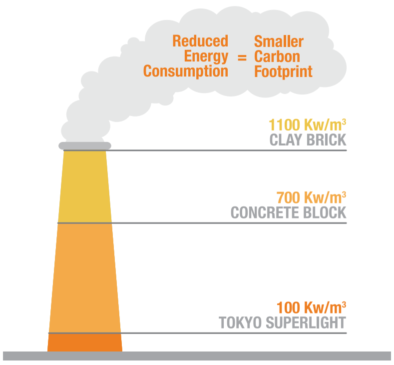






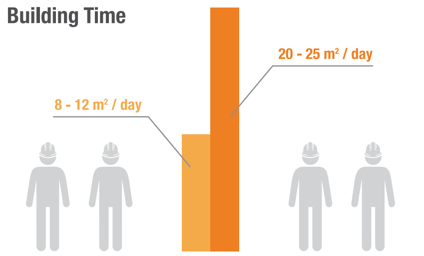
TAILOR-MADE

TOKYO SUPERLIGHT can be designed to your engineering requirements, from a lower density of 600kg/m2 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.



ENERGY SAVING

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.

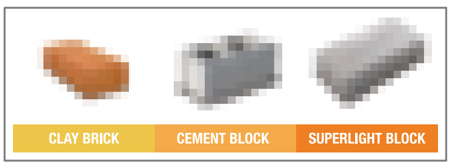
THE SAFER OPTION!

EARTHQUAKE RESISTANCE

Can be designed for earthquake resistant structures.

FIRE RESISTANCE

Greater fire resistance rating than the alternatives.



Management Information

Chairman's Message

Tokyo Cement Company (Lanka) PLC delivered a commendable performance during the year under review with overall results reflecting the Company's management standards and product quality, and it is with great pleasure that I present the annual report and accounts of the Company for the financial year 2015-16.

Despite a fairly turbulent year complete with elections, economic policy changes, regulatory changes and vagaries of weather that all contributed towards repeated market disruptions, Tokyo Cement was able to drive up profitability by 14% year on year to close the year on a high note of Rs.1.93 Bn in profit after tax. I firmly believe the credit for this performance should go to the management and employees who were able to make the best of many bad situations that cropped up during the year. For instance, throughout the year, financial management was under pressure due to price controls imposed on cement. Although retail prices for cement were fixed,input costs continued to fluctuate upwards, particularly with the sharp depreciation of the rupee, and the Company did not have the freedom to adjust retail pricing to retain margins. Therefore, Tokyo Cement had to be extremely focused on financial management to maintain margins and profitability. The current financial position of the Company is a reflection of this sound resource management.

“I firmly believe the credit for this performance should go to the management and employees who were able to make the best of many bad situations that cropped up during the year. For instance, throughout the year, financial management was under pressure due to price controls imposed on cement.”

Macro economy

Overall, the Sri Lankan economy expanded by 4.8% in 2015 compared to 4.9% in 2014 and construction activities, the second largest industrial segment, declined by 0.9% in 2015 against the 6.6% growth recorded in 2014. The comparative slowdown in large-scale infrastructure development projects was a notable dampener of construction activities during 2015. However, the availability of cement grew by 5.8% in 2015 recovering from the stagnant performance in 2014, mainly driven by the growth in local production, amidst the marginal contraction in cement imports. The building material imports volume index also expanded by 9.7% in 2015, recovering from the 0.6% contraction recorded in 2014. Further, credit to the private sector granted by Licensed Commercial Banks for construction activities, increased significantly by 36.1% as at end December 2015 compared to its 22.3% growth as at end December 2014, of which credit granted to the personal housing construction activities by the LCBs grew by 35.3%, reflecting the increase in private sector construction activities.

Expansion drive

In this backdrop of construction industry growth, Tokyo Cement maintained its expansion drive by investing in enhancing plant capacity for cement, concrete and also sand. All our expansion projects have been planned and designed on an environmental and social sustainability model to conform to the Company’s sustainable growth strategy. Our new joint venture for manufactured sand for instance, will provide high quality sand without harming our rivers through traditional river sand mining. The Managing Directors Review provides more information on these projects.

We have invested in research and development facilities and quality systems to add value to our expansion plans. This will also meet construction industry demand for more modern and value added products. Already, our range of innovation products is being recognised by industry professionals such as engineers and architects, for their superior qualities and our quality standards, and ability to maintain consistent quality even in our ready mix concrete, has been recognised by the construction industry, which has contributed to our financial growth in the current year.

Sustainable growth

Tokyo Cement has been a pioneer in sustainable manufacturing in Sri Lanka through the generation of biomass energy, modern more efficient technologies and through environmental conservation initiatives. Our sustainable manufacturing processes were recognised in the previous year when the Ceylon Institute of Builders awarded the Tokyo Super Portland Pozzolana Cement the ‘Green Mark,’ which is a Singaporean product label recognised internationally for environmentally friendly production. I am proud to note that Tokyo Super Portland Pozzolana is the only cement brand with a sustainable accreditation, in Sri Lanka to date.

In addition, the Company invests significant amounts of funds into social welfare programmes. The Tokyo Cement Schools Quiz, one of the largest private sector investments in educational support in Sri Lanka, has now entered it’s third year and has been recognised as one of the country’s best educational event. The A Y S Gnanam Training Institute, another CSR project, has contributed towards shaping the future of many youth in this country and also towards elevating the standards of the entire construction industry. Our environmental conservation activities such as the coral reef reconstruction project and the mangrove cultivation project continued to do well in the current financial year. Please read the section on ‘Building Relationships’ and ‘Environmental Responsibility,’ for our social welfare and environmental conservation activities.

Our growth plans have also been strictly aligned with good governance practices where the Company goes beyond the regulatory minimum standards on environmental compliance and stringently observes all other relevant regulatory requirements.

I believe the Company's current stability is a result of the astute foresight of its leadership and I recall with great respect the former Chairman, Mr. Edgar Gunatunga, who was a great strength to the organisation and the late Deshamanya, AYS Gnanam, the founder of the Company, for his visionary leadership.

I would like to extend my appreciations to the employees and management for the successful performance of the Company during the year. I would also like to thank the Board of Directors for their expert guidance during the year and in particular, the able stewardship given by S R Gnanam our Managing Director. As always my gratitude is extended to our shareholders, suppliers, dealers, bankers and loyal customers for their continued confidence in the Company.

Dr. Harsha Cabral
Chairman

04th July 2016

"Tokyo Cement has been a pioneer in sustainable manufacturing in Sri Lanka through the generation of biomass energy, modern more efficient technologies and through environmental conservation initiatives."

Message of the Japanese Joint Venture Partner

As the President of Japan's Nippon Coke & Engineering Co ., the joint venture partner of Tokyo Cement Company (Lanka) PLC, I am indeed pleased by the strong performance of the Company during a challenging year. I would like to express my appreciations to the Board, management and staff for their dedication and hard work, in achieving this success. The Company has recorded a commendable growth in profitability despite a persistent price ceiling on cement, indicating efficiency gains as well as revenue growth.

While the Sri Lankan economic and political landscape experienced many changes during the year, I am confident the country will regain its growth momentum within the short term. Tokyo Cement is well positioned, through its capacity expansion drive and investments in new products and technologies, to support the country's growth plans and we can anticipate a sustained strong performance from the Company in the new financial year.

I am also pleased to report that Tokyo Cement has continued to uphold its social and environmental responsibilities by continually improving its manufacturing processes and by maintaining its community welfare projects. We believe maintaining this balance of financial, environmental and social responsibility is vital for sustainable growth as the Tokyo Cement Group prepares to augment its contributions to the country.

As always, we are highly appreciative of the shareholders for their confidence in the Company and we are committed towards enhancing their returns. I would also like to express my gratitude to the customers and business partners of the Company, as they are vital stakeholders in the success of the Company.

Kazuya Kage
President

Nippon Coke & Engineering Co., Ltd
04th July 2016

"Tokyo Cement is well positioned, through its capacity expansion drive and investments in new products and technologies, to support the country's growth plans and we can anticipate a sustained strong performance from the Company in the new financial year."

Managing Director's Review

I am happy to announce a strong performance by Tokyo Cement Group in the financial year 2015-16, despite external macro events that hampered our business activities and margins.

Our financial performance

In spite of the external obstacles, we were able to improve our bottom line by 14% against the previous year for an after tax profit of Rs.1.93 Bn. This improvement in our profits can be attributed to a two-way strategy of growing revenues, while also simultaneously containing our costs.

During the year our total revenues increased by 1.5% to reach Rs. 30.1 Bn due to our push strategy to increase volume sales of existing products. Demand for Tokyo Ready mix concrete maintained an upward trend due to our ability to deliver consistent quality. We observe stringent quality criteria at all our ready mix concrete plants and they are all equipped with certified testing laboratories to guarantee consistent quality to our project based customers throughout the tenure of their project. Our push strategy of increasing cement sales across the country, by strengthening our distribution network and by boosting our marketing efforts, was extremely successful, contributing towards our top line growth. I am pleased to report that our value added products – under the Tokyo Super innovation division, consisting of Tokyo Super Tile Bonds, Tokyo Superlight blocks and Tokyo Super Water Proofer etc.. are now gaining market recognition and are beginning to contribute to overall revenues, albeit marginally at present. I am confident the share of value added products in the Tokyo Cement Group turnover will increase substantially over the next three to five years.

Our revenue gains were retained through a cost containment strategy of renegotiating raw material and freight prices. On the basis of lower global energy costs, the Tokyo Cement management team were able to gain price concessions from international suppliers of our main raw material, clinker. Our pioneering sustainable energy initiative which was launched a decade ago, by investing in our own bio mass electricity production, further contributed to our bottom line.

By end of the year, our balance sheet expanded by 12.76% to reach Rs. 22.2 Bn mainly due to the growth in new capital investments. We have maintained healthy gearing and working capital levels throughout the year and our debt levels are at a controllable quantum with gearing ratio at 35%.

We also paid over Rs. 1.2 Bn in taxes to the government during the year, our social contributions, through our corporate social responsibility programmes, exceeded Rs. 55 million during the year.

In addition, we continued to allocate significant financial resources towards human resource development and technological advancements.

Macro challenges

Exchange rates and interest rates continued to be unstable throughout the year, putting pressure on our cash flow management, while elections and bad weather disrupted construction activity and demand for cement at both household and institutional level. As a small economy, Sri Lanka's economic activities are disproportionately affected by government projects and the continued moratorium on large scale national infrastructure projects and accompanying uncertainty on policy direction, significantly stifled the growth momentum of the entire construction sector. However, on a more positive note, demand for cement maintained an upward trajectory on the back of private sector demand for concrete in the Western Province and cement demand

"Our push strategy of increasing cement sales across the country, by strengthening our distribution network and by boosting our marketing efforts, was extremely successful, contributing towards our top line growth."

by households in the regions, which contributed directly towards our top line growth. Overall, there was a healthy 7% - 10% demand growth in the household sector during the year, from across the country, including the North and East and demand for cement reached 6 million MTs in the financial year of 2015-16 compared to 5.4 million MTs in the previous financial year.

The greatest obstacle to our performance however, was and continues to be, the lack of a market based government policy for the sector. An unequal playing field has been created through the current national policy that imposes price controls on cement, while allowing unlimited, duty free entry for imported varieties. During the year, the sharp rupee depreciation significantly increased costs of imported clinker and other raw materials. However, domestic cement manufacturers could not adjust retail prices to reflect the cost increase. Imported cements on the other hand, did not face such a contingency as these cements are not manufactured in Sri Lanka and do not face domestic conditions. These cements also do not carry capital investment costs and do not face stringent manufacturing, environmental and labour standards imposed on domestic manufacturers. This creates an unfair advantage for imported cement.

The price ceiling for bag cement is preventing market based pricing by the Company and valuable management time, that can be utilised much more productively, is spent on petitioning the authorities to reconsider the price fixing policy. This situation is holding back the Company from its potential to create value for stakeholders. Therefore, I call on the national policy makers to reconsider this policy, as Tokyo Cement is ready to support the growth of the nation.

Investing in the future

We anticipate stronger demand for cement, concrete and cement based value added products in the new financial year and over the next five years, both in the private sector and through state infrastructure projects. Tokyo Cement has the technical skills, including internationally certified laboratory testing, new product development facilities, and a fully tried and tested product range, to support the nation building drive. Therefore, a strategic priority for the company in the current financial year was to strengthen our supply chains and capacities to meet anticipated demand growth over the next 3- 5 years.

We initiated a joint venture with Radalla Engineering and Earth Movers (Pvt) Ltd to manufacture sand, instead of depending on the highly environmentally damaging river sand supplies. The facility will be a first of its kind in Sri Lanka, equipped with modern technology and will contribute towards a more environmentally sustainable supply of sand for ready mix concrete. This US$ 2 million investment which is located in Biyagama, will have the capacity to produce 300,000 MTs of sand & aggregate per annum and will be operational in the second quarter of 2016. The plant is designed to minimise environmental impacts with a green belt cultivated around the premises. The supply of rocks for crushing will be from selected government approved quarries that conform to environmental regulations.

Construction of our new cement manufacturing plant in Trincomalee, the Tokyo Eastern Cement Company Ltd, a fully owned subsidiary of Tokyo Cement Company (Lanka) PLC, is on target, and will commence test run by end 2016. This fully automated hi-tech plant will enhance the overall technology base of the Group through adaptation of the latest Japanese technology. In full capacity the plant will add another 1 million MTs to our existing capacity and will thus increase our overall capacity to 2.8 Mn MTs per annum. In line with our sustainable growth strategy, this US$ 50 million investment will include an 8 MW biomass plant that will meet the entire energy requirement of our new expansion.

To support the capacity expansion in Trincomalee, it will be necessary to import larger volumes of raw materials. Therefore, we have committed an additional US$ 8 million to expand our jetty in Trincomalee, to accommodate larger vessels. Dredging work on jetty expansion has now been completed and civil and mechanical work is projected to be completed by mid 2017.

We have further invested Rs. 227 Mn on expanding our silo capacity inside the Colombo Port, by 5,000 MTs, to boost our total existing storage capacity.

Tokyo Cement ready mix concrete has performed well with moderate growth during the current financial year and we have committed to further growth in this segment by acquired land in Meethotamulla, in the Western Province, to install another ready mix concrete plant. In addition, we have relocated our ready mix concrete plant in Elpitiya, to Weligama, to take advantage of the many new development projects in the Galle and Matara Districts.

We continued to invest in building our human and intellectual capital through regular training programmes in Japan, testing and implementing new management systems, and improving our existing processes.

Future outlook

I believe our investments in our supply chain, people, technology and plant capacity will safeguard future revenue potential of the company. However, policy and regulatory change is a serious challenge.

Developing the national industrial base, particularly a few heavy industries that will support the country's development drive, is vital for national economic security and stability, through uninterrupted supplies of high quality materials and savings on foreign exchange. Tokyo Cement is one of the few heavy industries in the country to survive the 30 year war. Tokyo Cement's indirect contributions, in terms of supporting economic activities and quality of life of households across the country, are much greater, and our future potential to contribute, is greater still. However, frequent fiscal and monetary policies increase market risks and make it extremely difficult to plan investments and allocate resources over the mid to long term. Price fixing of cement again increases market risks for the Company by reducing the ability to respond to external changes. Given the large inflows of imports, supply shortages are unlikely in the future. Therefore, market forces should be allowed to set cement prices and not be artificially propped up to benefit foreign manufacturers that are not accountable under national regulations. I would like to call on the national policy makers to engage with the domestic cement industry to develop mutually beneficial solutions.

I thank the Chairman and the Board for their advice and commitment to the company throughout the year and I thank our dedicated employees and management for their hard work and commitment during the year. I thank our shareholders for their support of the company and I thank our customers for their patronage. I look forward to serving your needs better in the new financial year.

S. R. Gnanam
Managing Director

04th July 2016

"Tokyo Cement has the technical skills, including internationally certified laboratory testing, new product development facilities, and a fully tried and tested product range, to support the nation building drive."

Board of Directors

Left to right:

Mr. A. S. G. Gnanam, Mr. R. Seevaratnam, Dr. Harsha Cabral, Mr. Hiroki Tsukigawa, Mr. E. J. Gnanam

Dr. Indrajit Coomaraswamy, Mr. S. R. Gnanam, Mr. Shiro Takihara Mr. W. C. Fernando, Mr. Ravi Dias

Board of Directors

Dr. Harsha Cabral

Chairman

Dr. Cabral was appointed to the Board as an Independent Non-Executive Director in 2009. He is currently the Chairman of the Tokyo Cement Group of Companies, the largest cement company in Sri Lanka and is a Director of several listed and unlisted companies.

Dr. Cabral has been a President's Counsel for 10 years and has 28 years experience specializing in the fields of Company Law, Intellectual Property Law, Commercial Arbitration, Commercial Law & International Trade Law.

Dr. Cabral has a PhD in Corporate Law from the University of Canberra. He is a member of the ICC International Court of Arbitration, the Law Commission of Sri Lanka, the Advisory Commission on Company Law in Sri Lanka, the Ministerial Committee appointed to reform Commercial Arbitration in Sri Lanka, the Ministerial Committee 'Public Enterprise Board', the Council of the University of Colombo, the Board of Studies (Council of Legal Education), the Corporate Governance Committee (CA-SEC), the Board of Studies of the School of Accounting & Business (CA Sri Lanka) and the Legal & Judicial Reforms Project (LJRP). He is also a UGC Nominee for the Post Graduate Institute of Medicine (PGIM) and a Senate Member of the Aquinas University College. He is a Council Member, Faculty Member and the Course Director of ICLP, is the Vice President of the Business Recovery & Insolvency Practitioners of SL (BRIPASL) and is a Senior Lecturer & Examiner at the University of Colombo.

He is the author of several books on Company Law & Intellectual Property Law

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 and during the current financial year was appointed to the Boards of Lankem PLC , Darley Butler Ltd and the Distilleries Co., of Sri Lanka PLC.

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.

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. Appointed to Board in 2014. He is a Director of 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. He resigned on 1st August 2015.

Mr. Shiro Takihara

Director

Appointed to Board in 2015. Graduated from Keio University in 1981 with a Bachelor of Economics. Entered "Mitsui Mining Company , Limited. Specialises in International legal issues, Ovrseas Projects planning and administration, and management of affiliated company. Has served as Senior Manager of Coorporate Planning & Administration Department of Nippon Coke & Engineering Co., Ltd(formerly Mitsui Mining Co., Limited) from 2015.

Mr. Ravi Dias

Independent Director

Appointed as a Director on 17/09/2014 Mr. Ravi Dias served Commercial Bank of Ceylon for a long period and retired as the Managing Director / CEO of the bank in July 2014. He holds a Degree in Law and is a Fellow of the Chartered 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 Fontainebleau.

He serves on the Boards of Carson Cumberbatch PLC , Senkadagala Finance PLC , Ceylon Tea Marketing (Pvt) Ltd , Seylan Bank PLC and South Asia textile industries (Pvt) Ltd.

Mr.Dias had also served on the boards of Commercial Development Company PLC, Lanka Clear Ltd., Lanka Financial Services Bureau Limited , Commercial Insurance Brokers (Pvt) Ltd.

He is a Committee Member of Ceylon Chamber of Commerce and was a Council Member of the Employers Federation of Ceylon.

Management Discussion and Analysis

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.

Sustainability strategy

In line with the vision of our founder, the late A Y S Gnanam, the Tokyo Cement sustainable growth strategy is based on growing our financial capital by building value chains that are ethical and environmentally and socially responsible. We leverage technologies to enhance efficiencies, reduce waste and improve quality. We develop our human resources base to implement our sustainable growth strategy.

Governance

- Maintain ethical standards
- Regulatory compliance
- Internal controls
- Monitoring mechanisms

Technology

- Inject technology along the value chain
- Maintain quality standards
- Renewable energy
- Develop new products
- Provide testing and laboratory facilities

Human capital

- Expand distribution network
- Train distributors
- Train employees
- Provide career development opportunities

Social capital

- Build brand equity through brand awareness
- Social marketing
- Stakeholder engagement

Environmental responsibility

- Waste treatment
- Recycle and reuse waste
- Conservation projects

Economic value creation

- Shareholder returns
- Employment generation
- Rural livelihoods
- Better products for industry and customers
- Taxes to government

Social value creation

- Support research and academic development
- Support youth education
- Develop rural cricketing talent
- Free training of construction industry technicians

Environmental conservation

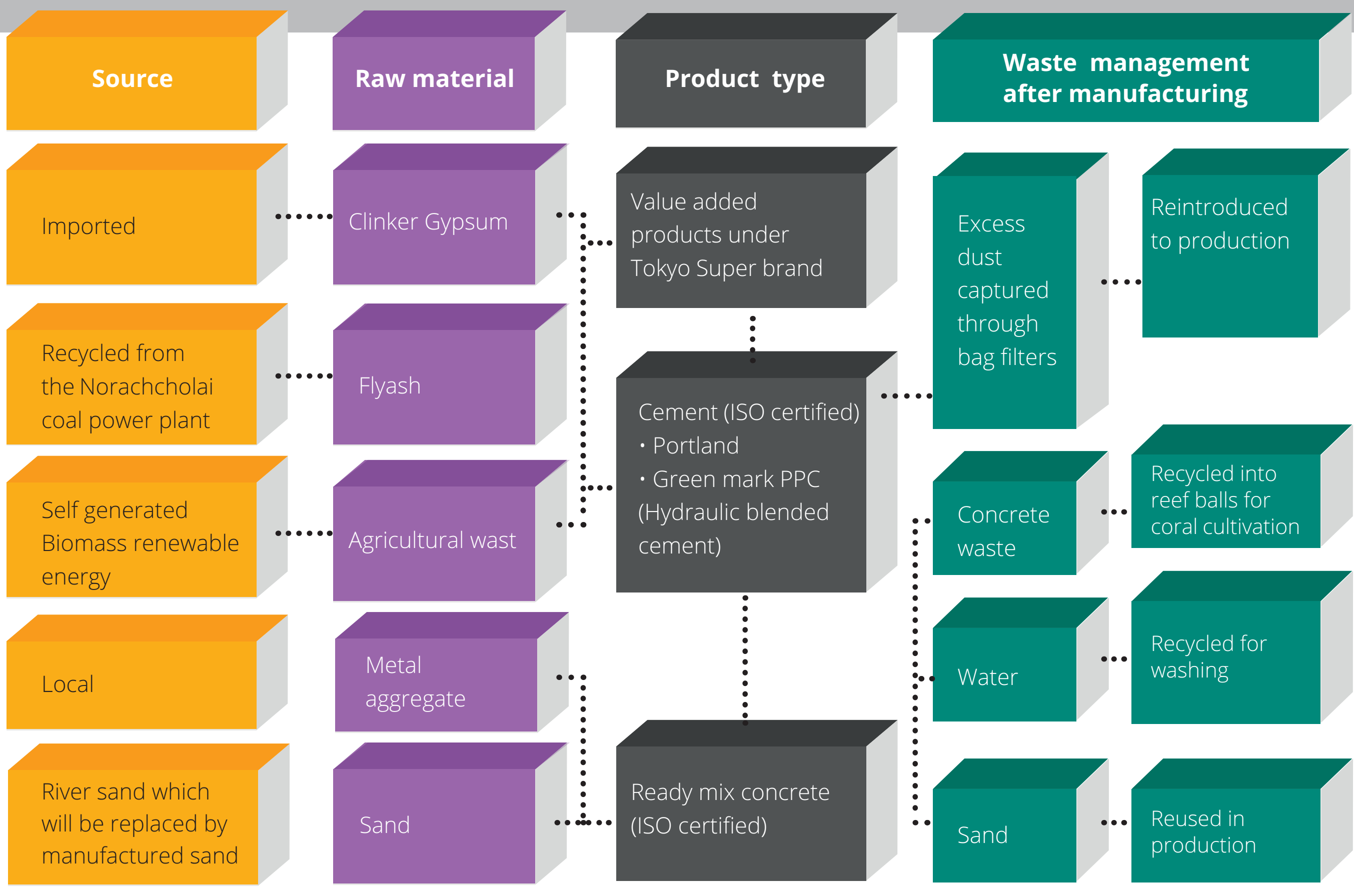
- Rehabilitation of coral reefs
- Regeneration of mangrove cover
- Biomass renewable energy
- Waste treatment
- Promoting green building concepts

Tokyo Cement Supply Chain

The Tokyo Cement sustainability strategy is extended across the supply chain, where sustainable solutions are introduced where ever possible. We have attempted sustainable backward integration of our supply chain by sourcing raw materials in an environmentally and socially sustainable fashion, where ever possible. For instance:

- Tokyo Cement utilises flyash from the state owned Norachcholai coal power plant to manufacture cement, thereby reducing the environmental and social-health impacts through coal power generation.
- Biomass energy is generated to fuel Tokyo Cement factories. The biomass is generated from Gliricidia plantations cultivated by rural farming families who earn incomes by harvesting and selling Gliricidia to Tokyo Cement
- In 2016, a new Tokyo Cement joint venture will manufacture sand for concrete production in place of highly environmentally damaging river sand mining.
- All water discharges at Tokyo Cement factories are treated to above Central Environmental Authority standards
- Tokyo Cement concrete waste is recycled into living habitats for coral
- Sand is reused in the production process

Our Cement Manufacturing process at Trincomalee is ISO 9000: 2008 quality certified reflecting international production standards. Tokyo Super Portland Pozzolana Cement (PPC) (also known as hydraulic blended cement) received the Green Mark (Singapore) in 2015 in recognition of its environmentally friendly manufacturing process.



Engaging with our stakeholders

We took a strategic decision to enhance market visibility by strengthening communications with key stakeholder groups, identified to be strategically important for the Company's growth. To support this process a new Manager for Corporate Communications was recruited during the year. The Company also participated in trade fairs and exhibitions, and became more involved with industry bodies, professional associations and academic institutions. This has increased the Tokyo Cement brand visibility and brand recognition, and created platforms to introduce our new products to not only the general public, but also the business sector opinion leaders and construction industry professionals, such as architects and engineers.

Shareholders	• The 2015 AGM was held in August 2015 at the Auditorium ICASL • Copies of the annual report were sent to all shareholders, who made a request • Quarterly accounts were uploaded to CSE site on due dates • Notice of Meeting, agenda etc were sent to all the shareholders who were entitled to
Employees	• The open door policy was maintained to sustain a culture of openness and a happy workplace • Local and overseas training was continued to upgrade skills and introduce new knowledge
Dealers & distributors	• Marketing and advertising support • Dealer competitions / international travel opportunities • Divishakti - SME business and skills training with IFC
Industry bodies	• Engaged with trade chambers and other industry bodies through sponsorships of construction industry related events, participation in trade fairs, exhibitions and participation in business delegations • Membership in industry bodies - The Ceylon Chamber of Commerce - The Chamber of Construction Industries
Suppliers of raw materials	• Negotiated better pricing and delivery terms • Consistent quality
Customers	• Customer access to our products was increased by increasing distribution and retail locations • The Tokyo Super House on Havelock Road, provides customers with the opportunity to experience our new products • Increased direct customer contact through trade fairs and exhibitions
Academic & research institutions	• Sponsored the Research Symposium for final year under graduate students at the Ruhunu University • Peradeniya University funding for research of undergraduate at civil engineering faculty and research Symposium
Community	• We continued our social marketing strategy for community engagement through our ongoing CSR projects

Marketing, Sale and Distribution

Strong marketing, sales and distribution were the drivers of the Company's financial performance during the current financial year. Marketing of both traditional cement and the range of new products were enhanced targeting both households and institutional customers to enhance brand visibility as market competitiveness increased. The distribution network was strengthened with the addition of agents and dealers to take Tokyo Cement products deeper into the country and to introduce Tokyo Cement products to strategic growth locations. This wider distribution network has increased access of households to Tokyo Cement products.

In addition, we continued the Tokyo Cement social marketing strategy which 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. Please refer the section on Relationship Building for more information.

Performance of the Tokyo Super value added products

The Tokyo Super DIY products performed extremely well in the financial year 2015-16 due to rising industry and consumer recognition of the superior value offered by these products. In fact, we are pleased to report that at the close of the current financial year, demand had outpaced supplies of these products. There is strong and growing demand from the private sector and also armed forces although marketing efforts have so far been limited to direct marketing.

We hope to increase outputs of the DIY range within the new financial year and also launch a mass media advertising campaign to raise public awareness about the convenience and advantages of these products.

These specialised product formulations facilitate convenience coupled with cost and time savings that are highly advantageous for both consumers, contractors and developers. The advanced formulation and product testing ensures that products are acclimatised for domestic environmental conditions with greater strength and resilience.

Tokyo Super House

This unique customer education facility, the first of its kind in Sri Lanka, provides customers the opportunity to learn the correct way to use the DIY product range, to maximise benefits. The facility, located in Havelock Road, is manned by trained sales personnel and technicians, to respond to customer queries and to conduct physical demonstrations.

New packaging for DIY range

The Tokyo Cement DIY range will get a face lift with improved packaging in the new financial year for clear brand identity and differentiation. The new packaging will also be stronger to prevent breakages and spillages during transportation and will include pictorial instructions on correct usage of products. Additionally, the new packaging will be more environmentally friendly.

Testing and laboratory facilities

We continued to invest in research and development capabilities by improving our R&D laboratory in Trincomalee and laboratory at the A Y S Gnanam Training Institute in Dambulla. The Dambulla R&D facility has obtained the ISO 17025 laboratory certification, making it possible to provide testing and certification services to the local industry. The Tokyo Cement laboratory in Trincomalee also acquired ISO laboratory accreditation in the current financial year. Tokyo Cement also operates a mobile laboratory that brings testing facilities directly to the customer.

Human resource development

Employees are a key element of our sustainability strategy and are a key stakeholder group of the Company. Therefore, we invest in the growth and development of our employees and provide many welfare facilities beyond statutory requirements. To improve productivity and efficiency we have invested in modern management procedures, including modern equipment and computers.

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 2016, the Company's total workforce stood at 1,004 persons. Out of this 892 were permanent employees representing 89% of total workforce, while 112 were contract based employees.

There have been no material issues pertaining to employees and industrial relations of the company and the group during the year.

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.

Employee benefits and health and safety

All health and safety standards are observed within the factory premises and health and safety training is provided. We also provide hospitalisation insurance cover for employees with 5 years or more years of service. As part of our employee welfare system, we provide accommodation for senior and junior staff in Trincomalee.

Employee grievance management

Formal, transparent grievance management systems have been established to ensure fair treatment of all employees regardless of age, sex, religion or ethnicity. An open door policy is maintained to facilitate communications between management and employees at all times. As a result we enjoy extremely low staff turnover and high retention.

Employee training and development

We believe training and skill development of our employees is essential to sustain growth in the highly competitive construction industry. Therefore, we provide regular in house and external training opportunities for our staff. Several foreign and local training session were held during the current financial year.

Building relationships

Tokyo Cement's social marketing model is based on building relationships with stakeholder groups while maintaining the distinct identity of the Tokyo Cement brand. Our CSR programmes support different stakeholder groups by meeting different needs and contributing towards their growth and development.

Divishakthi Programme

Under the Divishakthi Project over 250 Tokyo Cement dealers were trained during the year in business management at an SME training programme developed by the International Finance Corporation. At Tokyo Cement, we consider our dealers as business partners and we invest in nurturing relationships through incentives and marketing support. Many of our dealers are multi-generational, family-owned businesses, and by investing in their education we are laying the foundation for the success of another generation.

Developing the construction industry skill pool

The AYS Gnanam Construction Training Academy in Dambulla. Over 700 participants have successfully completed the NVQ Test conducted at this academy under the supervision of NAITA Assessors. All training courses are provided free of charge, with board and lodging. The programmes are accredited and evaluated by the National Apprentices & Industrial Training Authority (NAITA). The certificates offered by the Academy on National Vocational Qualification (NVQ) courses are both nationally and internationally recognised, opening up employment opportunities both locally and in foreign countries.

Tokyo Cement All Island Schools Quiz

The Tokyo Cement All Island Schools Quiz concluded its third extremely successful year in 2015-16 with over 550 schools participating in the Quiz and the Quiz gaining greater recognition by winning a string of accolades. The Tokyo Cement All Island Schools Quiz was acclaimed with three different awards in 2015, for its contributions to youth development.

The quiz won Best Television Quiz programme for the year 2014, at the Raigam Tele Awards 2015 and the Best Educational Programme Award at the Sumathi Awards. The Quiz was also recognized as the Best Educational Programme of the Year at the D S Senanayake College People's Choice Award conducted in collaboration with the Mass Media Unit of the Colombo University.

This unique CSR programme was conceived by Tokyo Cement to build the foundation for tomorrows leaders and is endorsed by the Ministry of Education. The quiz is conducted in collaboration with Swarnavahini and is televised to the entire country.

Foundation for Heroes

This is Tokyo Cement's project to develop rural cricketing talent and is implemented with the Foundation of Goodness. Designed to develop talent of rural children through coaching camps the programme also invests in building infrastructure for cricket practices in Seenigama and Hikkaduwa.

In the current year Tokyo Cement renewed the agreement to continue conducting coaching camps for rural youth for another year and to sponsor the Murali Harmony Cup. Murali Harmony Cup is an island wide cricketing event that gives rural youth the opportunity to showcase their talent. In the previous financial year 24 teams from across the country participated in the event and gave youth from the North and East the opportunity to be noticed as national players.

School nutrition programme

This ongoing programme to support nutrition of school going children in the Trincomalee, Kandy and Kaluthara districts, has been extremely successful in ensuring the availability of high quality meals for less privileged children. Tokyo Cement has equipped the school kitchens and also funds the fresh vegetables, fish and meat for the meals that are prepared by volunteer parents. The provision of regular meals has encouraged better school attendance and supported the education of rural children in the two selected districts.

Housing construction support

During the current financial year Tokyo Cement signed an MOU with Habitat for Humanity to support housing construction for deserving families. Under the programme, Tokyo Cement provides special discounts on cement to construct houses and also provides construction training to technical officers from Habitat for Humanity. We hope to add further value to this programme in the new financial year by developing special training programmes for women to support the large number of female headed households in the country.

Environmental responsibility

Environmental responsibility is a central aspect of our sustainable strategy. All environmental regulations are complied with to the letter, and waste by products are treated to regulatory specifications prior to being released back in to the environment. To minimise environmental impacts and conserve resources we have pioneered the use of agricultural waste in the generation of carbon-neutral biomass energy and we use waste coal fly ash, from the Norochcholai power plant in the manufacture of our cement. Our range of value added DIY products have been specially designed to reduce waste in construction activities and conserve natural resources. We also promote green building concepts to raise awareness about environmentally friendly lifestyles. During the current financial year we promoted the concept of green buildings at the Business and Biodiversity Forum of the Ceylon Chamber of Commerce.

Our environmentally friendly manufacturing processes were recognised in the previous financial year when the Tokyo Super Portland Pozzolana Cement (PPC) became the first cement in Sri Lanka to obtain the Green Mark. The Green Mark is a Singaporean product label, accredited internationally by the Building Construction Authority (Singapore), the Green Building Council (Singapore) and 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. We are working on rebranding the Tokyo Cement PPC to reflect its environmentally friendly qualities to consumers.

Renewable Energy

In the current financial year, under our biomass power project, we added 850,000 Gliricidia plants to the environment taking the total to 2.5 mn plants. These cultivations provide the fuel for the biomass power plants that supply energy for the Tokyo Cement factory in Trincomalee and Mahiyanganaya. Currently we generate 15 MW of environmentally friendly biomass energy.

In addition, our biomass power plants have become a new income source for the local rural community. Local farmers gain additional incomes by supplying Gliricidia to fuel the power plant.

In the new financial year we will add another 8MW of biomass energy through our proposed new biomass plant at the Tokyo Eastern Cement Company in Trincomalee.

Mangrove Reforestation

The Tokyo Cement mangrove cultivation project, which is implemented with the assistance of the Sri Lanka Navy's Eastern Command, planted 20,000 new mangrove plants along the eastern coastline during the year. Once grown, the mangrove cover 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 2015 we returned to our coral rehabilitation project by replanting 2 sqkms of coral in Passekudah Bay to replace our coral cultivations that were destroyed by monsoonal activity in the previous financial year.

Coral reefs in the country's eastern coast 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 manufacturing reef balls, on which divers plant different species of coral, thereby creating a platform from which coral can be grown. 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. This holistic programme that deals with conservation, propagation, research, monitoring and education was recognised by the Ceylon Chamber of Commerce in 2014 as the best environmental CSR project.

During the current year our research investment increased as the project is now moving beyond propagation to developing healthy habitats and designing education material for communities

Annual Report of the Directors

About the company

Tokyo Cement Company (Lanka) PLC, was established in 1982, as a Joint venture between Japan's Nippon Coke and Engineering Company, (formerly Mitsui Mining company) and Sri Lanka's St Anthony's Consolidated. Sri Lanka's first privately owned cement manufacturer was listed in the Colombo Stock Exchange in the year 1984.

The Tokyo Cement Group

The Tokyo Cement comprise five subsidiaries. These are: Tokyo Super Cement Company Lanka (Private) Limited, Tokyo Cement Power (Lanka) Limited, Tokyo Cement Colombo Terminal (Private) Limited, Tokyo Eastern Cement Company Limited and Tokyo Super Aggregate Limited.

Tokyo Cement Company (Lanka) PLC

Tokyo Super Cement Company Lanka (Private) Limited	100% owned
Tokyo Cement Power (Lanka) Limited	100% owned
Tokyo Cement Colombo Terminal (Private) Limited	100% owned
Tokyo Eastern Cement Company Limited	100% owned
Tokyo Super Aggregate Limited	51% owned

Principal Activities

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

Financial Review of the Company

Significant Accounting Policies

The significant accounting policies adopted in the preparation of Financial Statements are given on pages 71 to 88 of the Annual Report.

Sri Lanka Accounting Standards (SLFRSs/ LKASs)

The Financial Statement of the Company for the year ended 31st March 2016, are prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs).

Revenue and Profits

The Group's Revenue increased by 1.5% to Rs. 30.1 Bn in 2015/16 from Rs. 29.7 Bn in the preceding year. The Company Revenue decreased to Rs. 13.3 Bn from Rs. 14.5 Bn.

The Group's gross profits increased by 8%, to Rs. 6.9 Bn in 2015-16, from Rs. 6.4 Bn in the preceding year. The Company's gross profits decreased to Rs. 2.7 Bn from Rs. 2.9 Bn.

Group profit before tax increased from Rs. 2.2 Bn to Rs.2.5 Bn while profit after tax increased from Rs. 1.7 Bn to Rs. 1.9 Bn during the financial year under review.

Profit attributable to equity holders stood at Rs.1.9 Bn in the current year compared to Rs. 1.6 Bn in the previous year.

Donations

The Tokyo Cement Group donated Rs. 5.8 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 and Tokyo Cement Colombo Terminal (Pvt) Ltd are liable for income tax at the reporting date.

Deferred tax is provided for, 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 on page 84.

Dividends

Board acting under Article 155 resolved that a First and Final dividend of Rs. 1.35 per Ordinary Share (voting) and Rs. 1.35 per Non Voting Ordinary Shares in respect of the Financial Year ending 31 st March 2016 as recommended by the directors be proposed out of the Company's current year profits which includes exempt dividends received and profits of the Company and on the Stated Capital of Rs. 2,893,756,250 comprising of 222,750,000 Ordinary Shares (voting) and 111,375,000 Non Voting Ordinary Shares.

Earning per share

Please refer note 8 on page 93.

Net assets per share

Please refer on page 67.

Stated capital

The Company's stated capital at the end of the year under review, was represented by 222,750,000 ordinary voting shares and 111,375,000 ordinary non-voting shares.

Reserves

The Group's total reserves increased from Rs.7.1 Bn to Rs.8.5 Bn by March 31, 2016.

Debts

The Group's long term debts amounted to Rs.2.9 Bn against Rs.3.1 Bn in the previous year. The Company's long term debts amounted to Rs.3 Bn compared to Rs.1.9 Bn in the previous year. The Group's short term debts stood at Rs.3.3 Bn against Rs.2.3 Bn a year ago. The short term debt of the Company as at 31st March 2016 came to Rs.1.4 Bn compared to Rs.1.3 Bn a year ago.

The Group incurred an interest cost of Rs.466 Mn during the current financial year, compared to Rs.467 Mn in the previous year.

Property, plant and equipment

The consolidated property, plant and equipment amounted to Rs.19.8 Bn by March 31, 2016 compared to Rs.18.5 Bn in the previous year. The value of the Company's property, plant and equipment was Rs.11.8 Bn compared to Rs.10.9 Bn a year earlier. The Group's total capital expenditure for the year under review was Rs.5.5 Bn from Rs.1.4 Bn in the previous year. A total of Rs.116 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 to the Financial Statements.

Current assets

The total current assets of the Group, as at March 31, 2016, were valued at Rs.4.9 Bn against Rs.6.8 Bn in the previous year. The total current assets of the Company was valued at Rs.4.0 Bn compared to Rs.3.4 Bn in the previous financial year.

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 page 60 of this annual report.

Post-balance sheet events

Please refer note 33 on page 118.

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, 2016, are given in notes 28 on page 108 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 60.

Shareholders information

This information provided in pages 119 to 122 of this annual report.

Substantial shareholdings

The 20 major shareholders and the percentage held by each of them as at March 31, 2016 are given on pages 121 to 122.

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

Director	Designation
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
Mr. Hiroki Tsukigawa	Non Executive & Nominee Director of Nippon Coke & Engineering Company Limited, Japan
Mr. Akira Ikematsu	Non Executive & Nominee Director of Nippon Coke & Engineering Company Limited, Japan (Resigned on 1st August 2015)
Mr. Shiro Takihara	Non Executive & Nominee Director of Nippon Coke & Engineering Company Limited, Japan (Appointed on 1st August 2015)
Mr. W.C.Fernando	Executive Director & Group General Manager

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
- Related party transactions review committee

The reports of the committees are given on pages 61 to 63 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 page 60 of this Annual Report.

Recommendation for re-election

To re-elect Dr. I Coomaraswamy as a Director of the Company. 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 72 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, 2016 are given in note 6 on page 90 of the Annual Report.

Directors' Interests

The Directors' Interests in the Company contracts appear on pages 112 to 117 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.

Director's Shareholding - Ordinary Shares

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held As at 31/3/2016	No of Shares Held As at 31/3/2015	No of Shares Held As at 31/3/2016	No of Shares Held As at 31/3/2015
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	46,370,300	52,116,302	-	-
Nominee Directors of Foreign Collaborator				
Mr. Shiro Takihara	-	-	-	-
Mr. Hiroki Tsukigawa	-	-	-	-
Independent Non Executive Directors				
Mr. Ranjeevan Seevaratnam	-	-	-	-
Dr. Harsha Cabral	-	-	-	-
Dr. Indrajit Coomaraswamy	-	-	-	-
Mr. Ravi Dias	-	-	-	-
Total Director's Shareholding - Ordinary Shares	107,626,313	113,372,315	59,400	59,400
Total Shares in Issue	222,750,000	222,750,000	111,375,000	111,375,000

Annual Report of the Directors

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 112 to 117 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 53 to 57 of this report.

Auditors

The independent auditors report on the financial statements is given on page 64 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 90 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 73 of the Annual Report.

Annual General Meeting

The Annual General Meeting will be held on 04th August 2016. The Notice of the Annual General Meeting appears on page 127.

S.R. Gnanam

Managing Director

Mr. Shiro Takihara

Director

Seccom (Private) Limited

Company Secretaries

04th July 2016

Corporate Governance

Our sustainable approach to business has resulted in the adoption of a holistic corporate governance framework encompassing accountability towards the environment and society while generating financial growth.

Board of Directors

As the highest governing body of the Company, the Board of Directors are committed to the maximum ethical standards and industry best practices of governance. The Board of Directors are appointed by the shareholders at the Annual General Meeting, except for the two (2) nominee Directors of Nippon Coke & Engineering Co. Ltd. The Board of Directors consists of ten (10) members. Four (4) Directors are Independent non-executive Directors and four (4) directors are non executive Directors. 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 page 61.

Audit Committee Members:

- Mr. R. Seevaratnam - Chairman
- Dr. Indrajit Coomaraswamy
- Mr. Ravi Dias
- Mr. Shiro Takihara
- Mr. Akira Ikematsu (Resigned on 1st August 2015)

The 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 62.

Remuneration Committee Members

- Dr. Harsha Cabral - Chairman
- Mr. R. Seevaratnam
- Mr. Shiro Takihara
- Mr. Akira Ikematsu (Resigned on 1st August 2015)

The 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 63.

Corporate Governance

Nomination Committee Members

- Dr. Indrajit Coomaraswamy - Chairman
- Dr. Harsha Cabral
- Mr. S. R. Gnanam
- Mr. Shiro Takihara
- Mr. R. Seevaratnam
- Mr. Ravi Dias
- Mr. Akira Ikematsu (Resigned on 1st August 2015)

Related Party Transactions Review Committee

This committee was established on 1st January 2016 as a requirement under section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate related party transactions in the best interest of the shareholders. The report of the Related Party Transactions Review Committee appears on page 63.

Related Party Transactions Review Committee Committee Members

- Mr. R. Seevaratnam - Chairman
- Dr. Indrajit Coomaraswamy
- Mr. Ravi Dias
- Mr. Shiro Takihara

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 monitor 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 the 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.

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) Under Rule 7.10.3 the Board should make a determination annually as to the independence or non-independence of each non-executive director based on declaration made of their independence or non-independence against the specified criteria and such declaration and other information available to the board should be set out in the annual report with the names of directors determined to be 'independent'. The Board assessed the Directors independence in accordance with standards established by CSE and Corporate Governance Rule. Board noted that Mr. Ranjeevan Seevaratnam had served on the Board for a period exceeding nine years from the date of the first appointment. Board of Directors having reviewed all the relationship Mr. Seevaratnam has with the Company and having considered all the facts and circumstances determined that Mr. Seevaratnam is nonetheless independent and is in any way not impaired in performing the responsibilities of an Independent Director, although he had served on the Board for a period exceeding nine years from the date of the first appointment.	Compliant

No:	Rule	Compliance status
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 noncash benefits paid in consideration of employment with the Listed Entity (excluding statutory entitlements such as EPF and ETF)] - Rule 7.10.5 (c)	Compliant
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.

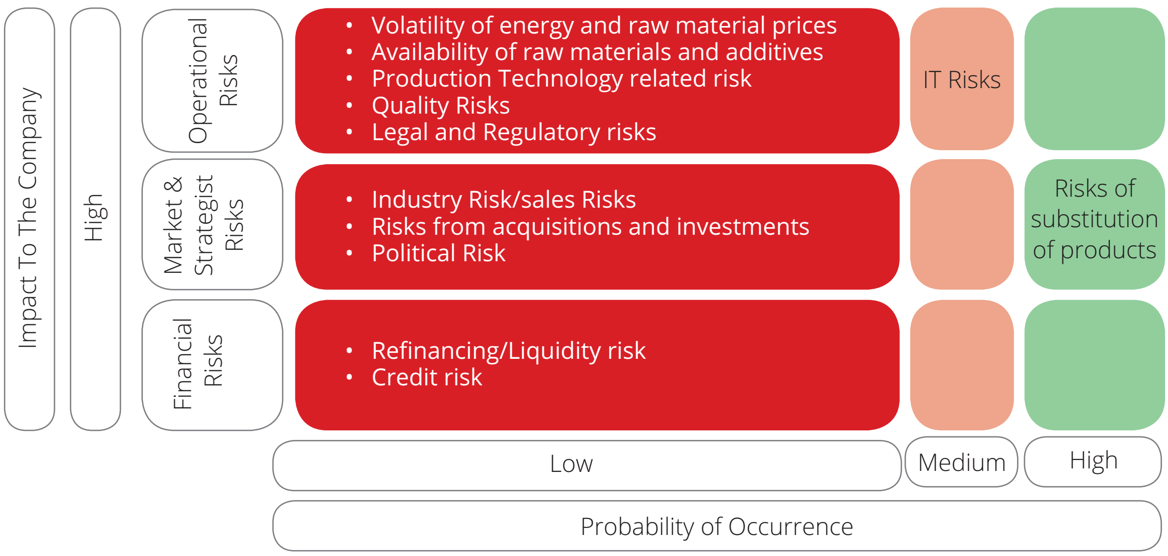
The strategies which are applied for risk management typically include transferring the risk to another party, avoiding the risk, reducing the negative effect/probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk, and the opposite for opportunities. 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.

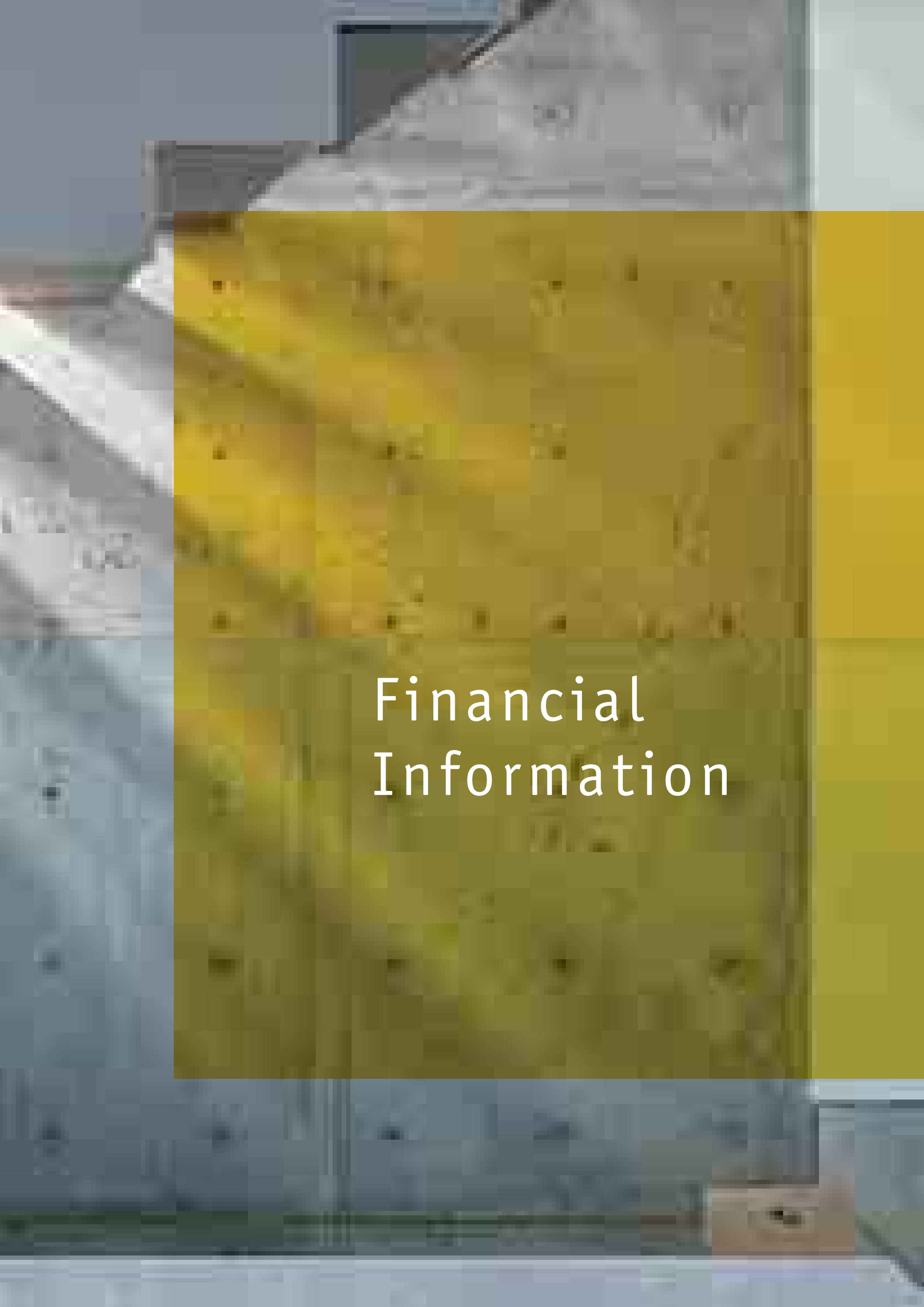


Risk	Potential Effect	Impact	Probability	Mitigating Actions
Financial Risks				
Currency Risks	Fluctuations in exchange rate causing potential losses on transactions denominated in foreign currency	Medium	High	Closely monitor movement in currency rates and take appropriate action to revises pricing as 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 statistics

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
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

Risk	Potential Effect	Impact	Probability	Mitigating Actions
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.



Financial Information

Statement of 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 to 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 2016, 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 2016 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2016 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 2016 incorporated in this report have been prepared in accordance with the Companies Act No.7 of 2007, the Sri Lanka Accounting Standards 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 28.1 to the financial statements covering contingent liabilities.

By Order of the

Board of Tokyo Cement Company (Lanka) PLC

Seccom (Private) Limited
Company Secretaries,

04th July 2016

Audit Committee Report

Terms of Reference (TOR)

As stipulated by its TOR the Audit Committee is answerable to the Board of Directors and regularly reports to the Board. Its mandate includes assisting the Board of Directors in the 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 Audit Committee has been constituted in compliance with the '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.

Members of the Audit Committee include three Non Executive Independent Directors and one Non Executive Directors. One member of the committee is a qualified Chartered Accountant. The members are:

- Mr. R. Seevaratnam - Chairman and Non executive Independent Director
- Dr. Indrajit Coomaraswamy - Non executive Independent Director
- Mr. Ravi Dias - Non executive Independent Director
- Mr. Shiro Takihara - Non executive Director
- Mr. Akira Ikematsu - Non executive Director (Resigned on 1st August 2015)

The other members participating at the Audit Committee deliberations are the 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 2016 .

Name	Attendance
Mr. R. Seevaratnam - Chairman	04
Dr. Indrajit Coomaraswamy	03
Mr. Ravi Dias	04
Mr. Shiro Takihara / Mr. Akira Ikematsu	04

Financial Reporting

In accordance with the stipulated requirements of the Sri Lanka Accounting Standards 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

In its review of effectiveness of internal controls the Committee examined the business processes to ensure that reasonable assurance can be provided 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 in its 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 Messrs BDO Partners for the financial year ending 31st March 2017.

Conclusion

In its continuous assessments, 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 set out by board of Directors and that Group assets are properly accounted and adequately safeguarded.

R. Seevaratnam

R. Seevaratnam
Chairman - Audit Committee

04th July 2016

Report of The Remuneration Committee

The Terms of reference of the Remuneration Committee mandates it to:

- Recommend the remuneration of the Board of Directors.
- Make recommendations to the Board the remuneration and its cost, and to determine on behalf of the Board specific remuneration packages for Senior Management
- Recommend any contract of employment or related contract with Senior Management and determine the terms of any compensation package in the event of early termination of the contract of any member of the Senior Management.
- Make recommendations to the Board regarding the content to be included in the Annual Report on Directors' remuneration.
- The Committee has the authority to seek external independent professional advice on matters within its purview.

Decisions on the matters relating remuneration of Senior Management were arrived at, in consultation with the Chairman and Managing Director. No director is involved in determining his own 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 the Senior Management.

Composition

The Remuneration Committee is appointed by the Board of Directors and comprises two Non-Executive Independent Director. They are :

- Dr. Harsha Cabral - Chairman
- Mr. R Seevaratnam,
- Mr. Shiro Takihara.
- Mr. Akira Ikematsu (Resigned on 1st August 2015)

Mr. S R Gnanam Managing Director and Mr. W C Fernando Executive Director attend Committee meetings by invitation.

The Minutes of the Remuneration Committee are circulated and affirmed by the Board of Directors.

Director's emoluments in aggregate for Executive and Non Executive Directors are disclosed in note 30.5 to the financial statements in pages 115 to 116.

Dr. Harsha Cabral

Chairman - Remuneration Committee

04th July 2016

Report of the Nomination Committee

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.

Composition

The Nomination Committee comprises of a Non-Executive Chairman Dr. Harsha Cabral, the Managing Director Mr. S R Gnanam and Nominee Director Mr. Shiro Takihara / Mr. Akira Ikematsu (Resigned on 1st August 2015) and three Non Executive Independent Directors, Mr. R Seevaratnam, Mr. Ravi Dias and Dr. Indrajit Coomaraswamy.

The Committee has met twice, during the year, to nominate new appointments to the Directorate.

Dr. Indrajit Coomaraswamy

Chairman - Nomination Committee

04th July 2016

Related Party Transactions Review Committee

The Related Party Transactions Review Committee was formed by the Board of Directors on 1st January 2016 further to provisions contained in Section 9 of the Listing Rules of the Colombo Stock Exchange.

The Committee comprises of Chairman Mr. R Seevaratnam Non-Executive Independent Director, Dr. Indrajit Coomaraswamy, Mr. Ravi Dias Non-Executive Independent Director and Mr. Shiro Takihara Non-Executive Director.

The aforesaid committee was authorised to review all Related Party Transactions ensuring compliance with Listing Rules, compliance with stock exchange and legal requirements concerning the transaction.

In the event a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction) the Related Party Transaction Review Committee has established guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee on an annual basis, reviews and assess ongoing relationships with the related party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remain appropriate.

The committee has met once during the year under review.

R. Seevaratnam

Chairman - Audit Committee

04th July 2016

Independent Auditor's Report

BDO

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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, 2016 which comprise the statement of financial position as at 31st March, 2016, 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 71 to 118.

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 the 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, 2016, 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, 2016, 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

04th July 2016

SR/vl

Statement of Comprehensive Income

For the year ended 31st March, 2016	Note	Group 31st March, 2016 Rs.	Group 31st March, 2015 Rs.	Company 31st March, 2016 Rs.	Company 31st March, 2015 Rs.
Continuing operations					
Turnover		30,117,151,812	29,674,246,986	13,334,522,959	14,519,851,798
Cost of sales		(23,191,197,627)	(23,266,797,408)	(10,681,920,891)	(11,561,951,061)
Gross profit		6,925,954,185	6,407,449,578	2,652,602,068	2,957,900,737
Other income	3	155,920,064	226,911,828	1,291,276,721	432,385,546
		7,081,874,249	6,634,361,406	3,943,878,789	3,390,286,283
Distribution expenses		(2,914,466,883)	(2,917,213,629)	(1,239,074,399)	(1,390,148,241)
Administrative expenses		(1,292,252,641)	(1,170,917,687)	(784,397,959)	(791,005,580)
Profit from operations		2,875,154,725	2,546,230,090	1,920,406,431	1,209,132,462
Finance income	4	77,089,301	86,253,829	15,225,744	8,238,961
Finance expenses	5	(465,644,420)	(467,341,983)	(280,560,782)	(239,252,467)
Profit before taxation	6	2,486,599,606	2,165,141,936	1,655,071,393	978,118,956
Income tax expenses	7	(555,955,614)	(475,594,758)	(270,145,191)	(267,105,512)
Profit for the year		1,930,643,992	1,689,547,178	1,384,926,202	711,013,444
Other comprehensive income					
Items that will not be reclassified to statement of comprehensive income					
Re-Measurement of defined benefit plan		10,872,917	(12,138,366)	10,756,351	(9,914,740)
Tax relating to components of other comprehensive income		2,696,944	(3,066,715)	3,011,778	(2,776,128)
Total other comprehensive income net of tax		13,569,861	(15,205,081)	13,768,129	(12,690,868)
Total comprehensive income for the year		1,944,213,853	1,674,342,097	1,398,694,331	698,322,576
Profit attributable to					
Equity holders of the parent		1,930,643,992	1,641,566,052	1,384,926,202	711,013,444
Non-controlling interests		-	47,981,126	-	-
Profit for the year		1,930,643,992	1,689,547,178	1,384,926,202	711,013,444
Total comprehensive income attributable to					
Equity holders of the parent		1,944,213,853	1,626,792,777	1,398,694,331	698,322,576
Non-controlling interest		-	47,549,320	-	-
Total comprehensive income for the year		1,944,213,853	1,674,342,097	1,398,694,331	698,322,576
Basic earnings per ordinary share (Rs.)					
-Voting	8	5.78	4.91	4.14	2.13
-Non Voting	8	5.78	4.91	4.14	2.13
Dividend per ordinary share					
-Voting	9	-	-	1.35	1.19
-Non Voting	9	-	-	1.35	1.19

Figures in brackets indicate deductions.

The accounting policies and notes from pages 71 to 118 form an integral part of these financial statements.

Colombo

04th July 2016

The Statement of Financial Position

As at 31st March, 2016	Note	Group 31st March, 2016 Rs.	Group 31st March, 2015 Rs.	Company 31st March, 2016 Rs.	Company 31st March, 2015 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	10	12,891,752,092	12,425,519,007	7,231,489,633	6,831,130,777
Capital work-in-progress	11	4,352,258,767	372,145,284	269,970,984	85,068,729
Intangible assets	12	83,169,566	101,702,457	25,034,540	33,379,388
Investments in subsidiaries	13	-	-	4,714,517,829	2,913,517,829
Advance on share application	14	-	-	-	1,500,000,000
Operating lease prepayment	15	63,411,649	67,893,565	19,998,953	20,139,599
Total non-current assets		17,390,592,074	12,967,260,313	12,261,011,939	11,383,236,322
Current assets					
Inventories	16	1,542,012,067	1,618,912,385	736,791,862	984,374,917
Trade and other receivables	17	2,718,811,487	2,702,194,936	1,359,083,345	1,231,078,422
Operating lease prepayment	15	4,621,302	4,760,688	280,032	419,418
Tax receivables		16,169,482	28,992,896	25,674,807	12,305,270
Amount due from subsidiaries	18	-	-	1,624,199,030	987,323,000
Financial investments	19	5,875,593	1,622,471,606	-	-
Cash and cash equivalents		571,724,013	786,557,098	283,454,107	161,212,283
Total current assets		4,859,213,944	6,763,889,609	4,029,483,183	3,376,713,310
Total assets		22,249,806,018	19,731,149,922	16,290,495,122	14,759,949,632
EQUITY AND LIABILITIES					
Equity					
Stated capital	20	2,893,756,250	2,893,756,250	2,893,756,250	2,893,756,250
Retained earnings		8,528,260,262	7,088,585,946	5,143,126,636	4,228,897,850
Equity attributable to the equity holders of the parent		11,422,016,512	9,982,342,196	8,036,882,886	7,122,654,100
Non-controlling interest		49,000,000	-	-	-
Total equity		11,471,016,512	9,982,342,196	8,036,882,886	7,122,654,100
Non-current liabilities					
Interest bearing borrowings	21	2,858,172,290	3,060,990,485	2,974,998,800	1,886,451,000
Deferred tax liability	22	2,206,574,079	1,731,952,791	1,476,404,721	1,246,657,094
Retirement benefits obligation	23	112,424,408	108,226,274	96,787,857	93,473,492
Total non-current liabilities		5,177,170,777	4,901,169,550	4,548,191,378	3,226,581,586

As at 31st March, 2016	Note	Group 31st March, 2016 Rs.	Group 31st March, 2015 Rs.	Company 31st March, 2016 Rs.	Company 31st March, 2015 Rs.
Current liabilities					
Trade and other payables	24	1,849,716,616	2,247,209,347	1,118,829,753	1,332,977,049
Amount due to subsidiary	25	-	-	907,460,378	1,501,396,077
Short-term borrowings	21	3,328,109,696	2,303,920,852	1,358,679,251	1,327,282,020
Bank overdrafts		423,792,417	296,507,977	320,451,476	249,058,800
Total current liabilities		5,601,618,729	4,847,638,176	3,705,420,858	4,410,713,946
Total equity and liabilities		22,249,806,018	19,731,149,922	16,290,495,122	14,759,949,632
Net asset value per share		34.18	29.88	24.05	21.32

Figures in brackets indicate deductions.

The accounting policies and notes from pages 71 to 118 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.

Mr. S.R. Gnanam
Managing Director

S. Takihara
Mr. Shiro Takihara
Director

Colombo
04th July 2016

Statement of Changes in Equity

GROUP	Stated Capital	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Attributable to Equity Holders of the Parent				
	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01st April, 2014	2,893,756,250	6,120,473,610	9,014,229,860	11,643,710	9,025,873,570
Comprehensive income for the year					
Profit for the year	-	1,641,566,052	1,641,566,052	47,981,126	1,689,547,178
Other comprehensive income		(14,773,275)	(14,773,275)	(431,806)	(15,205,081)
Total Comprehensive income 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
Super gain tax		(105,680,487)	(105,680,487)	-	(105,680,487)
Comprehensive income for the year					
Profit for the year	-	1,930,643,992	1,930,643,992	-	1,930,643,992
Other comprehensive income	-	13,569,861	13,569,861	-	13,569,861
Total Comprehensive income for the year		1,944,213,853	1,944,213,853		1,944,213,853
Cost on issue of shares	-	(1,250,300)	(1,250,300)	-	(1,250,300)
Acquisitions and changes in non-controlling interest	-	-	-	49,000,000	49,000,000
Dividend paid	-	(397,608,750)	(397,608,750)	-	(397,608,750)
As at 31st March, 2016	2,893,756,250	8,528,260,262	11,422,016,512	49,000,000	11,471,016,512

COMPANY	Stated Capital	Retained Earnings	Total
	Rs.	Rs.	Rs.
As at 01st April, 2014	2,893,756,250	4,031,762,774	6,925,519,024
Comprehensive income for the year			-
Profit for the year	-	711,013,444	711,013,444
Other comprehensive income	-	(12,690,868)	(12,690,868)
Total Comprehensive income 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
Super gain tax paid	-	(86,856,795)	(86,856,795)
Comprehensive income for the year			
Profit for the year	-	1,384,926,202	1,384,926,202
Other comprehensive income	-	13,768,129	13,768,129
Total Comprehensive income for the year		1,398,694,331	1,398,694,331
Dividend paid	-	(397,608,750)	(397,608,750)
As at 31st March, 2016	2,893,756,250	5,143,126,636	8,036,882,886

Figures in brackets indicate deductions.

The accounting policies and notes from pages 71 to 118 form an integral part of these financial statements.

Colombo
04th July 2016

Statement of Cash Flow

	Note	Group 31st March, 2016 Rs.	Group 31st March, 2015 Rs.	Company 31st March, 2016 Rs.	Company 31st March, 2015 Rs.
Cash flow from operating activities					
Net profit before taxation		2,486,599,606	2,165,141,936	1,655,071,393	978,118,956
Adjustments for :					
Depreciation		993,105,881	933,719,337	652,811,840	608,453,859
Amortization of intangible assets		18,532,891	2,410,717	8,344,848	-
Retirement benefit obligation		20,705,770	21,006,720	17,105,925	17,588,209
Profit on disposal of property, plant and equipment		(22,432,419)	(14,067,914)	(17,131,396)	(14,067,914)
Interest expense		465,644,420	467,341,983	280,560,782	239,252,467
Amortization of operating lease		4,621,302	4,760,688	280,032	419,418
Interest income		(77,089,301)	(86,253,829)	(15,225,744)	(8,238,961)
Dividend income		-	-	(1,052,447,222)	(300,007,944)
Write off of economic service charges		1,986,453	-	-	-
Unabsorbed taxes		-	24,454,774	-	22,096,737
Gift received-shares		-	(3,034,000)	-	(3,034,000)
De-recognition loss on plant and machinery		24,205,274	35,767,900	24,205,274	23,923,550
Effect of reinstatement in useful life of property, plant and equipment		(17,514,198)	-	(17,514,198)	-
Write back of liabilities		(6,469,937)	(186,240,000)	(1,934,250)	(86,041,374)
Operating profit before working capital changes		3,891,895,742	3,365,008,312	1,534,127,284	1,478,463,003
(Increase)/decrease in inventories		76,900,318	251,111,534	247,583,055	(64,920,597)
(Increase)/decrease in trade and other receivables		15,022,752	(732,791,313)	(128,004,923)	(21,504,895)
Increase/(decrease) in trade and other payables		(448,289,366)	461,843,316	(231,999,584)	233,392,223
Cash generated from operation		3,535,529,446	3,345,171,849	1,421,705,832	1,625,429,734
Interest paid		(478,741,304)	(467,341,983)	(280,560,782)	(239,252,467)
Taxation paid		(42,173,153)	(93,702,631)	(30,968,785)	(93,702,631)
Super gain tax paid		(105,680,487)	-	(86,856,795)	-
Retirement benefit obligation paid		(5,634,719)	(6,086,819)	(3,035,209)	(5,937,287)
Net cash flow from/(used in) operating activities		2,903,299,783	2,778,040,416	1,020,284,261	1,286,537,349
Cash flow from/(used in) investing activities					
Purchase of property, plant and equipment	A	(1,094,410,819)	(582,916,746)	(914,703,462)	(398,942,311)
Dividend received		-	-	1,052,447,222	300,007,944
Expenditure incurred on capital work-in-progress		(4,349,906,978)	(836,852,240)	(340,600,763)	(100,775,299)
Interest received		77,089,301	86,253,829	15,225,744	8,238,961
Proceeds from sale of property, plant and equipment		33,703,576	18,913,393	27,671,594	18,913,393
Investment/withdrawals on short-term deposits		1,616,596,013	(208,819,534)	-	36,502,502
Investment in shares - subsidiary		-	(209,651,970)	(301,000,000)	(1,009,651,970)
Net cash from/(used in) investing activities		(3,716,928,907)	(1,733,073,268)	(460,959,665)	(1,145,706,780)
Cash flow from/(used in) financing activities					
Cost on issue of shares		(1,250,300)	(4,000,000)	-	-
Issued of shares		49,000,000	-	-	-
Advances on shares		-	-	-	(1,500,000,000)
Repayment of interest bearing loans and borrowings		(14,550,770,465)	(18,333,255,623)	(4,939,411,333)	(6,783,595,938)
Receipt of interest bearing loans and borrowings		15,372,141,114	18,353,141,947	6,059,356,364	7,628,924,262
Dividend paid		(397,608,750)	(501,187,500)	(397,608,750)	(501,187,500)
Advances (to)/from subsidiary (Net)		-	-	(1,230,811,729)	913,900,327
Net cash from/(used in) financing activities		471,511,599	(485,301,176)	(508,475,448)	(241,958,849)
Net increase/(decrease) in cash and cash equivalents		(342,117,525)	559,665,972	50,849,148	(101,128,280)
Cash and cash equivalents at the beginning of the year	B	490,049,121	(69,616,851)	(87,846,517)	13,281,763
Cash and cash equivalents at the end of the year	C	147,931,596	490,049,121	(36,997,369)	(87,846,517)

Figures in brackets indicate deductions.

The accounting policies and notes from pages 71 to 118 form an integral part of these financial statements.

Colombo
04th July 2016

Notes to Statement of Cash Flow

		Group		Company	
		31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
		Rs.	Rs.	Rs.	Rs.
A	**Purchase of property, plant and equipment**				
	Additions during the year	1,094,410,819	582,916,746	914,703,462	398,942,311
	Transferred from capital work-in-progress	382,890,380	2,900,013,992	155,698,508	35,931,610
	Total of additions during the year	1,477,301,199	3,482,930,738	1,070,401,970	434,873,921
	Less: Transferred from capital work-in-progress balance	(382,890,380)	(2,900,013,992)	(155,698,508)	(35,931,610)
		1,094,410,819	582,916,746	914,703,462	398,942,311
B	**Cash and cash equivalents at the beginning**				
	Bank balances and cash	786,557,098	369,689,956	161,212,283	305,819,572
	Bank overdraft	(296,507,977)	(439,306,807)	(249,058,800)	(292,537,809)
		490,049,121	(69,616,851)	(87,846,517)	13,281,763
C	**Cash and cash equivalents at the end**				
	Bank balances and cash	571,724,013	786,557,098	283,454,107	161,212,283
	Bank overdraft	(423,792,417)	(296,507,977)	(320,451,476)	(249,058,800)
		147,931,596	490,049,121	(36,997,369)	(87,846,517)

Figures in brackets indicate deductions.

The accounting policies and notes from pages 71 to 118 form an integral part of these financial statements.

Colombo
04th July 2016

Significant Accounting Policies to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting entity – Domicile and legal form

Tokyo Cement Company (Lanka) PLC 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.

1.2 Consolidated financial statements

The financial statements for the year ended 31st March, 2016, comprises "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, Importing and Marketing of Cement value added products and Ready Mixed Concrete
Tokyo Super Cement Company Lanka (Pvt) Ltd	Manufacturing and Marketing of Cement
Tokyo Cement Colombo Terminal (Pvt) Ltd	Importing, Packaging and Marketing of Cement
Tokyo Eastern Cement Company Ltd	Manufacturing and Marketing of Cement (Under Development)
Tokyo Cement Power (Lanka) Ltd	Generation of Power
Tokyo Super Aggregate Ltd	Manufacturing of sand and aggregate

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, 2015 to 31st March, 2016.

1.6 Date of authorization for issue

The consolidated financial statements of the Group for the year ended 31st March, 2016 were authorized for issue by the Board of Directors on 04th July 2016.

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 the 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 the 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 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).

2.1.2. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for 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, statement of changes in equity and cash flow, together with Accounting Policies and Notes ("financial statements") of the Company and the Group as at 31st March, 2016 and for the year then ended have been prepared in compliance with the Sri Lanka Accounting Standards (LKAS and SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 07 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 clearly a 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 the exchange rates that existed when the values were determined.

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, the management has made 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 Group'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 the 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, 2016. (List of subsidiaries are disclosed in Note 2.2.2 to the financial statements)

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 the gain or loss from these changes is 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 control is transferred to the Group. They are de-consolidated from the date that control ceases.

Name of the subsidiary	Effective holding
Tokyo Super Cement Company Lanka (Pvt) Ltd	100%
Tokyo Cement Power (Lanka) Ltd	100%
Tokyo Cement Colombo Terminal (Pvt) Ltd	100%
Tokyo Eastern Cement Company Ltd	100%
Tokyo Super Aggregate Ltd	51%

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, 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 comprehensive income.

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.

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.

2.3. Assets and bases of their valuation

2.3.1. Property, plant and 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 parts 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 and reported separately. All other repairs 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 the 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
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	30
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 and machinery	30
Bulk Cement Carriers	22
Bag Storage Warehouse	10

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; judgment 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-recognition

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 a group of cash generating units) to which goodwill relates. Where the recoverable amount of cash generating unit (or a group of cash generating units) is less than the carrying amount of cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill is not 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 04 years on straight line basis.

2.3.4. Leases

a) Finance leases

Leases in terms of which the Group assumes that transfer 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) Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

b) Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs.

These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase.

c) 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.

d) 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.

e) 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 a 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 to determine 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 will make 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, 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 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) are 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 separative of 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.

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.

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 to determine 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 a 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 to determine 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 is 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 collaterals have 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, 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 a new 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 13 Fair Value Measurement Hierarchy

SLFRS 13 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 investments

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 good	- At the cost of direct materials, direct labour and appropriate proportion of fixed production overheads at normal operating capacity.
Work-In-progress	- At 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 a point of time after one year from the reporting date.

Trade and other payables

Trade creditors and other payables are stated at amortized cost.

2.4.2. Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Group has a present obligations (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are 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 and 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 105 to 106. 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.

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.

As per the agreement entered with Board of Investment (BOI) the Company is liable to pay income tax at the rate of 28% after expiry of tax exemption on 30th June 2013.

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.

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 concessionary rate.

Tokyo Eastern Cement Company Ltd, a subsidiary of the Company has entered into an agreement with the 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 concessionary rate.

Tokyo Super Aggregate Ltd, a subsidiary of the Company, is liable for income tax under the Inland Revenue Act No. 10 of 2006 at the rate of 28%.

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 are 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 reporting 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 re-assessed 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. Commitments

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 Group 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 receivable is 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 have 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 Companys' 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 Group 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 Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group'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 Group, 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 Group's risk management objectives and policies, 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 of the Group's finance function. The Board receives monthly reports from the Group'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 Group'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 Group'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 Group 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 Group 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 Group.

2.6.2.2. Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group 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 are 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 Group'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 the market risk exposures within the 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 Group 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

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.

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 become effective for the financial periods beginning on or after 01st January, 2018. Accordingly, the financial statements for the year ending 31st March, 2019 will adopt the SLFRS 9. The Group will quantify the effect in due course.

b) SLFRS 14 - Regulatory deferral accounts

The scope of this standard is to specify the financial reporting requirements for regulatory deferral accounts balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

SLFRS 14 will become effective on 1st January 2016. The impact on the implementation of the above standard has not been quantified yet.

c) **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 the 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:

a) Identify the contract

b) Identify the performance obligations

c) Determine the transaction price

d) Allocate the transaction price to each performance obligation

e) 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

3. OTHER INCOME

	Note	Group 31st March, 2016 Rs.	Group 31st March, 2015 Rs.	Company 31st March, 2016 Rs.	Company 31st March, 2015 Rs.
Bio-mass power income (net)		74,098,405	-	145,902,195	-
Profit on disposal of property, plant and equipment		22,432,419	14,067,914	17,131,396	14,067,914
Sale of carbon credit		51,368,400	-	51,368,400	-
Exchange gain from import bills		97,786	20,279,797	-	8,006,717
Dividend received from subsidiaries		-	-	1,052,447,222	300,007,944
Packing income		-	-	21,076,109	18,049,728
Sundry income		1,453,117	3,290,117	1,311,587	3,177,869
Gift received - shares		-	3,034,000	-	3,034,000
Write back of liabilities		6,469,937	186,240,000	1,934,250	86,041,374
Lease rental income		-	-	105,562	-
		155,920,064	226,911,828	1,291,276,721	432,385,546

4. FINANCE INCOME

	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Interest on fixed deposit		2,542,195	41,607,353	1,233,873	3,057,860
Interest on repo	4.1	49,452,208	39,880,500	-	2,254,082
Interest on money market deposit		25,094,898	4,765,976	13,991,871	2,927,019
		77,089,301	86,253,829	15,225,744	8,238,961

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 2015/2016. The resulting notional tax credit is amounting to Rs. 4,945,221/= for Group .

5. FINANCE EXPENSES

	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Interest expenses on borrowings		475,333,866	496,295,562	278,231,186	239,252,467
Less : Borrowing cost capitalized during the year	5.1 (a)	(13,096,885)	(30,144,880)	-	-
Interest expenses on bank overdrafts		3,407,439	1,191,301	2,329,596	-
		465,644,420	467,341,983	280,560,782	239,252,467

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 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.

6. PROFIT BEFORE TAXATION

		Note	Group		Company	
			31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
		Note	Rs.	Rs.	Rs.	Rs.
A	**Profit before taxation**		2,486,599,606	2,165,141,936	1,655,071,393	978,118,956
B	**Profit before taxation is stated after charging all expenses including the following:**					
	Depreciation on property, plant and equipment		993,105,881	933,719,337	652,811,840	608,453,859
	Amortization of intangible assets		18,532,891	2,410,717	8,344,848	-
	Directors' emoluments		37,695,962	35,520,607	37,695,962	35,520,607
	Auditors' remuneration					
	- Audit services		4,521,665	4,757,353	2,782,092	2,903,215
	Charity and donations		5,882,677	16,651,436	4,872,640	14,502,221
	Staff cost including all benefits		681,189,982	590,776,481	601,895,547	527,904,102
	Defined benefits cost - Retirement benefit obligation		21,110,751	21,006,720	17,105,925	17,683,310
	Defined contribution plan cost - E.P.F. & E.T.F.		48,928,534	44,899,106	41,338,684	38,315,121
	Amortization of operating lease		4,621,302	4,760,688	280,032	419,418
	Research and development cost		4,598,748	1,725,187	4,570,409	1,722,387
	Legal expenses and professional fee		33,674,497	34,988,587	20,997,129	22,612,274
	Repairs and maintenance		725,460,068	764,042,762	527,022,120	617,851,218
	Reimbursement of vessel operational expenses		623,061,197	536,418,463	433,353,297	401,594,713
	Sales commission		666,690,019	632,627,922	287,639,768	305,006,657
	NBT expenses		471,509,111	484,271,063	236,488,812	287,635,671
	Advertisements		121,993,833	124,128,556	70,019,057	69,584,285
	De-recognition loss on plant and machinery		24,205,274	35,767,900	24,205,274	23,923,550
7.	**INCOME TAX EXPENSE**					
	Current income tax provision	7 A	81,334,327	129,034,513	40,397,564	61,709,504
	Deferred taxation	7 B	474,621,287	346,560,245	229,747,627	205,396,008
			555,955,614	475,594,758	270,145,191	267,105,512

7. INCOME TAX EXPENSE (Contd.)

	Note	Group 31st March, 2016 Rs.	Group 31st March, 2015 Rs.	Company 31st March, 2016 Rs.	Company 31st March, 2015 Rs.
7 A Income tax					
Reconciliation between current tax expense/(income) and the product of accounting profit					
Profit before taxation		2,486,599,606	2,165,141,936	1,655,071,393	978,118,956
Effect of amalgamation		-	-	-	188,999,999
Other comprehensive income		10,872,917	(12,138,366)	10,756,351	(9,914,740)
Less : Income considered separately		(222,991,497)	(86,253,829)	(1,213,575,162)	(309,145,965)
Profit from trade or business		2,274,481,026	2,066,749,741	452,252,582	848,058,250
Less: Exempt profit	7A.2	(1,672,452,910)	(1,148,708,418)	-	-
Taxable profit from trade or business	a	602,028,116	918,041,323	452,252,582	848,058,250
Income considered separately		222,991,497	86,253,829	1,213,575,162	309,145,965
Income tax @ 12%		-	-	(145,902,195)	-
Exempt other income	7A.2	-	-	(1,052,447,222)	(300,907,004)
Liable other income	b	222,991,497	86,253,829	15,225,745	8,238,961
Accounting profit /(loss) chargeable to Income taxes	(a+b)	825,019,613	1,004,295,152	467,478,327	856,297,211
Tax rate for the year		28%	28%	28%	28%
Tax effect on chargeable profits @ 28%		231,005,492	281,202,643	130,893,932	239,763,219
Tax effect on chargeable profits @ 12%		17,508,262	-	17,508,262	-
Add : Tax effect of disallowable expenses in determining taxable income/(loss)		230,218,852	214,863,371	220,640,981	207,822,621
Tax effect on allowable expenses in determining taxable income /(loss)		(344,732,200)	(368,405,749)	(328,645,611)	(358,661,474)
Group tax effect on intercompany taxable income		(40,318,352)	53,235,266	-	-
		93,682,054	180,895,531	40,397,564	88,924,366
Tax effect on deduction under section 32		(12,347,727)	(51,861,018)	-	(27,214,862)
Tax @ 28% before adjustments on tax credits		81,334,327	129,034,513	40,397,564	61,709,504
Income tax provision for the year		81,334,327	129,034,513	40,397,564	61,709,504
Less /Add: Income tax under/(over provision) for previous years		-	-	-	-
Current tax charged to the statement of comprehensive income		81,334,327	129,034,513	40,397,564	61,709,504
The applicable tax rate of the company and its subsidiaries are given in note no 2.4.2.2					
Tax loss carried forward to the Y/A 2016/2017		123,768,632	240,091,979	-	-

Income tax expense (Contd.)

		Note	Group 31st March, 2016 Rs.	Group 31st March, 2015 Rs.	Company 31st March, 2016 Rs.	Company 31st March, 2015 Rs.
7A.1	**Current tax attributable to comprehensive income/(loss) and other comprehensive income /(loss)**					
	Tax attributable to operating profit	Note 7	81,334,327	129,034,513	40,397,564	61,709,504
	Tax attributable to other comprehensive income		(2,696,944)	3,066,715	(3,011,778)	2,776,128
			78,637,383	132,101,228	37,385,786	64,485,632

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 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
7 B	**Deferred tax expenses**				
	Deferred tax expenses arising from;				
	- Accelerated depreciation for tax purposes on freehold	512,749,032	173,609,130	230,675,650	31,661,730
	- Retirement benefit liabilities	(3,256,593)	(6,821,549)	(928,023)	(6,038,386)
	- Tax effect arising from tax losses	(34,871,152)	179,772,664	-	179,772,664
		474,621,287	346,560,245	229,747,627	205,396,008

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.

7 C As per the provision of parts III of the Finance Act, No. 10 of 2015 which was certified on 30th October, 2015 the group was liable for Super Gain tax of Rs. 105,680,487/- and the company was liable for Rs. 86,856,795/-. According to the Act, the super gain tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 01st April, 2013. The Act supersedes the requirement of the Sri Lanka Accounting Standards, hence the expenses of super gain tax is accounted in accordance with the requirement of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka,dated 24th November, 2015.

8. BASIC 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.

	Group		Company	
	31st March, 2016 Rs.	31st March, 2015 Rs.	31st March, 2016 Rs.	31st March, 2015 Rs.
Amount used as the numerator:				
Profit attributable to ordinary equity holders of the parent for basic earnings	1,930,643,992	1,641,566,052	1,384,926,202	711,013,444
	1,930,643,992	1,641,566,052	1,384,926,202	711,013,444
Number of ordinary shares used as the denominator:	Nos.	Nos.	Nos.	Nos.
Weighted average number of ordinary shares as at 31st March, 2016	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	5.78	4.91	4.14	2.13
- Ordinary non-voting shares	5.78	4.91	4.14	2.13

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

- Ordinary voting shares	-	-	1.35	1.19
- Ordinary non-voting shares	-	-	1.35	1.19

10. PROPERTY, PLANT AND EQUIPMENT

10.A Group

	Cost/Valuation				Depreciation				Written Down Value	
Item	As at 01.04.2015	Additions	Disposals / Reinstatement	As at 31.03.2016	As at 01.04.2015	Charged for the Year	On Disposals / Reinstatement	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold land	277,473,267	414,419,799	-	691,893,066	-	-	-	-	691,893,066	277,473,267
Factory buildings	1,709,487,768	20,404,518	-	1,729,892,286	280,004,495	30,095,642	-	310,100,137	1,419,792,149	1,429,483,273
Generator house	22,558,795	-	-	22,558,795	20,299,484	1,127,938	-	21,427,422	1,131,373	2,259,311
Other buildings	467,661,187	33,339,804	-	501,000,991	325,337,154	46,610,566	-	371,947,720	129,053,271	142,324,033
Plant and machinery	5,760,515,233	82,909,296	-	5,843,424,529	1,230,688,175	153,213,880	-	1,383,902,055	4,459,522,474	4,529,827,058
Power plant	221,083,463	-	-	221,083,463	152,070,558	508,115	-	152,578,673	68,504,790	69,012,905
Factory and other equipment	574,252,755	14,427,254	-	588,680,009	241,810,370	22,577,117	-	264,387,487	324,292,522	332,442,385
Laboratory equipment	58,444,659	5,809,870	-	64,254,529	28,165,187	6,103,330	-	34,268,517	29,986,012	30,279,472
Office equipment	22,192,661	1,159,942	-	23,352,603	14,813,282	4,191,637	-	19,004,919	4,347,684	7,379,379
Generators	68,337,390	-	-	68,337,390	23,735,271	6,624,115	-	30,359,386	37,978,004	44,602,119
Recycling system	3,929,015	-	-	3,929,015	856,994	196,449	-	1,053,443	2,875,572	3,072,021
Furniture and fittings	28,201,762	1,019,853	-	29,221,615	15,692,378	3,347,867	-	19,040,245	10,181,370	12,509,384
Vehicles	1,300,173,104	224,001,356	79,497,250	1,444,677,210	808,417,092	192,640,436	68,226,093	932,831,435	511,845,775	491,756,012
Bulk cement carriers	12,637,344	-	-	12,637,344	12,637,344	574,424	11,218,804	1,992,964	10,644,380	-
Cement silos	486,932,907	-	-	486,932,907	195,228,906	14,952,219	-	210,181,125	276,751,782	291,704,001
Cement silos - Steel	27,322,920	227,191,872	-	254,514,792	27,322,920	4,733,164	-	32,056,084	222,458,708	-
Tug boat	8,940,227	-	-	8,940,227	4,594,112	772,161	-	5,366,273	3,573,954	4,346,115
Railway platform	7,263,915	-	-	7,263,915	7,263,915	242,131	6,295,394	1,210,652	6,053,263	-
Barges	11,812,085	6,573,328	10,031,000	8,354,413	10,031,100	383,444	10,031,000	383,544	7,970,869	1,780,985
Computer and other electronic equipment	106,762,788	14,146,726	-	120,909,514	67,427,531	16,017,750	-	83,445,281	37,464,233	39,335,257
Packer house	171,738,244	-	-	171,738,244	42,402,775	5,024,520	-	47,427,295	124,310,949	129,335,469
Landing jetty	69,837,150	-	-	69,837,150	50,150,667	3,491,856	-	53,642,523	16,194,627	19,686,483
Batching plant and pumper truck	642,634,316	158,534,883	26,894,749	774,274,450	102,030,401	33,063,052	2,689,475	132,403,978	641,870,472	540,603,915
Vessel	3,338,058,349	-	-	3,338,058,349	1,631,787,547	252,228,099	-	1,884,015,646	1,454,042,703	1,706,270,802
Vessel dry docking	354,256,397	273,362,698	-	627,619,095	184,251,342	95,970,423	-	280,221,765	347,397,330	170,005,055
Bio-mass building	220,637,920	-	-	220,637,920	56,297,973	7,145,220	-	63,443,193	157,194,727	164,339,947
Bio-mass plant and machinery	2,472,214,952	-	-	2,472,214,952	532,240,787	84,799,152	-	617,039,939	1,855,175,013	1,939,974,165
Bag storage warehouse - Dambulla	64,711,746	-	-	64,711,746	18,995,552	6,471,174	-	25,466,726	39,245,020	45,716,194
	18,510,072,319	1,477,301,199	116,422,999	19,870,950,519	6,084,553,312	993,105,881	98,460,766	6,979,198,427	12,891,752,092	12,425,519,007

10. PROPERTY, PLANT AND EQUIPMENT (Contd.)

10.B Company

Item	Cost/Valuation				Depreciation				Written Down Value	
	As at 01.04.2015	Additions	Disposals / Reinstatement	As at 31.03.2016	As at 01.04.2015	Charged for the Year	On Disposals / Reinstatement	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold land	249,459,573	353,888,499	-	603,348,072	-	-	-	-	603,348,072	249,459,573
Factory buildings	327,782,498	-	-	327,782,498	137,537,277	2,835,059	-	140,372,336	187,410,162	190,245,221
Generator house	22,558,795	-	-	22,558,795	20,299,484	1,127,938	-	21,427,422	1,131,373	2,259,311
Other buildings	413,685,643	33,339,804	-	447,025,447	312,549,430	42,258,633	-	354,808,063	92,217,384	101,136,213
Plant and machinery	1,714,074,065	38,287,530	-	1,752,361,595	857,454,951	41,519,042	-	898,973,993	853,387,602	856,619,114
Power plant	210,267,852	-	-	210,267,852	151,519,929	508,115	-	152,028,044	58,239,808	58,747,923
Factory and other equipment	531,806,554	12,133,198	-	543,939,752	219,670,901	20,885,545	-	240,556,446	303,383,306	312,135,653
Laboratory equipment	58,409,790	5,383,970	-	63,793,760	28,158,259	6,086,346	-	34,244,605	29,549,155	30,251,531
Office equipment	14,685,543	387,710	-	15,073,253	10,040,736	3,705,733	-	13,746,469	1,326,784	4,644,807
Generators	55,116,311	-	-	55,116,311	19,642,981	5,511,636	-	25,154,617	29,961,694	35,473,330
Recycling system	3,929,015	-	-	3,929,015	856,994	196,449	-	1,053,443	2,875,572	3,072,021
Furniture and fittings	21,227,025	543,581	-	21,770,606	12,698,630	2,683,534	-	15,382,164	6,388,442	8,528,395
Vehicles	1,163,640,761	180,231,956	69,522,250	1,274,350,467	724,039,179	170,130,074	58,982,052	835,187,201	439,163,266	439,601,582
Bulk cement carriers	12,637,344	-	-	12,637,344	12,637,344	574,424	11,218,804	1,992,964	10,644,380	-
Cement silos	232,708,317	-	-	232,708,317	60,930,489	3,502,313	-	64,432,802	168,275,515	171,777,828
Tug boat	8,940,227	-	-	8,940,227	4,594,112	772,161	-	5,366,273	3,573,954	4,346,115
Railway platform	7,263,915	-	-	7,263,915	7,263,915	242,131	6,295,394	1,210,652	6,053,263	-
Barges	10,031,100	6,573,328	10,031,000	6,573,428	10,031,100	383,444	10,031,000	383,544	6,189,884	-
Computer and other electronic equipment	71,408,943	7,734,813	-	79,143,756	34,321,133	13,726,136	-	48,047,269	31,096,487	37,087,810
Packer house	153,618,474	-	-	153,618,474	40,161,913	5,024,520	-	45,186,433	108,432,041	113,456,561
Landing jetty	69,837,150	-	-	69,837,150	50,311,489	3,491,856	-	53,803,345	16,033,805	19,525,661
Batching plant and pumper truck	642,634,316	158,534,883	26,894,749	774,274,450	101,869,578	33,063,052	2,689,475	132,243,155	642,031,295	540,764,738
Vessel dry docking	165,598,345	273,362,698	-	438,961,043	120,932,037	45,447,349	-	166,379,386	272,581,657	44,666,308
Bio-mass building	220,637,920	-	-	220,637,920	56,297,972	7,145,220	-	63,443,192	157,194,728	164,339,948
Bio-mass plant and machinery	2,472,214,952	-	-	2,472,214,952	532,240,784	84,799,152	-	617,039,936	1,855,175,016	1,939,974,168
Vessel	2,005,284,463	-	-	2,005,284,463	502,267,497	157,191,978	-	659,459,475	1,345,824,988	1,503,016,966
Grand total	10,859,458,891	1,070,401,970	106,447,999	11,823,412,862	4,028,328,114	652,811,840	89,216,725	4,591,923,229	7,231,489,633	6,831,130,777

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,				
		Trincomalee (Leasehold)	Acres 44.00	7	1,144,123,580	-
		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	-
		Negombo Land 01-Batching Plant	Acres 1.97	1	23,120,689	28,935,510
		Negombo Land 02-CLC Plant	Acres 2.04			15,392,900
		Kandy Land	Acres 1.52			48,016,200
		Weligama Land	Acres 12			85,405,505
		Meethotamulla Land	Acres 2.01			218,212,800
b)	Tokyo Super Cement Company Lanka (Pvt) Ltd	Cod bay, China bay,	Perches 16.89	2	668,505,440	-
		Trincomalee (Leasehold)				
		Dambulla	Acres 5.00	2	104,690,457	14,675,000
c)	Tokyo Cement Power (Lanka) Ltd	Mahiyanganaya	Acres 19.00	8	706,537,548	13,338,695
d)	Tokyo Eastern Cement Company Ltd	Cod bay, China bay,	Hect 4.77			
		Trincomalee (Leasehold)				
e)	Tokyo Super Aggregate Limited	Dompe	Acres 10.5			60,531,300

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 01.04.2015 Rs.	Expenses incurred during the Year Rs.	Capitalized/ charged during the year Rs.	Balance as at 31.03.2016 Rs.	Balance as at 31.03.2015 Rs.
ERP implementation	2,158,674	16,104,184	-	18,262,858	2,158,674
Resource planning project	38,387,348	15,935,198	-	54,322,546	38,387,348
Batching plants	43,398,417	227,849,724	155,698,508	115,549,633	43,398,417
Landing jetty	11,097,290	2,183,285	-	13,280,575	11,097,290
Tile motor plant	1,046,636	128,326,790	-	129,373,426	1,046,636
Cement grinding mill	21,855,276	2,373,013,680	-	2,394,868,956	21,855,276
Bio-mass power plant	119,579,381	1,268,699,767	-	1,388,279,148	119,579,381
Dredging jetty	-	75,742,515	-	75,742,515	-
Engineers quaters	-	2,143,240	-	2,143,240	-
Cement silo - Colombo port	133,497,972	93,693,900	227,191,872	-	133,497,972
Crusher plant - Dompe	-	156,485,678	-	156,485,678	-
Other projects	1,124,290	2,825,902	-	3,950,192	1,124,290
TOTAL	372,145,284	4,363,003,863	382,890,380	4,352,258,767	372,145,284

11. CAPITAL WORK-IN-PROGRESS (Contd.)

11.B Company

Description	Balance as at 01.04.2015 Rs.	Expenses incurred during the Year Rs.	Capitalized/ charged during the year Rs.	Balance as at 31.03.2016 Rs.	Balance as at 31.03.2015 Rs.
ERP implementation	2,158,674	16,104,184	-	18,262,858	2,158,674
Resource planning project	38,387,348	15,935,198	-	54,322,546	38,387,348
Dredging jetty	-	75,742,515	-	75,742,515	-
Batching plants					
Meethottamulla	-	112,640,408	-	112,640,408	-
Peliyagoda	38,966,257	52,598,179	91,564,436	-	38,966,257
Jaffna	4,432,160	-	4,432,160	-	4,432,160
Weligama	-	58,118,592	55,209,367	2,909,225	-
Ankanda	-	4,492,545	4,492,545	-	-
Engineers quarters	-	2,143,240	-	2,143,240	-
Other projects	1,124,290	2,825,902	-	3,950,192	1,124,290
TOTAL	85,068,729	340,600,763	155,698,508	269,970,984	85,068,729

12. INTANGIBLE ASSETS
GROUP

Item	Note	Written Down Value As at 31.03.2016 Rs.	Written Down Value As at 31.03.2015 Rs.
Goodwill		32,995,007	32,995,007
Accounting and related software	12.1	50,174,559	68,707,450
		83,169,566	101,702,457

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 units 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 as a separate business unit for next years ,using the key assumptions such as discount rate 30% per annum , inflation and general price rate 10% per annum exchange rate considered from Rs. 146.20 to Rs. 155.50 throughout the period made by considering the past experience and external source of information which has been approved by the Board of Directors .

12.1 Accounting and related software

12.1 A Group

Item	Cost/Valuation As at 01.04.2015 Rs.	Additions Rs.	As at 31.03.2016 Rs.	Amortization As at 01.04.2015 Rs.	For the year Rs.	As at 31.03.2016 Rs.	Written Down Value As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
ABAS ERP solution system	75,839,104	-	75,839,104	7,377,766	18,392,256	25,770,022	50,069,082	68,461,338
H Senid HRM-Payroll enterprise system	475,000	-	475,000	475,000	-	475,000	-	-
Weigh bridge integration software	562,541	-	562,541	316,429	140,635	457,064	105,477	246,112
	76,876,645	-	76,876,645	8,169,195	18,532,891	26,702,086	50,174,559	68,707,450

12. INTANGIBLE ASSETS (Contd.)

12.1 B Company

Item	Cost/Valuation As at 01.04.2015 Rs.	Additions Rs.	As at 31.03.2016 Rs.	Amortization As at 01.04.2015 Rs.	For the year Rs.	As at 31.03.2016 Rs.	Written Down Value As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
ABAS ERP solution system	33,379,388	-	33,379,388	-	8,344,848	8,344,848	25,034,540	33,379,388
	33,379,388	-	33,379,388	-	8,344,848	8,344,848	25,034,540	33,379,388

13. INVESTMENTS

		Group 31st March, 2016 Rs.	Group 31st March, 2015 Rs.	Company 31st March, 2016 Rs.	Company 31st March, 2015 Rs.
13.1	**Investments In subsidiaries - Unquoted - At cost**				
	Tokyo Cement Colombo Terminal (Pvt) Ltd	-	-	468,416,813	468,416,813
	Ordinary shares - (34,170,588 shares)				
	Tokyo Super Cement Company Lanka (Pvt) Ltd	-	-	1,345,100,006	1,345,100,006
	Ordinary shares (48,388,380 shares)				
	Tokyo Cement Power (Lanka) Ltd	-	-	1,350,000,010	1,100,000,010
	Ordinary shares (1,350,000,010 shares)				
	Tokyo Eastern Cement Company Ltd	-	-	1,500,001,000	1,000
	Ordinary shares (1,500,001,000 shares)				
	Tokyo Super Aggregated limited	-	-	51,000,000	-
	Ordinary Shares (51,000,000 Shares)	-	-	4,714,517,829	2,913,517,829

13.2	**Material Partly-Owned Subsidiaries**	2015/2016	2014/2015
	Name of the company		
	Tokyo Super Aggregate Limited	51%	-
	Accumulated Balances of Material Non-Controlling Interests:		
	Tokyo Super Aggregate Limited	49,000,000	-

The summarised financial information of the above Subsidiary is provided below. This information is based on amounts before inter-company eliminations.

13. INVESTMENTS (Contd.)

13.2 Material Party-owned Subsidiaries (Contd.)

		2015/2016 Rs.	2014/2015 Rs.
13.2.1	**Summarised Statement of Comprehensive Income**		
	Total comprehensive income for the year	-	-
13.2.2	**Summarised Statement of Financial Position**		
	Non-Current Assets	217,016,978	-
	Current Assets	35,690,699	-
	Total Assets	252,707,677	-
	Capital and reserve	100,000,000	-
	Non-Current liabilities	150,000,000	-
	Current liabilities	2,707,677	-
	Total Equity and Liabilities	252,707,677	-
13.2.3	**Summarised Statement of Cash Flow Information**		
	Cash Flows from operating activities	453,741	-
	Cash Flows Used in investing activities	(217,016,978)	-
	Cash Flows from financing activities	250,062,530	-
	Net increase/(decrease) in cash and cash equivalents	33,499,293	-

13.3 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 2016	Percentage of equity interest as at 31st March 2015	Reasons for acquisition and nature of control
Tokyo Super Aggregate Ltd.	The Tokyo Super aggregate 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 plant is being constructed at Dompe.	51%		The company was incorporated to manufacture sand instead of depending on the highly environmentally damaging river sand.
	The principal activities of the Company are manufacturing sand and aggregate.			The Company acquired a total of 51% representing 51,000,000 number of ordinary shares during the year.

14. ADVANCE ON SHARE APPLICATIONS

	Group		Company	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
	Rs.	Rs.	Rs.	Rs.
Tokyo Eastern Cement Company Ltd	-	-	-	1,500,000,000
	-	-	-	1,500,000,000

15. OPERATING LEASE PREPAYMENT

At the beginning of the year	72,654,253	77,414,941	20,559,017	20,978,435
Amortization during the year	(4,621,302)	(4,760,688)	(280,032)	(419,418)
At the end of the year	68,032,951	72,654,253	20,278,985	20,559,017
Less: Current portion of pre-payment	(4,621,302)	(4,760,688)	(280,032)	(419,418)
Long-term portion of pre-payment	63,411,649	67,893,565	19,998,953	20,139,599

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	604,021,680	526,327,411	425,342,042	348,713,480
Finished goods - Manufactured	121,982,437	311,543,254	105,088,297	290,650,106
Packing materials	377,856,901	427,063,141	88,849,827	80,915,505
Spares and consumables	215,177,175	104,224,789	71,327,320	14,342,036
Grinding media	-	22,017,940	-	22,017,940
Goods - in - transit	222,973,874	227,735,850	46,184,376	227,735,850
	1,542,012,067	1,618,912,385	736,791,862	984,374,917

The inventories have been pledged against borrowings as disclosed in note no 29.

17. TRADE AND OTHER RECEIVABLES

Trade debtors - Related parties	Note 17.1	167,876,643	362,002,773	57,826,521	37,292,775
- Others		1,685,624,054	1,360,148,511	964,360,713	757,777,625
		1,853,500,697	1,722,151,284	1,022,187,234	795,070,400
Less: Impairment provision		(8,315,639)	(8,315,639)	(8,315,639)	(8,315,639)
		1,845,185,058	1,713,835,645	1,013,871,595	786,754,761
Deposits, advances and prepayments		334,629,563	390,220,732	77,962,305	92,698,118
Other receivables		538,996,866	598,138,559	267,249,445	351,625,543
		2,718,811,487	2,702,194,936	1,359,083,345	1,231,078,422

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

17.1 Trade Debtos - Related Parties

Name of the related party	Nature of the relationship	Group 31st March, 2016	Group 31st March, 2015	Company 31st March, 2016	Company 31st March, 2015
Rhino Roofing Products Ltd	Common directors (Note 30.1)	117,730,983	130,958,805	27,207,364	27,438,806
Rhino Products Ltd		50,145,660	231,043,968	30,619,157	9,853,969
		167,876,643	362,002,773	57,826,521	37,292,775

17.2 The age analysis of trade receivables is as follows:

Group

Year ended 31st March, 2016	Less than 60 Days Rs.	60 to 90 Days Rs.	90 to 180 Days Rs.	More than 180 Days Rs.	Total Rs.
Trade receivables	1,278,207,678	167,405,351	344,594,491	63,293,177	1,853,500,697
	1,278,207,678	167,405,351	344,594,491	63,293,177	1,853,500,697

Company

Year ended 31st March, 2016	Less than 60 Days Rs.	60 to 90 Days Rs.	90 to 180 Days Rs.	More than 180 Days Rs.	Total Rs.
Trade receivables	701,412,488	118,016,238	142,709,356	60,049,152	1,022,187,234
	701,412,488	118,016,238	142,709,356	60,049,152	1,022,187,234

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.

18. AMOUNT DUE FROM SUBSIDIARIES

	Group 31st March, 2016 Rs.	Group 31st March, 2015 Rs.	Company 31st March, 2016 Rs.	Company 31st March, 2015 Rs.
Tokyo Cement Colombo Terminal (Pvt) Ltd	-	-	111,061,159	318,874,464
Tokyo Cement Power (Lanka) Ltd	-	-	800,745,957	629,186,414
Tokyo Eastern Cement Company Ltd	-	-	712,391,914	39,262,122
	-	-	1,624,199,030	987,323,000

19. FINANCIAL INVESTMENTS

	Group		Company	
	31st March, 2016 Rs.	31st March, 2015 Rs.	31st March, 2016 Rs.	31st March, 2015 Rs.
Held to maturity				
Investments in treasury bills	5,875,593	1,622,471,606	-	-
	5,875,593	1,622,471,606	-	-

20. STATED CAPITAL

	Group			
Description	At the beginning of the year 1st April 2015 Rs.	Issued during the year (Net) Rs.	At the end of the year 31st March 2016 Rs.	At the end of the year 31st March 2015 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

	Company			
Description	At the beginning of the year 1st April 2015 Rs.	Issued during the year (Net) Rs.	At the end of the year 31st March 2016 Rs.	At the end of the year 31st March 2015 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 03rd 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) rather than debiting to stated capital. Also in order to comply with provision of this act, all share issue costs have been directly debited to equity (retained earnings).

Description	At the beginning of the year 1st April 2015 Nos.	Issued during the year (Net) Nos.	At the end of the year 31st March 2016 Nos.	At the end of the year 31st March 2015 Nos.
	Company			
20.1 Movement in number of ordinary shares				
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 for the voting rights.

21. INTEREST BEARING BORROWINGS

		Group		Company	
		31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
		Rs.	Rs.	Rs.	Rs.
21.1 Long term interest bearing borrowings					
At the beginning of the year		4,042,299,485	2,682,833,191	2,403,124,000	1,572,293,191
Add: Loans obtained during the year		396,917,515	3,099,984,485	1,196,872,000	1,500,000,000
		4,439,217,000	5,782,817,676	3,599,996,000	3,072,293,191
Less: Settlements during the year		(863,733,070)	(1,740,518,191)	(200,004,000)	(669,169,191)
At the end of the year		3,575,483,930	4,042,299,485	3,399,992,000	2,403,124,000
Current maturity portion	21.2	717,311,640	981,309,000	424,993,200	516,673,000
Non-current maturity portion					
- Related parties		-	-	1,000,000,000	-
- Others		2,858,172,290	3,060,990,485	1,974,998,800	1,886,451,000
		2,858,172,290	3,060,990,485	2,974,998,800	1,886,451,000
		3,575,483,930	4,042,299,485	3,399,992,000	2,403,124,000
Repayable after one year					
Repayable between one and five years		2,858,172,290	3,060,990,485	2,724,998,800	1,886,451,000
Repayable after five years		-	-	250,000,000	-
		2,858,172,290	3,060,990,485	2,974,998,800	1,886,451,000
21.2 Short term interest bearing borrowings					
Import demand loans	21.2.1	2,525,798,056	1,322,611,852	848,686,051	810,609,020
Working capital loans	21.2.2	85,000,000	-	85,000,000	-
Current maturity portion of long term loan		717,311,640	981,309,000	424,993,200	516,673,000
		3,328,109,696	2,303,920,852	1,358,679,251	1,327,282,020

Note 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.

21.2.1 Import demand loans				
At the beginning of the year	1,322,611,852	2,010,205,724	810,609,020	675,404,860
Add: Loans obtained during the year	14,890,223,599	14,968,279,372	4,777,484,364	6,128,924,263
Less: Settlements during the year	(13,687,037,395)	(15,655,873,244)	(4,739,407,333)	(5,993,720,103)
At the end of the year	2,525,798,056	1,322,611,852	848,686,051	810,609,020

21.2.2 Working capital loans				
At the beginning of the year	-	651,986,098	-	120,706,644
Add: Loans obtained during the year	85,000,000	-	85,000,000	-
Less: Settlements during the year	-	(651,986,098)	-	(120,706,644)
At the end of the year	85,000,000	-	85,000,000	-

22. DEFERRED TAX LIABILITY

			Group		Company	
			31st March, 2016 Rs.	31st March, 2015 Rs.	31st March, 2016 Rs.	31st March, 2015 Rs.
	At the beginning of the year		1,731,952,792	1,385,392,546	1,246,657,094	1,041,261,086
	Charged to/(from) statement of comprehensive income	Note 7.B	474,621,287	346,560,245	229,747,627	205,396,008
	At the end of the year		2,206,574,079	1,731,952,791	1,476,404,721	1,246,657,094
22.1	Tax effect on temporary difference on property, plant and equipment		2,272,766,958	1,763,520,660	1,503,505,322	1,276,332,407
	Tax effect on temporary difference on retirement benefit obligations		(31,321,727)	(28,065,134)	(27,100,601)	(26,172,578)
			2,241,445,231	1,735,455,526	1,476,404,721	1,250,159,829
	Less: Unused tax losses		(34,871,152)	(3,502,735)	-	(3,502,735)
	Deferred tax liability		2,206,574,079	1,731,952,791	1,476,404,721	1,246,657,094

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.

23. RETIREMENT BENEFITS OBLIGATION

	Group		Company	
	31st March, 2016 Rs.	31st March, 2015 Rs.	31st March, 2016 Rs.	31st March, 2015 Rs.
At the beginning of the year	108,226,274	81,168,007	93,473,492	71,907,830
Actuarial (gain) or loss from change in financial assumption	(10,872,917)	12,138,366	(10,756,351)	9,914,740
Current service cost	10,965,407	12,817,990	8,693,312	10,370,767
Interest cost	9,740,363	8,188,730	8,412,613	7,217,442
Provision for the year	9,832,853	33,145,086	6,349,574	27,502,949
	118,059,127	114,313,093	99,823,066	99,410,779
Payment made during the year	(5,634,719)	(6,086,819)	(3,035,209)	(5,937,287)
At the end of the year	112,424,408	108,226,274	96,787,857	93,473,492

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.

23. RETIREMENT BENEFIT OBLIGATION (Contd.)

Increase/ (Decrease) in discount rate	Increase/ (Decrease) in salary escalation rate	Group Effect on employee benefit obligation Rs.	Company Effect on employee benefit obligation Rs.
1%	**	105,410,719	91,191,875
-1%	**	120,511,005	103,222,675
**	1%	120,761,132	103,406,143
**	-1%	105,108,282	90,965,223

The retirement benefit obligation of Tokyo Cement Company (Lanka) PLC and of its subsidiaries 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;

		31st March 2016	31st March 2015
a)	Discount rate	11%	9%
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, 2016 Rs.	31st March, 2015 Rs.	31st March, 2016 Rs.	31st March, 2015 Rs.
Bills payable		592,826,746	1,034,804,092	350,478,287	573,586,040
Expense creditors - Related parties	Note 24.1	-	27,773,149	231,365,285	56,462,808
- Others		514,687,943	908,671,761	449,499,920	660,622,109
Other creditors		742,201,927	275,960,345	87,486,261	42,306,092
		1,849,716,616	2,247,209,347	1,118,829,753	1,332,977,049

24.1 Payable to related parties

Name of the related party	Nature of the relationship	Group 31st March 2016 Rs.	Group 31st March 2015 Rs.	Company 31st March 2016 Rs.	Company 31st March 2015 Rs.
St. Anthony's Consolidated (Pvt) Ltd	Common directors (Note 30.1)	-	23,967,413	-	23,967,413
South Asian Investment (Pvt) Ltd	Common directors (Note 30.1)	-	3,805,736	-	3,805,736
Tokyo Cement Colombo Terminal (Pvt) Ltd	Subsidiary	-	-	231,365,285	28,689,659
		-	27,773,149	231,365,285	56,462,808

25. AMOUNT DUE TO SUBSIDIARY

Tokyo Super Cement Company Lanka (Pvt) Ltd	-	-	907,460,378	1,501,396,077
	-	-	907,460,378	1,501,396,077

26. CAPITAL MANAGEMENT

The board of directors reviews the capital structure of the companies of the Group on a regular basis. The intention of the 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, 2016 is Rs.99 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 in Colombo at estimated cost of Rs.432 Mn including the investment in machinery and equipment for Rs.229 Mn and purchase of land Rs.203 Mn.

c) Investment on proposed jetty expansion and dredging project in Trincomalee at an estimated cost of Rs. 1.1Bn.

d) Investment on proposed resource planning project Rs.56.95 Mn.

27. CAPITAL AND OTHER COMMITMENTS (Contd...)

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 commencing from 2011, subject to the terms and conditions.

b) The Company has entered into an agreement with Ceylon Electricity Board (CEB) to purchase Coal Ash from Norochcholai Power Plant for a period of 5 years commencing from year 2014.

27.2 Subsidiary Companies

a) Tokyo Eastern Cement Company Ltd

The Company has announced an investment of USD 50 Mn under subsidiary, Tokyo Eastern Cement Company Ltd. This cement plant project is estimated to take place within the next two financial years. Total cost of work completed as at 31st March, 2016 is Rs. 3.9 Bn.

b) 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 subjected to the terms and conditions.

c) Tokyo Super Aggregate Ltd

The Company has announced a new investment under newly incorporated subsidiary Tokyo Super Aggregated Ltd for manufacturing of sand and aggregate. The project has been completed with the total cost of Rs. 246 Mn and operation will be commenced from second quarter of 2016.

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.

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 31at March 2016 Rs.	Balance outstanding as at 31at March 2015 Rs.	Repayment	Security pledged
Tokyo Cement Colombo Terminal (Pvt) Ltd	a.	Term loans					
	i.	Sampath Bank PLC	623,000,000	-	116,780,000	Repayable in 47 equal monthly instalments of Rs.12,980,000 and final instalment of Rs.12,940,000.	Loan agreement on term loan and corporate guarantee from Tokyo Cement Company Lanka PLC.
	ii	National Development Bank PLC	150,000,000	112,500,000	99,984,485	Loan amount repayable in 48 monthly instalments of Rs.3,125,000.	Loan agreement on term loan and corporate guarantee from Tokyo Cement Company (Lanka) PLC
	b.	Trust receipts loans					
	i.	Sampath Bank PLC	525,000,000	338,824,429	190,924,536	Each loan to be settled within 90 days from date of grant.	Short term Loan agreement for Rs. 525 Mn.
	ii.	Commercial Bank of Ceylon PLC	750,000,000	240,423,683	321,078,297	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.
	c.	Overdraft facility					
	i.	Sampath Bank PLC	35,000,000	-	-	On Demand	Overdraft agreement of Rs. 35Mn Secondary Mortagage over cement, plant and machinery at port permises, Colombo for 360 Mn.

29. ASSETS PLEDGED (Contd.)

Name of the company		Nature of liabilities the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31at March 2016 Rs.	Balance outstanding as at 31at March 2015 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	(a)	Term Loans					
	i.	Commercial Bank of Ceylon PLC	800,000,000	399,992,000	599,996,000	Repayable in 47 equal monthly instalments of Rs.16,667,000/- a final instalment of Rs.16,651,000/-.	On demand loan agreement.
	ii.	Commercial Bank of Ceylon PLC	2,000,000,000	1,500,000,000	1,500,000,000	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 plant under construction (Tokyo Eastern Cement Company Ltd)
	iii.	Sampath Bank PLC.	1,125,000,000	-	140,625,000	In 48 equal monthly instalments of Rs.23,437,500/-.	An undertaking to mortgage over the vessel "ID Symphony" (Tabernacle Star ii)
	iv.	Sampath Bank PLC	650,000,000	-	176,044,000	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
	v.	Sampath Bank PLC	500,000,000	500,000,000	-	Repayable in 47 equal monthly instalments of Rs.10,416,600/- a final instalments of Rs.10,419,800/- (A grace period of 1 years at the beginning).	(a) Loan agreement for Rs. 500 Mn. (b) Negative pledge over project assets. (Ready mix plant at Weligama and Meethotamulla)
	b.	Short term loan Commercial Bank of Ceylon PLC	85,000,000	85,000,000	-	On demand	On demand loan agreement.
	c.	Import demand loan					
	i.	Commercial Bank PLC	700,000,000	203,042,000	266,153,000	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 gurantee/bills purchase facility.
	ii.	Sampath Bank PLC	1,000,000,000	645,644,051	544,456,020	Each loan to be settled within 90 days from date of grant.	On demand loan agreement.
	iii.	Sampath Bank PLC				Each loan to be paid within 90 days	(a) General terms and condition documents relating to IDL.

Name of the company		Nature of liabilities the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31at March 2016 Rs.	Balance outstanding as at 31at March 2015 Rs.	Repayment	Security pledged
							(b) Lien over documents of Title of the goods under import (c) Corporate guarantee of TCCL for Rs.800 Mn
	d.	Overdraft facility					
	i.	Commercial Bank PLC	1,000,000	320,451,475	249,058,800	On demand	General terms and conditions relating to overdraft.
Tokyo Super Cement Company Lanka (Pvt) Ltd	a.	Import demand loan					
	i.	City Bank	USD 2.45 Mn	145,085,894	-	Repayable within 90 days from the date of grant	(a) Unconditional corporate guarantee from Tokyo Cement Company (Lanka) PLC.
	b.	Import demand loan					
	i.	Commercial Bank of Ceylon PLC	800,000,000	45,847,000	-	Repayable within 90 days from the date of grant	(a) Corporate guarantee of Tokyo Cement Company (Lanka) PLC. (b) Lien over documents of title to the goods under import.
Tokyo Cement Power (Lanka) Ltd	a.	Capital term loan					
	i.	National Development bank PLC	1,500,000,000	912,991,930	1,422,411,000	In 57 monthly equal instalments @ 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.

29. ASSETS PLEDGED (Contd.)

Name of the company		Nature of liabilities the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31at March 2016 Rs.	Balance outstanding as at 31at March 2015 Rs.	Repayment	Security pledged
Tokyo Super Aggregate Ltd	a.	Short term loan Commercial Bank of Ceylon PLC	150,000,000	150,000,000	-	Interest to be paid monthly at the rate of 8.15% p.a. term loan repayable over a period of 04 years with two years grace period.	Corporate guarantee for Rs. 150 Mn from Tokyo Cement Company (Lanka) PLC.

30. RELATED PARTY TRANSACTIONS

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

	Tokyo Super Cement Co Lanka (Pvt) Ltd	Tokyo Cement Colombo Terminal (Pvt) Ltd	St. Anthony's Consolidated (Pvt) 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	Tokyo Super Aggregate Ltd
Mr. S.R. Gnanam	X	X	X	X	X	X	X	-	X	X	X
Mr. A.S.G. Gnanam	X	-	X	X	X	X	X	X	X	X	-
Mr. E.J. Gnanam	X	X	X	X	X	X	X	-	X	X	-
Mr. R. Seevaratnam	X	-	-	-	-	-	-	-	X	X	-
Mr. H. Tsukigawa	-	-	-	-	-	-	-	-	-	-	-
Dr. Harsha Cabral	X	-	-	-	-	-	-	-	X	X	X
Dr. I. Coomaraswamy	X	-	-	-	-	-	-	-	X	X	-
Mr. Ravi Dias	X	-	-	-	-	-	-	-	X	X	-
Mr. Shiro Takihara	X	X	-	-	-	-	-	-	X	X	-
Mr. W.C. Fernando	X	X	-	-	-	-	-	-	X	X	X

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

30.1.1 Mr. Shiro Takihara was appointed as a nominee director of Nippon Coke Engineering Company Ltd with effect from 01st August, 2015.

Mr. Akira Ikimatsu, Nominee director of Nippon Coke Engineering Company Ltd. ceased to be a director of the company with effect from 01st August, 2015.

30. RELATED PARTY TRANSACTIONS (Contd..)

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

		Nature of the relationship	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Subsidiary companies						
(a)	**Tokyo Cement Colombo Terminal (Pvt) Ltd**	Subsidiary company				
i.	Handling and bagging income		157,269,227	82,959,626	157,269,227	25,327,788
ii.	Cement purchases including transport charges		65,302,906	153,862,043	65,302,906	153,862,043
iii.	Additional share investment		-	212,685,972	-	212,685,972
iv.	Rent income		-	1,296,000	-	1,296,000
iv.	Fund transfers from /(to)		273,381,442	-	-	-
(b)	**Tokyo Super Cement Company Lanka (Pvt) Ltd**	Subsidiary company				
i.	Fund transfers (from) /to		1,117,387,019	738,150,000	894,583,319	228,150,000
ii.	Purchase of bio-mass power		184,128,752	122,604,002	184,128,752	122,604,002
iii.	Bio-mass material		99,738,529	-	99,738,529	-
iv.	Packing plant hiring expenses		23,862,376	17,695,812	23,862,376	3,701,825
v.	Purchase of clinker		-	259,132,319	-	259,132,319
vi.	Dividend paid		1,052,447,222	300,007,544	1,052,447,222	300,007,544
vii.	Expenses incurred on behalf of company		327,713,641	24,190,939	327,713,641	24,190,939
viii.	Sale of cement		-	145,902	-	-
ix.	Loan granted from /(to)		1,000,000,000	-	1,000,000,000	-
x.	Lease Rental		-	-	105,562	-
(c)	**Tokyo Cement Power (Lanka) Ltd**	Subsidiary company				
i.	Investment in stated capital		250,000,000	800,000,000	250,000,000	800,000,000
ii.	Fund transfers from/(to)		172,082,510	702,340,274	168,082,510	702,340,274
iii.	Purchase of cement		-	139,891	-	139,891
iv.	Expenses incurred on behalf of Company		10,673,212	-	8,363,712	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)		711,435,000	510,000,000	661,435,000	-
iii.	Expenses incurred on behalf of Company		12,248,315	-	11,694,792	-
iv	Capital expenses incurred on behalf of Company		212,025,079	-	-	-

Notes to the Financial Statement

30. RELATED PARTY TRANSACTIONS (Contd..)

			Nature of the relationship	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
	v	Investment in stated capital		1,000,000,000	-	-	-
(d)	Tokyo Super Aggregate Ltd		Subsidiary company				
	i.	Investment in stated capital		51,000,000	-	51,000,000	-
	ii.	Expenses incurred on behalf of company		62,530	-	-	-
Other Related Companies							
(a)	St. Anthony's Consolidated (Pvt) Ltd		Common directors (Note 30.1)				
	i.	Sales commission		580,726,584	564,855,067	236,758,208	190,989,301
(b)	St. Anthony's Hardware (Pvt) Ltd		Common directors (Note 30.1)				
	i.	Purchase of chemicals		42,648,515	90,773,619	42,648,515	90,773,619
		Sale of ready mix concrete		754,000	920,300	754,000	920,300
(c)	South Asian Investment (Pvt) Ltd		Common directors (Note 30.1)				
	i.	Sales commission paid		78,351,445	62,251,403	43,309,570	2,999,179
(d)	Rhino Roofing Products Ltd		Common directors (Note 30.1)				
	i.	Sale of cement		1,522,961,696	1,286,115,887	200,890,409	19,469,192
	ii.	Sale of concrete		5,034,525	-	5,034,525	-
	iii.	Trade receivables		117,730,984	45,386,590	27,207,365	-
(e)	Rhino Product ltd		Common directors (Note 30.1)				
	i.	Sale of cement		1,133,369,413	1,059,469,007	82,444,806	5,612,410
	ii.	Trade receivables		50,145,660	152,360,952	30,619,157	-
(f)	St. Anthony's Coatings (Pvt) Ltd		Common directors (Note 30.1)				
	i.	Sale of cement		701,219	-	701,219	-

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, 2016, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2015 - Nil, 2014 - 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 notes no. 17, 18, 21,24 and 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.

30. RELATED PARTY TRANSACTIONS (Contd..)

		2015/2016 Rs.	2014/2015 Rs.
a)	**Compensation of key management personnel**		
	Key personnel's remuneration including Directors' emoluments	67,094,900	62,104,900
	Non-cash benefits	-	-
		67,094,900	62,104,900

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

		2015/2016 Rs.	2014/2015 Rs.
a)	Short-term Employee Benefits	67,094,900	61,184,650
b)	Post - Employment Benefits	-	920,250
c)	Other Long-term Benefits	-	-
d)	Termination Benefits	-	-
e)	Share-based Payments	-	-
		67,094,900	62,104,900

30.5.3 Share transactions with key management personnel

Name of related entity	Nature of transactions	Class of shares	Number of shares	Date acquisition /Disposal	Consideration paid per share
Nippon Coke & Engineering Company Limited - Japan	Disposal of company's shares	Voting	946,002	April 2015	Rs.55
		Voting	6,800	May 2015	Rs.52 to Rs.53.90
		Voting	34,201	June 2015	Rs.48 to Rs.49.20
		Voting	1,158,999	July 2015	Rs.49.90 to Rs.51
		Voting	1,200,000	August 2015	Rs.54 to Rs.56
		Voting	1,200,000	September 2015	Rs.49 to Rs.52.90
		Voting	16,487	October 2015	Rs.47.20 to Rs.52.90
		Voting	18,550	November 2015	Rs.47.10 to Rs.49
		Voting	32,240	January 2016	RS.39 to Rs.40
		Voting	657,874	February 2016	Rs.33.6 to Rs.39.10
		Voting	474,849	March 2016	Rs.33 to Rs.37

30. RELATED PARTY TRANSACTIONS (Contd.)

30.6 Non-recurrent related party transactions

There were no other non-recurrent Related Party Transactions other than the following in which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31st March, 2015 audited financial statements, which required additional disclosures in the 2015/16 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 Super Cement Company Lanka (Pvt) Ltd.	Fully owned subsidiary	Loan Granted from the Subsidiary	1,000,000,000	12% and 6%	To be repaid within 6 years including a grace period of 2 years at an interest rate of 10.70%.	To fulfil the capital commitments over the new subsidiary.

30.7 Recurrent related party transactions

There were no other recurrent related party transactions in which aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March, 2015 audited financial Statements, which required additional disclosures in the 2015/16 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	Effective Holding
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%
Tokyo Super Aggregate Ltd	51%

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

32.1 Fair Value of the Financial Instrument Carried at Amortized Cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the financial Statements. This table does not include the fair values of non-financial assets and liabilities.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd..)

	Carrying Amount Rs.	Fair Value Rs.
Financial assets		
Trade receivable	1,845,185,058	1,845,185,058
Other receivables	538,996,866	538,996,866
Financial investments	5,875,593	5,875,593
Cash and cash equivalents	571,724,013	571,724,013
Total financial assets	2,961,781,530	2,961,781,530
Financial liabilities		
Interest bearing borrowings	6,186,281,986	6,186,281,986
Trade and other payables	1,849,716,616	1,849,716,616
Bank overdrafts	423,792,417	423,792,417
Total financial liabilities	8,459,791,019	8,459,791,019

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For the financial assets and financial liabilities that have a short term maturity it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and call deposits without a specific maturity period.

33. EVENTS OCCURRING AFTER THE REPORTING DATE

a) Dividend declaration

The directors have recommended the payment of a first and final dividend Rs.1.35 per share amounting to Rs. 300,712,500 on issued stated capital of Ordinary Voting Shares and Rs.1.35 per share amounting to Rs.150,356,250 on issued stated capital of Non-Voting Ordinary Shares for the year ended 31st March, 2016,which require the approval of the shareholders at the Annual General Meeting to be held on 04th August 2016. In accordance with Sri Lanka Accounting Standards (LKAS) 10 events after the reporting period, this proposed first and final dividend has not been recognized 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. 07 of 2007 and will be obtaining the certificate from the auditors prior to payment of the dividend of Rs.1.35 per Ordinary Voting Shares and Rs.1.35 per Ordinary Non-Voting Shares for the financial year under review.

b) Amalgamation proposal

As per the decision taken by the Board of Directors at the board meeting held on 25th April 2016, Tokyo Cement Colombo Terminal (Pvt) Ltd would be amalgamated with the Company which will come in effect on such a dated as may be decided by the Registrar General of Companies.

34. COMPARATIVE INFORMATION

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

Shareholder & Investor Information

DISTRIBUTION OF VOTING ORDINARY SHARES AS AT 31 st March 2016

Category			No of Holders Nos	Share Holdings Shares	Holding %
1	-	250	869	72,368	0.03%
251	-	500	215	86,272	0.04%
501	-	1,000	327	251,516	0.11%
1,001	-	2,000	420	610,639	0.27%
2,001	-	5,000	477	1,546,760	0.69%
5,001	-	10,000	221	1,587,195	0.71%
10,001	-	20,000	167	2,429,371	1.09%
20,001	-	30,000	66	1,694,194	0.76%
30,001	-	40,000	35	1,229,055	0.55%
40,001	-	50,000	25	1,140,880	0.51%
50,001	-	100,000	62	4,319,929	1.94%
100,001	-	1,000,000	73	22,130,673	9.94%
1,000,001	-	99,999,999	12	185,651,148	83.35%
		TOTAL	2,969	222,750,000	100.00%

DISTRIBUTION OF NON VOTING SHARES AS AT 31 st March 2016

Category			No of Holders Nos	Share Holdings Shares	% Holding %
1	-	250	1046	95,999	0.09%
251	-	500	308	121,952	0.11%
501	-	1,000	362	272,466	0.24%
1,001	-	2,000	460	651,143	0.58%
2,001	-	5,000	466	1,532,177	1.38%
5,001	-	10,000	259	1,915,816	1.72%
10,001	-	20,000	178	2,529,957	2.27%
20,001	-	30,000	78	1,966,644	1.77%
30,001	-	40,000	43	1,486,692	1.33%
40,001	-	50,000	28	1,301,755	1.17%
50,001	-	100,000	62	4,465,523	4.01%
100,001	-	1,000,000	74	22,509,907	20.21%
1,000,001	-	99,999,999	22	72,524,969	65.12%
		TOTAL	3,386	111,375,000	100.00%

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 31st March 2016	No of Shares Held As at 31st March 2015	No of Shares Held As at 31st March 2016	No of Shares Held As at 31st March 2015
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	-	-

Directors / CEO's Shareholdings

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held As at 31st March 2016	No of Shares Held As at 31st March 2015	No of Shares Held As at 31st March 2016	No of Shares Held As at 31st March 2015
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	46,370,300	52,116,302	-	-
Nominee Directors of Foreign Collaborator				
Mr. Shiro Takihara	-	-	-	-
Mr. Hiroki Tsukigawa	-	-	-	-
Independent Non Executive Directors				
Mr. Ranjeevan Seevaratnam	-	-	-	-
Dr. Harsha Cabral	-	-	-	-
Dr. Indrajit Coomaraswamy	-	-	-	-
Mr. Ravi Dias	-	-	-	-
Total Director's Shareholding - Ordinary Shares	107,626,313	113,372,315	59,400	59,400
Total Shares in Issue	222,750,000	222,750,000	111,375,000	111,375,000

Market Value of Shares

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2016 Rs.	31st March 2015 Rs.	31st March 2016 Rs.	31st March 2015 Rs.
Highest price recorded for the twelve months ending	49.60	75.00	41.00	57.70
Lowest price recorded for the twelve months ending	30.20	50.20	24.60	35.70
As at end of the year	37.00	54.90	32.30	37.40

Share trading from 1st April, 2015 to 31st March, 2016

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
No. of transactions	1,052	1,419	919	3,300
No. of shares traded	5,026,752	2,820,284	13,809,054	12,436,884
Value of shares traded (Rs.)	176,420,253	181,176,539	424,012,463	596,497,956

Percentage of Public Shareholding

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
The percentage of shares held by public	28.3%	25.5%	99.9%	99.9%
No of public shareholders	3,001	2,792	3,386	3,520

Twenty largest voting shareholders as at

	31st March 2016		31st March 2015	
	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	46,370,300	20.8%	52,116,302	23.4%
South Asian Investment (Pvt) Ltd	44,850,630	20.1%	44,850,630	20.1%
HSBC Intl Nom Ltd -Ssbt -Wasatch Frontier Emerging	11,467,631	5.1%	8,641,037	3.9%
Capital City Holdings (Private) Limited	6,682,806	3.0%	6,682,806	3.0%
Citibank Newyork S/A Norges Bank Account 2	3,698,809	1.7%	Not in Top 20 list	-
Deutsche Bank Ag-National Equity Fund	3,000,000	1.3%	3,000,000	1.3%
Mariapillai Radhakrishnan (Deceased)	2,742,349	1.2%	2,742,349	1.2%
Cb Ny S/A Wasatch Frontier Emerging Small Countrie	1,886,319	0.8%	1,259,428	0.6%
Deutsche Bank Ag as Trustee for Namal Acuity Value	1,500,000	0.7%	1,500,000	0.7%
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%	1,096,327	0.5%
Ms. Otara Del Gunewardene	957,345	0.4%	688,672	0.3%
Mr. Hamish Winston Mcdonald Woodward	887,346	0.4%	887,346	0.4%
Deutsche Bank Ag-Namal Growth Fund	862,000	0.4%	612,000	0.3%
Mr. Kenneth Rudy Kamon	762,740	0.3%	762,740	0.3%
Union Assurance PLC/No-01A/C	640,777	0.3%	640,777	0.3%
Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	621,242	0.3%	Not in Top 20 list	-
HNB Assurance PLC A/C No2 (Life Insurance Fund)	611,292	0.3%	618,022	0.3%
Mr. Gajendrakumar Gangaser Ponnambalam	594,000	0.3%	Not in Top 20 list	-
TOTAL	191,587,890	86.0%	188,454,413	84.6%

Shareholder & Investor Information

Twenty Largest Non Voting Shareholders as at

	31st March 2016		31st March 2015	
	No of Shares	%	No of Shares	%
Hinl-Jpmcb-Butterfield Trust (Bermuda) Limited	12,746,647	11.4%	12,746,647	11.44%
J.B. Cocoshell (Pvt) Ltd	10,676,765	9.6%	Not in Top 20 list	-
Citibank Newyork S/A Norges Bank Account 2	6,269,466	5.6%	Not in Top 20 list	-
HSBC Intl Nom Ltd-State Street Luxembourg C/O Ssbt	5,689,472	5.1%	4,295,522	3.86%
Employees Provident Fund	4,927,776	4.4%	4,055,452	3.64%
Deutsche Bank Ag as Trustee For Jb Vantage Value E	4,095,505	3.7%	2,833,030	2.54%
Mas Capital (Private) Limited	3,360,859	3.0%	3,360,859	3.02%
Deutsche Bank Ag-National Equity Fund	2,591,100	2.3%	2,591,100	2.33%
Cb Europe PLC Lux S/A East Capital (Lux) - Frontie	2,544,267	2.3%	Not in Top 20 list	-
Deutsche Bank Ag As Trustee for Namal Acuity Value	2,218,863	2.0%	2,218,863	1.99%
Cb London S/A Tundra Frontier Opportunities Fund	2,100,000	1.9%	4,800,000	4.31%
Yoropa Investments (Private) Ltd	2,000,000	1.8%	2,000,000	1.80%
Cb Europe PLC Lux S/A East Capital (Lux) Emerging	1,734,413	1.6%	1,455,000	1.31%
Union Assurance PLC/No-01A/C	1,658,150	1.5%	2,658,150	2.39%
Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	1,509,289	1.4%	2,759,289	2.48%
Pershing Llc S/A Averbach Grauson & Co.	1,484,547	1.3%	Not in Top 20 list	-
Bank of Ceylon No. 1 Account	1,285,557	1.2%	Not in Top 20 list	-
Peoples Bank	1,264,598	1.1%	Not in Top 20 list	-
Cb London S/A Tundra Sustainable Frontier Fund	1,200,000	1.1%	Not in Top 20 list	-
DFCC Bank Plc A/C 1	1,127,096	1.0%	1,127,096	1.01%
TOTAL	70,484,370	63.3%	46,901,008	42.11%

Five Year Summary

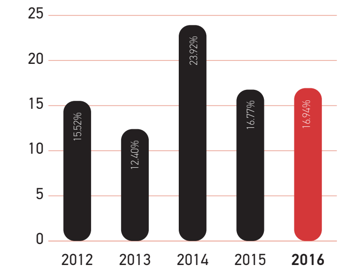
Rs. Mn. Year ended March 31	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
OPERATING RESULTS					
Turnover	30,117	29,674	28,908	27,296	22,927
Gross profit	6,926	6,407	7,217	5,289	4,137
Profit Before Taxation	2,487	2,165	2,627	1,252	1,272
Taxation	(556)	(476)	(453)	(360)	(231)
Profit After Taxation	1,931	1,689	2,156	892	1,041
Minority Interest	-	(48)	(30)	(9)	129
Profit Attributable to Ordinary Shareholder	1,931	1,627	2,126	883	1,170
BALANCE SHEET					
Assets					
Non Current Assets					
Property, Plant & Equipment	12,892	12,426	9,917	9,901	9,681
Capital Work - in - Progress	4,352	372	2,502	701	162
Intangible Assets	83	102	37	20	22
Operating Lease Prepayment	63	68	73	82	87
Total Non Current Assets	17,390	12,967	12,529	10,704	9,952
Current Assets					
Inventories	1,542	1,619	1,870	1,793	1,483
Trade & Other Receivable	2,746	4,358	3,515	1,950	1,871
Cash & Cash Equivalent	572	787	370	369	232
Total Current Aessets	4,860	6,765	5,755	4,112	3,586
Total Assets	22,250	19,731	18,284	14,816	13,538
Equity & Liabilities					
Capital & Reserves					
Stated Capital	2,894	2,894	2,894	2,367	2,367
Reserves	-	-	-	150	150
Retained Earnings	8,528	7,088	6,120	4,678	4,189
	11,422	9,983	9,014	7,195	6,706
Non-controling Interest	49	-	12	(17)	(26)
Total Capital & Reserves	11,471	9,982	9,026	7,178	6,680

Five Year Summary

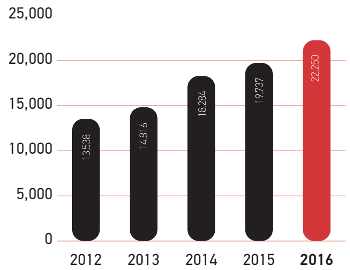
Rs. Mn. Year ended March 31	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Non Current Liabilities					
Interest Bearing Borrowing	2,858	3,061	1,867	1,044	1,553
Deferred Tax	2,207	1,732	1,385	1,095	788
Retirement Benefit Obligations	112	108	81	57	45
Lease Creditors	-	-	-	-	3
Total Non Current Liabilities	5,177	4,901	3,333	2,196	2,389
Current Liabilities					
Trade & Other Liabilities	1,850	2,247	2,007	1,763	1,565
Short Term Borrowings	3,328	2,304	3,479	3,196	2,613
Lease Creditors	-	-	-	-	14
Deferred Revenue - Current Maturity Portion	-	-	-	-	1
Bank Overdraft	424	297	439	483	276
Total Current Liabilities	5,602	4,848	5,925	5,442	4,469
Total Equity and Liabilities	22,250	19,731	18,284	14,816	13,538
INVESTOR INFORMATION					
Earnings Per Share - Voting Ordinary Share (Rs.)	5.78	4.91	6.51	2.68	3.44
Earnings Per Share - Non Voting Ordinary Share (Rs.)	5.78	4.91	6.51	2.68	3.44
Dividend Per Share - Voting Ordinary Share (Rs.)	1.35	1.19	1.50	1.00	1.30
Dividend Per Share - Non Voting Ordinary Share (Rs.)	1.35	1.19	1.50	1.00	1.30
Retun on Equity (%)	16.94	16.77	23.92	12.40	15.52
Interest Cover (Time)	6.34	5.63	5.70	2.79	3.93
Market Price Per Share (Rs.) - Voting	37.00	54.90	36.20	23.50	37.00
Market Price Per Share (Rs.) - Non Voting	32.30	37.40	29.00	17.50	27.00
Price Earnings Ratio (Times)	6.40	10.85	5.57	8.77	10.76
Assets Turnover Ratio (Times)	1.35	1.50	1.58	1.84	1.69
Net Asset Per Share (Rs.)	34.18	29.88	27.01	23.63	21.99

Five Year Summary Graphical Review

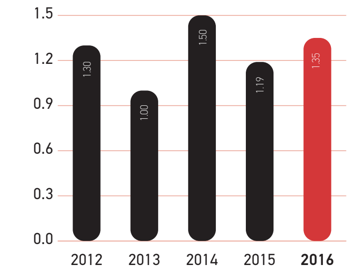
Return on Equity (%)



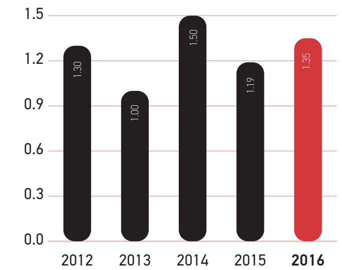
Total Assets (Rs. Mn.)



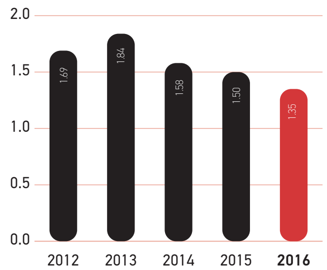
Dividend Per Share - Voting Ordinary Share (Rs.)



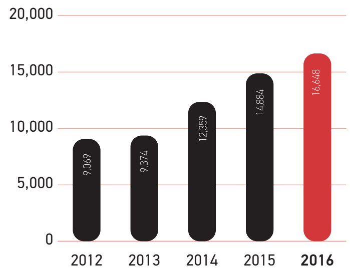
Dividend Per Share - Non Voting Ordinary Share (Rs.)



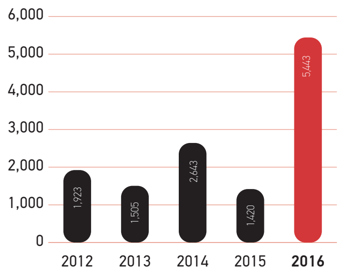
Assets Turnover (Times)



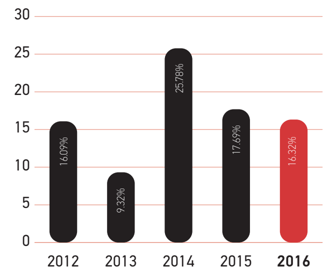
Capital Employed (Rs. Mn.)



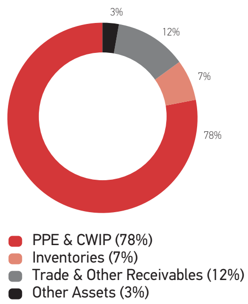
Capital Investment (Rs. Mn.)



Return on Capital Employed (%)

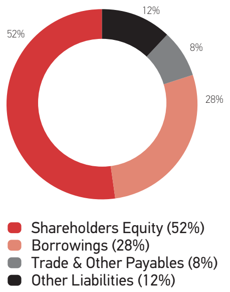


Composition of Asset

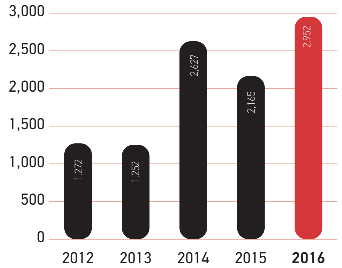


Five Year Summary Graphical Review

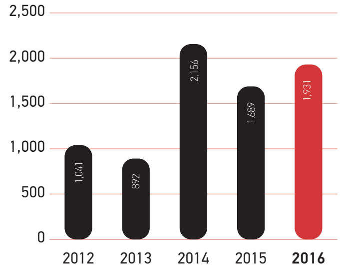
Composition of Liabilities



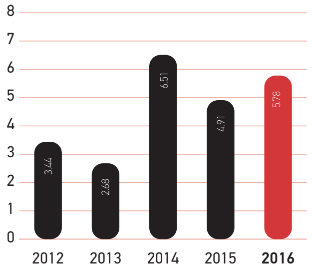
Earnings Before Interest & Tax (Rs. Mn.)



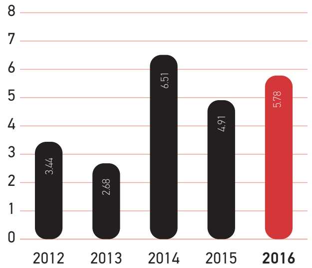
Earnings After Tax & Interest (Rs. Mn.)



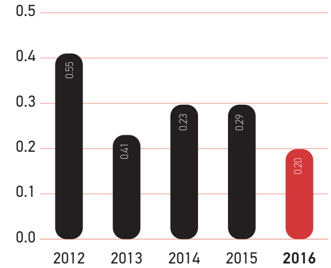
Earnings Per Share - Non Voting (Rs.)



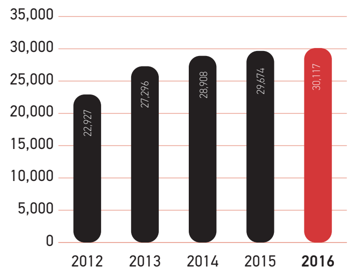
Earnings Per Share - Voting (Rs.)



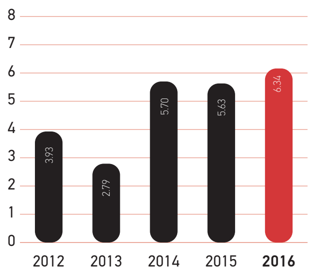
Gearing Ratio (Times)



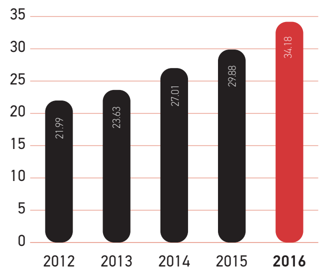
Group Revenue (Rs. Mn.)



Interest Cover (Times)



Net Assets Per Share (Rs.)



Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Fourth Annual General Meeting of the Shareholders of Tokyo Cement Company (Lanka) PLC will be held on Thursday 4th August 2016 at 4.45 p.m at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera 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 31 st March 2016 and the Report of the Auditors thereon.

2. To declare a First and Final dividend of Rs.1.35 per share (voting and non voting) in respect of the Financial Year ending 31 st March 2016 as recommended by the directors.

3. To re-elect Mr. A S G Gnanam who retires by rotation in terms of Article 114 of the Articles of Association.

4. 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)

5 To authorize the Directors to determine contributions to charities

6 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 72 years and that he be re-elected a Director of the Company

7. 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

04th July 2016

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

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 31 st March 2016 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.1.35 per share (Voting and Non Voting) be paid for the year 2015/16.

Resolution 3 **Re-election of Directors**

THAT Mr. A S G Gnanam be and is hereby re-appointed a Director of the Company.

Resolution 4 **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 5 **Donations**

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

Special Business

Resolution 6 **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 72 years and that he be re-elected a Director of the Company

Form of Proxy

VOTING ORDINARY SHARES

For Thirty Fourth Annual General Meeting of

TOKYO CEMENT COMPANY (LANKA) PLC

I/We ....(ID No : ....)

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
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 Fourth Annual General Meeting of the Company to be held on Thursday 4th August 2016 at 4.45 p.m at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera 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 31 st March 2016 and the Report of the Auditors thereon.		
2.	RESOLVED THAT a First and Final dividend of Rs.1.35 per share (voting and Non Voting) be paid for the year 2015/16 as recommended by the Directors.		
3.	To re-elect Mr. A S G Gnanam as a Director of the Company.		
4.	To authorize the Directors to fix the remuneration payable to the Auditors		
5.	To authorize the Directors to determine contributions to charities		
6.	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 .... Dated : / / 2016

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 Fourth Annual General Meeting of

TOKYO CEMENT COMPANY (LANKA) PLC

I/We .... (ID No : ....)

of ....

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

....

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
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 Fourth Annual General Meeting of the Company to be held on Thursday 4th August 2016 at 4.45 p.m at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7 and at any adjournment thereof

Signature of Shareholder/s ....   Dated : / / 2016

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

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
Mr Shiro Takihara	Non Executive Director & Nominee Director of Nippon Coke & Eng. (Appointed on 1st August 2015)
Mr Hiroki Tsukigawa	Non Executive Director & Nominee Director of Nippon Coke & Eng.
Mr. Akira Ikematsu	Non Executive & Nominee Director of Nippon Coke & Eng., (Resigned on 1st August 2015)
Mr W .C Fernando	Executive Director and Group General Manager

COMPANY SECRETARY	:	Seccom (Private) Limited, (Company Secretaries) 1E - 2/1, De Fonseka Place, Colombo 5 T Phone 2590 176 Fax 2 581618 E_Mail kmaahamed@hotmail.com
HEAD OFFICE	:	469 - 1/1 Galle Road, Colombo 3 T Phone 2587 619 Fax 2500 897 Web Site www.tokyocement.lk
SUBSIDIARY COMPANIES	:	Tokyo Super Cement Company Lanka (Private) Limited
	:	Tokyo Cement Power (Lanka) Limited
	:	Tokyo Eastern Cement Company Limited (Project stages)
	:	Tokyo Cement Colombo Terminal (Private) Limited
	:	Tokyo Super Aggregate Limited (Project stage)
AUDITORS	:	BDO Partners, (Chartered Accountants) 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

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