SOLID GROUNDS

TOKYO CEMENT COMPANY (LANKA) PLC

Annual Report 2018/19

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SOLID GROUNDS

"Trees that weather storms, bear the strongest roots"

Since our inception in 1982, we have crafted a legacy surrounding innovation and product excellence. Today, as an industry heavyweight, we at Tokyo Cement have been passionately fuelling our nation's progress, delivering value that would prevail through generations. The investments we have made in state-of-the-art production technologies have further consolidated our leading position in the market, allowing us to expand our capabilities to produce many other industry-firsts.

During the past year, we weathered several political and economic uncertainties that challenged our growth. However, our timely strategies coupled with a committed team helped us withstand difficult times, to place us on solid grounds. Today, we are ready to march into the future, with an unshakeable foundation that will enable sustainable growth.

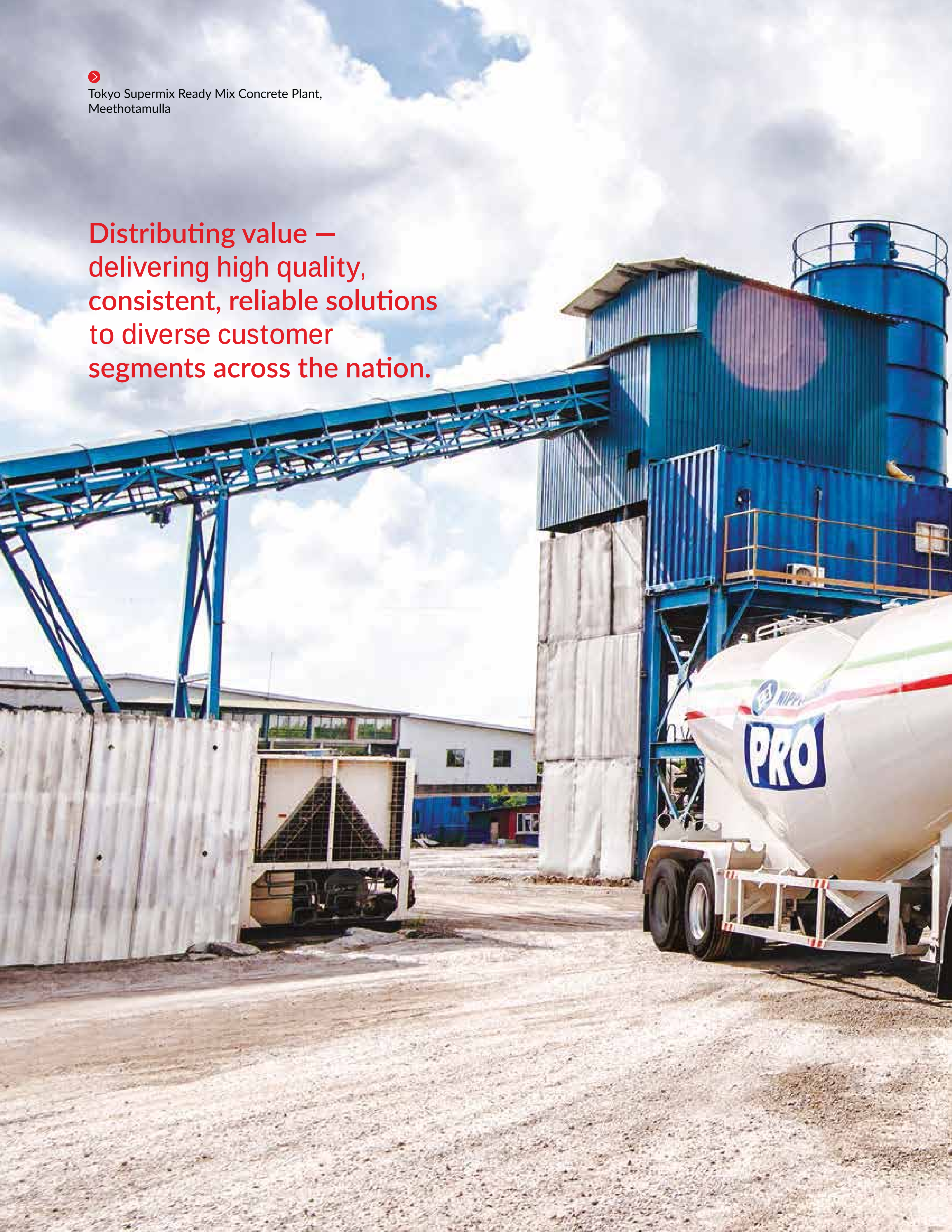
From the deck of Tabernacle Prince, unloading cement at the Colombo Terminal

Moving forward — developing progressive solutions driven by state-of-the-art technology and cutting edge research & development facilities.


TOKYO SUPER

Tokyo Supermix Ready Mix Concrete Plant,
Meethotamulla

Distributing value — delivering high quality, consistent, reliable solutions to diverse customer segments across the nation.




TOKYO SUPERMIX
RENAULT

Expanding Capacity for over 30-years,
Tokyo Cement Factory, Trincomalee

Fuelling national growth and progress through solid foundations — rooted in trust, stability and the continuous improvement of our products.

ABOUT US

Tokyo Cement is intrinsically linked to our nation's growth — delivering state-of-the-art solutions that deliver enduring value.

Tokyo Cement has held its ground against internal and external headwinds, to emerge stronger and more stable. Standing on the solid ground of good governance and consistent quality standards, Tokyo Cement has recorded its highest ever turnover to date, and expanded market share despite strong competition from local and foreign players. The Tokyo Super Blended Hydraulic Cement has taken the market by storm and together with our modern range of innovation products, is driving construction industry advances. The Construction Research Centre (CRC), the only ISO certified cement lab in the country, is now fully operational. While helping to further improve the quality standards of our products, the CRC is already being utilised by multinational consultants, demonstrating the international standard of our facility. Within the highly unfavourable market conditions that prevailed during the year, these encouraging facts clearly demonstrate our potential.

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.

Tokyo Eastern Cement Production Expansion and Jetty Enhancement

OUR HISTORY

1982

Tokyo Cement Company (Lanka) PLC was established as a joint venture between Japan's Mitsui Mining Co. (later acquired by Nippon Coke and Engineering Co.) and Sri Lanka's St. Anthony's Consolidated, under the visionary leadership of Founder Chairman Deshamanya A.Y.S. Gnanam.

1984

Commissions Sri Lanka's first private sector Cement Grinding Mill with a capacity of 30 MT/h, and gets listed on the Colombo Stock Exchange.

2003

Installation of a 70 MT Roller-Press Pre-grinder, first of its kind in Sri Lanka, which increases the total installed capacity of Tokyo Cement Group to 100 MT/h.

2008

Commissions Sri Lanka's first 10 MW Biomass Power Plant in Trincomalee, allowing Tokyo Cement's production to be completely energy independent.

Commissions Sri Lanka's first Vertical Roller Mill at the Tokyo Super Cement plant, which increases the manufacturing capacity by 110 MT/h, pushing Tokyo Cement Group's total capacity to 213 MT/h.

1998

Fuji Cement Company (Lanka) Ltd., fully owned subsidiary of Tokyo Cement Co. commissioned its Cement Grinding Plant, increasing the capacity of Tokyo Cement Group to 60 MT/h, with the installation of automated cement grinding facilities.

2000

Commissions first concrete batching plant in Trincomalee with a capacity of $1m^3$, to construct the Ashroff Jetty, first commercial jetty at China Bay Port.

2002

Commissions the Cement Terminal at the Port of Colombo with an annual capacity of 600,000 MT.

2014

Tokyo Cement Power (Lanka) (Pvt) Ltd commissions Sri Lanka's first large-scale Dendro Power Plant with a 5MW capacity in Mahiyangana.

2015

Commissions TOKYO SUPERSAND, a manufactured sand production plant, that can produce 6000 Cubes of sand per month, with a crushing capacity of 100 MT/h.

2017

Tokyo Eastern Cement Company (Pvt) Ltd., commissions a new plant that adds 1 Million MT to the existing capacity of Tokyo Cement, bringing the total annual production capacity to 2.8 Million MT.

Inauguration of the second Tokyo Eastern Biomass Power Plant in Trincomalee makes us Sri Lanka's single largest non-hydro contributor of renewable energy with a total capacity of 24MW. This investment included; installing a new dry mortar manufacturing plant, commissioning an additional 8 MW biomass power plant to power the increased capacity, and the expansion of Tokyo Cement's private jetty to accommodate larger vessels.

PERFORMANCE HIGHLIGHTS

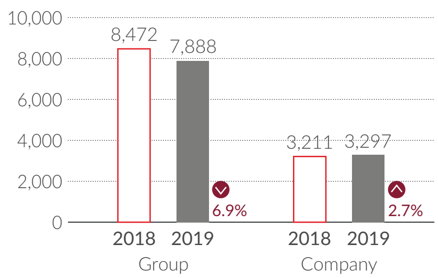
Rs. Mn.	Group 2019	Group 2018	Company 2019	Company 2018
PERFORMANCE				
Turnover	38,496	35,633	22,878	20,649
Cost of Sales	(30,608)	(27,161)	(19,581)	(17,438)
Gross Profit	7,888	8,472	3,297	3,211
Profit/(Loss) Before Tax	(1)	2,572	(1,358)	5,129
Profit/(Loss) After Tax	(476)	2,329	(1,070)	5,129
Total Comprehensive Income	(490)	2,293	(1,080)	5,107
INFORMATION TO SHAREHOLDERS (Rs.)				
Earning Per Share - Voting	(1.23)	6.01	(2.67)	13.16
Earning Per Share - Non Voting	(1.23)	6.01	(2.67)	13.16
Dividend Per Share - Voting	-	-	0.30	1.25
Dividend Per Share - Non Voting	-	-	0.30	1.25
Net Asset Value Per Share	37.22	38.48	34.19	36.88
Market Value Per Share - Voting	20.70	54.00	20.70	54.00
Market Value Per Share - Non Voting	18.50	46.00	18.50	46.00
KEY FINANCIAL INDICATORS				
Gross Profit Margin (%)	20.49	23.78	14.41	15.55
Return on Capital Employed (ROCE) (%)	8.21	15.34	(0.83)	28.01
Interest Cover (Times)	1.00	3.65	0.14	8.48
Price Earnings Ratio - Voting	-	8.99	-	4.10
Price Earnings Ratio - Non Voting	-	7.65	-	3.50
Current Ratio	0.66:1	0.70:1	0.60:1	0.88:1
Quick Asset Ratio	0.43:1	0.47:1	0.41:1	0.68:1
Dividend Payout Ratio (%)	-	-	-	9.50

Turnover
Rs. 38.5 Bn
2017/18: Rs. 35.6 Bn

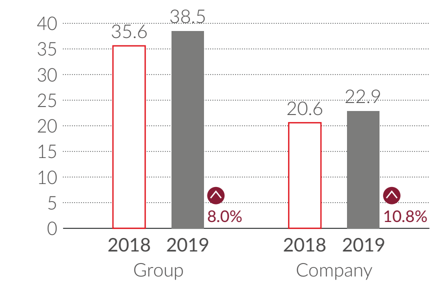
Gross Profit
Rs. 7.9 Bn
2017/18: Rs. 8.5 Bn

Profit from Operations
Rs. 1.8 Bn
2017/18: Rs. 3.5 Bn

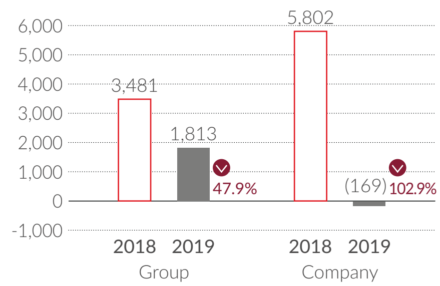
Gross Profit
(Rs. Mn)



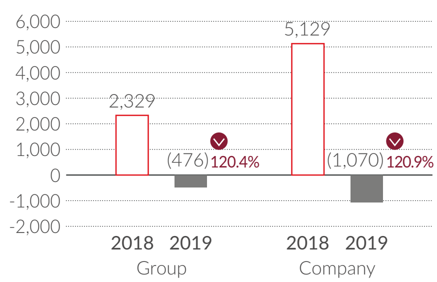
Revenue
(Rs. Bn)



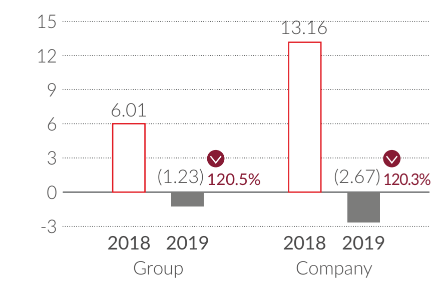
Profit/(Loss) from Operations
(Rs. Mn)



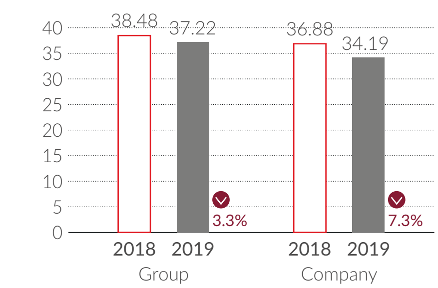
Post Tax Profit/(Loss)
(Rs. Mn)



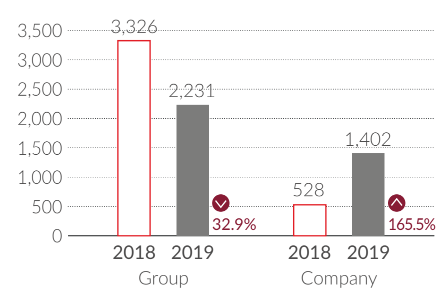
Earning Per Share
(Rs.)



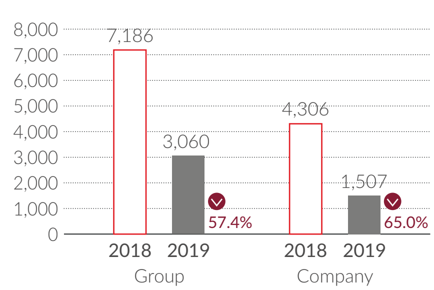
NAV Per Share
(Rs.)



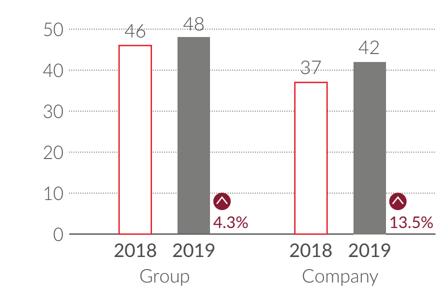
Cash Generated from Operations
(Rs. Mn)



Capital Expenditure
(Rs. Mn)



Gearing Ratio
(%)



Cash Generated from Operations

Rs. 2.2 Bn

2017/18: Rs. 3.3 Bn

Capital Expenditure

Rs. 3.1 Bn

2017/18: Rs. 7.2 Bn

Gross Profit Margin

20.49%

2017/18: 23.78%

OUR PRODUCTS

OUR PRODUCTS

NIPPON CEMENT

BLENDED HYDRAULIC CEMENT

NIPPON CEMENT BHC is the premium brand of blended hydraulic cement manufactured by the Tokyo Cement Group, which confirms to SLS 1247:2015 strength class 42.5 N standard specifications.

The unique blend of NIPPON CEMENT BHC achieved by using fly ash, results in a blended cement that gains more strength over time, making it ideal for mega constructions and mass concreting. The fine blend creates more refined pores in the concrete, which makes it denser and compact, making it ideal for high-rises. This also reduces the rise of temperature in the concrete mix and prevents thermal cracking in mass concreting. Other benefits include sulphate resistance, and long-term protection of steel reinforcements against chemical attacks, assuring durable constructions in harsh environments (Marine, Marshy Lands, High-Sulphate Soils etc.)

Furthermore, up-cycling top-grade Fly Ash, a waste byproduct of coal power generation, makes NIPPON CEMENT BHC one of the most sustainable and greenest cements in the market.

	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**NIPPON BHC Strength Class 42.5 N**	**SLS 1247:2015 Strength Class 42.5 N**
Sulphur Tri Oxide (SO_3) %	2.0	Max 3.00
Chloride (Cl^-) %	0.01	Max 0.10
Physical Components	**NIPPON BHC Strength Class 42.5 N**	**SLS 1247:2015 Strength Class 42.5 N**
Specific surface area cm^2/g	4000	-
Compressive strength (2 Days) N/mm^2	18.0	Min 10.0
Compressive strength (28 Days) N/mm^2	47.4	42.5 - 62.5
Standrad consistency %	31.0	-
Initial setting time (h:m)	03:00	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10
Sulphate Resistance Expansion at 180 days	0.04	Max : 0.10 (ASTM C 1012 STD)

NIPPON CEMENT

ORDINARY PORTLAND CEMENT

NIPPON CEMENT is the premium brand of Ordinary Portland Cement (OPC) manufactured by Tokyo Cement Group. NIPPON CEMENT OPC meets the stringent quality requirement specified by Sri Lanka Standard SLS 107:2015 Strength Class 42.5 R for Ordinary Portland Cement.

The Cement is suitable for structural and pre-cast concrete requiring high compressive strength.

Furthermore, as an R type cement, NIPPON CEMENT OPC can develop strength rapidly. It can be used as a general purpose cement as well.

NIPPON CEMENT OPC is compatible with most of the admixtures complying with BSEN and ASTM standards.

	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**NIPPON OPC Strength Class 42.5 R**	**SLS 107:2015 Strength Class 42.5 R**
Sulphur Tri Oxide (SO_3) %	2.3	Max 4.0
Chloride (Cl^-) %	0.01	Max 0.10
Physical Components	**NIPPON OPC Strength Class 42.5 R**	**SLS 107:2015 Strength Class 42.5 R**
Specific surface area cm²/g	3200	-
Compressive strength (2 Days) N/mm²	25.8	Min 20.0
Compressive strength (28 Days) N/mm²	53.0	42.5 - 62.5
Standrad consistency %	30.0	-
Initial setting time (h:m)	2:30	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10

NIPPON CEMENT PRO

The bulk cement brand of Tokyo Cement Group, NIPPON CEMENT PRO is a high performance cement specially formulated for skyscrapers, super structures and large-scale projects that require high quality and ultra-strong concrete.

With the boom in demand for residential and commercial space in an already bustling metropolitan with limited land, the answer has been to build vertically and create architectural marvels that can house growing economic activities. With buildings that rise beyond 30 floors becoming the norm, NIPPON CEMENT PRO offers contractors, real estate developers and consultants, a high-strength concrete (exceeding C100) for condominiums, hotels and city centers that reach in excess of 50 floors. Because the concrete produced using NIPPON CEMENT PRO delivers a higher strength, it reduces the need for thicker columns, allowing for more open spaces that maintain the aesthetic appeal of built environments.

Another advantage of using NIPPON CEMENT PRO is its ability to maintain a stable temperature, which helps prevent thermal cracking and reduce the amount of water required to cool the concrete, two critical success factors in mass concreting.

	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**NIPPON CEMENT PRO Strength Class 42.5 N**	**SLS 107:2015 Strength Class 42.5 N**
Sulphur Tri Oxide (SO_3) %	2.1	Max 3.50
Chloride (Cl^-) %	0.01	Max 0.10
Physical Components	**NIPPON CEMENT PRO Strength Class 42.5 N**	**SLS 107:2015 Strength Class 42.5 N**
Specific surface area cm²/g	3300	-
Compressive strength (2 Days) N/mm²	22	Min 10.0
Compressive strength (28 Days) N/mm²	55	42.5 - 62.5
Standrad consistency %	30.00	-
Initial setting time (h:m)	2:40	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10

TOKYO SUPER

BLENDED HYDRAULIC CEMENT

TOKYO SUPER is a Blended Hydraulic Cement that proudly boasts the highest 100 day strength, corrosion protection that shields reinforcement from decay, suitable for building in marshy, marine and flooding conditions. Blended Fly Ash content in TOKYO SUPER BHC makes it the Greenest Cement in the market with the lowest carbon footprint.

TOKYO SUPER BHC is produced to conform to SLS 1247:2015 Strength Class 42.5 N standard specification. This cement is highly resistant to chemical attacks and suitable for concreting and mortar in marine sulphate containing soil environments. The cement is a low heat cement and can be used for mass scale concreting.

	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**Tokyo Super BHC Strength Class 42.5 N**	**SLS 1247:2015 Strength Class 42.5 N**
Sulphur Tri Oxide (SO_3) %	2.0	Max 3.00
Chloride (Cl-) %	0.01	Max 0.10
Physical Components	**Tokyo Super BHC Strength Class 42.5 N**	**SLS 1247:2015 Strength Class 42.5 N**
Specific surface area cm^2/g	3900	-
Compressive strength (2 Days) N/mm^2	17.0	Min 10.0
Compressive strength (28 Days) N/mm^2	47.0	42.5 - 62.5
Standrad consistency %	31.50	-
Initial setting time (h:m)	03:05	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10
Sulphate Resistance Expansion at 180 days	0.04	Max : 0.10 (ASTM C 1012 STD)

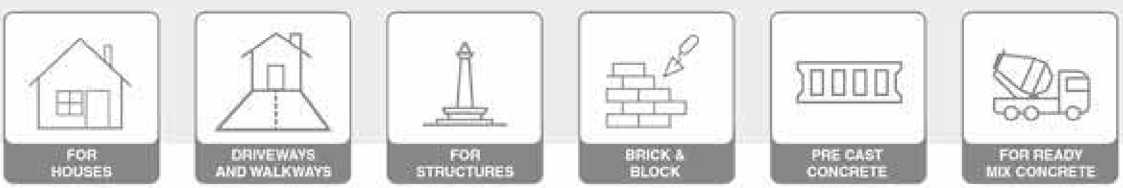
TOKYO SUPER

ORDINARY PORTLAND CEMENT

TOKYO SUPER brand Ordinary Portland Cement is a general purpose cement which can be used in the production of all types of concrete used in structural and non-structural applications. TOKYO SUPER OPC meets the stringent quality requirement specified by Sri Lanka Standard SLS 107:2015 Strength Class 42.5 N for Ordinary Portland Cement.

Typical applications of TOKYO SUPER OPC include concrete slabs, driveways, mortars for brick and block work.

TOKYO SUPER OPC is compatible with most of the admixtures complying with BSEN and ASTM standards.



	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**Tokyo Super OPC Strength Class 42.5 N**	**SLS 107:2015 Strength Class 42.5 N**
Sulphur Tri Oxide (SO_3) %	2.32	Max 3.50
Chloride (Cl^-) %	0.01	Max 0.10
Physical Components	**Tokyo Super OPC Strength Class 42.5 N**	**SLS 107:2015 Strength Class 42.5 N**
Specific surface area cm²/g	3100	-
Compressive strength (2 Days) N/mm²	20.2	Min 10.0
Compressive strength (28 Days) N/mm²	50.3	42.5 - 62.5
Standrad consistency %	30.80	-
Initial setting time (h:m)	2:30	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10

TOKYO SUPERBOND

TILE ADHESIVE (STANDARD SET)

TOKYO SUPERBOND TILE ADHESIVE (STANDARD SET) is a thin set cement based tile adhesive, which can be used for fixing ceramic, porcelain terracotta, granite tiles etc. on mortar screed or concrete base.

TOKYO SUPERBOND TILE ADHESIVE (STANDARD SET) can be used for fixing tiles on walls and floors. Highly workable mix with high water retention capability make fixing tiles on floors and walls easier, economical and resulting a high bond strength.

COVERAGE AREA
50ft²
3mm thickness

JUST ADD WATER

25KG

Chemical components	Test Method	Standard Set	BS EN Requirements
Pot life (h)		2:00	-
Slip (mm)	EN 1308	0	≤ 0.5

Tensile Adhesion Strength (N/mm²)	Test Method	Standard Set	BS EN Requirements
After Water Immersion (After 5min, 28 days)	BS EN 1348	0.95	≥ 0.5
After Heat Aging (After 5min, 28 days)	BS EN 1348	0.7	≥ 0.5
Initial (After 5 min, 28 days)	BS EN 1348	0.85	≥ 0.5
Open Time (After 20 min, 28 days)	BS EN 1346	0.62	≥ 0.5

TOKYO SUPERBOND

TILE ADHESIVE (HIGH PERFORMANCE)

TOKYO SUPERBOND HIGH PERFORMANCE tile adhesive is specially formulated to result high bonding strength. In addition to using this adhesive for fixing all types of tiles, it is highly recommended for fixing large format tiles as much as 6ft x 3ft porcelain or fully vitrified tiles on floors and walls.

This adhesive is suitable for fixing tiles on an existing tiled or cemented floor without breaking. Suitable for tiling kitchens and bathrooms where hot water is used frequently.

COVERAGE AREA 50ft² 3mm thickness

JUST ADD WATER

25KG

REST TIME 24 HOURS | MAX. TILE SIZE 6FT X 3FT | OVER OLD FLOORS | INDOOR & OUTDOOR USE | BATHROOMS & KITCHENS | EASY APPLICATION | WALLS & FLOORS | SWIMMING POOLS

Chemical components	Test Method	High Performance	BS EN 12004:2007 type C2
Slip (mm)	EN 1308	0	≤ 0.5
Pot life (h)		2.00	

Tensile Adhesion Strength (N/mm²)	Test Method	High Performance	BS EN Requirements
After Water Immersion (After 5min, 28 days)	BS EN 1348	1.32	≥ 1.0
After Heat Aging (After 5min, 28 days)	BS EN 1348	1.1	≥ 1.0
Initial (After 5 min, 28 days)	BS EN 1348	1.5	≥ 1.0
Open Time (After 20 min, 28 days)	BS EN 1346	1.05	≥ 1.0

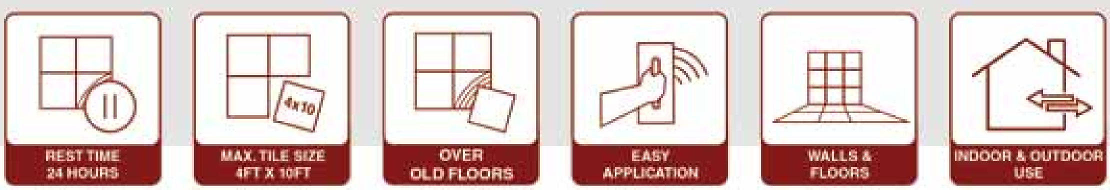
OUR PRODUCTS

TOKYO SUPERBOND

TILE ADHESIVE (PREMIUM)

Specially formulated tile adhesive to lay large format tiles. This adhesive is suitable for fixing any floor and wall tiles (6ft x 3ft or 10ft x 4ft) on new or existing tiled or cemented surfaces.

COVERAGE AREA
25ft^2
6mm thickness



Chemical components	Test Method	Premium	BS EN Requirements
Slip (mm)	EN 1308	0	≤ 0.5
Pot life (h)		2:00	-

Tensile Adhesion Strength (N/mm²)	Test Method	Premium	BS EN Requirements
After Water Immersion (After 5min, 28 days)	BS EN 1348	1.7	≥ 1.0
After Heat Aging (After 5min, 28 days)	BS EN 1348	1.17	≥ 1.0
Initial (After 5 min, 28 days)	BS EN 1348	1.9	≥ 1.0
Open Time (After 20 min, 28 days)	BS EN 1346	1.12	≥ 1.0
Extended Open Time (After 30 min, 28 days)	BS EN 1346	0.56	≥ 0.5

TOKYO SUPERSEAL

WATERPROOFER

TOKYO SUPERSEAL WATER PROOFER is a cement based material suitable for interior or exterior surfaces where water proofing is required.

TOKYO SUPERSEAL WATER PROOFER is highly resistant to standing water or wind driven rain water and intended for use in vertical, horizontal, and overhead surfaces. Typical uses are in water sealing bathrooms, overhead slabs, walls, joints etc.

COVERAGE AREA
60ft^2
3mm thickness

JUST ADD WATER

25KG

Characteristics	Test Method	Tokyo Superseal	Specifications
Flow (Initial)	TCCL INN - 05	240	-
Flow (Pot life)	TCCL INN - 05	220	> 150
Flexural Strength - 1 day (N/mm^2)		3.8	-
Flexural Strength - 28 days (N/mm^2)	BS EN 1015-11	13.8	> 8
Compresive Strength - 1 day (N/mm^2)		8.7	-
Compresive Strength - 28 days (N/mm^2)	BS EN 1015-11	24.2	> 15
Water Penetration (mm)	DIN 1048 (Part 5)	0	5

TOKYO SUPERCAST

PLASTER MASTER (REGULAR)

Just add water, mix and apply. Good workability, no dropping of mortar during plaster, easy to spread resulting in a high strength plaster with no hairline cracks. The smooth surface of the Tokyo Supercast plaster requires hardly any skim coating before painting.

Can add mineral pigments to make coloured plaster surfaces that do not require painting.

COVERAGE AREA
14ft²
12.5 mm thickness

Characteristics	Test Method	Tokyo Supercast Regular	Specifications
Flexural Strength - 3 days (N/mm^2)	-	3.0	-
Flexural Strength - 28 days (N/mm^2)	BS EN 1015-11	4.8	> 1.5
Compresive Strength - 3 days (N/mm^2)	-	4.5	-
Compresive Strength - 28 days (N/mm^2)	BS EN 1015-11	6.5	> 3
Adhesion Strength - 3 days (N/mm^2)		0.48	
Adhesion Strength - 28 days (N/mm^2)	BS EN 1015-12	0.78	> 0.25

TOKYO SUPERCAST

PLASTER MASTER (WEATHERSHIELD)

Specially formulated for external applications. Waterproofing capability of this product prevents dampness of external walls resulting from wind driven rain.
Economical and easy to apply. Can be mixed with colour pigments that are uv resistant, maintaining the colour longer than traditional painting.

COVERAGE AREA
14ft²
12.5 mm thickness

Characteristics	Test Method	Tokyo Supercast Weathershield	Specifications
Flexural Strength - 3 days (N/mm²)	-	2.8	-
Flexural Strength - 28 days (N/mm²)	BS EN 1015-11	4.0	> 1.5
Compresive Strength - 3 days (N/mm²)	-	4.2	-
Compresive Strength - 28 days (N/mm²)	BS EN 1015-11	5.7	> 3
Adhesion Strength - 3 days (N/mm²)		0.32	
Adhesion Strength - 28 days (N/mm²)	BS EN 1015-12	0.73	> 0.25

OUR PRODUCTS

TOKYO SUPERCAST

PLASTER MASTER (WHITE)

This new wall plastering formula comes with numerous advantages including higher efficiency, reduced labour requirement, elimination of entire wasteful processes and ultimately lower costs. This revolutionary product requires only one coat of application, removes the requirement of waiting for the plaster to set for a week and completely does away with the requirement of a traditional application of a skim coat for interior walls before painting. These features contribute towards significant cost savings, reduction in labour requirement, and considerable time savings for efficiency gains in construction projects.

COVERAGE AREA
12ft²
12.5mm thickness

JUST ADD WATER

25KG

Characteristics	Test Method	Tokyo Supercast White	Specifications
Flexural Strength - 3 days (N/mm²)	-	2.1	-
Flexural Strength - 28 days (N/mm²)	BS EN 1015-11	4.2	> 1.5
Compresive Strength - 3 days (N/mm²)	-	2.6	-
Compresive Strength - 28 days (N/mm²)	BS EN 1015-11	6.5	> 3
Adhesion Strength - 3 days (N/mm²)		0.3	
Adhesion Strength - 28 days (N/mm²)	BS EN 1015-12	0.78	> 0.25

TOKYO SUPERSET

SCREED MORTAR

TOKYO SUPERSCREED 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 walks, parking decks and ramps.

The recommended thickness is 5-20 mm and product coverage is 15 sq. ft with 12.5 mm thickness per 25kg. Sudden drying after laying Superscreed will result in shrinkage cracks.

Excess water will result in lower strength.

COVERAGE AREA
15ft²
12.5 mm thickness

JUST ADD WATER

25KG

Characteristics	Test Method	Tokyo Superset Screed Mortar	Specifications
Flexural Strength - 3 days (N/mm²)	-	9.1	-
Flexural Strength - 28 days (N/mm²)	BS EN 13892-2	12.2	> 8
Compresive Strength - 3 days (N/mm²)	-	21.5	-
Compresive Strength - 28 days (N/mm²)	BS EN 13892-2	18.0	> 20
Adhesion Strength - 3 days (N/mm²)		26.5	
Adhesion Strength - 28 days (N/mm²)	BS EN 13892-8	0.78	> 0.5

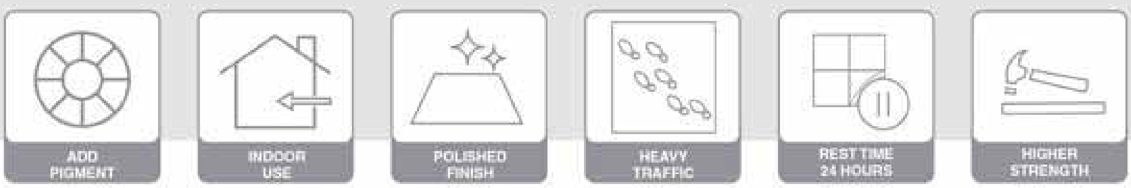
TOKYO SUPERFLOW

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 leveled 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. Apply two coats of primer before laying the product. Recommended thickness of coating for a floor is between 5-10 mm.

Water addition levels for mixing, Temperature of floor and surrounding, covering the area quickly after laying and application of hardener are the critical areas to be considered before laying.

COVERAGE AREA
40ft²
5mm thickness



Characteristics	Test Method	Tokyo Superflow Flooring Compound	Specifications
Flow (Initial)	TCCL INN - 05	280	-
Flow (Pot life)	TCCL INN - 05	250	> 150
Flexural Strength - 1 day (N/mm^2)	-	6.2	-
Flexural Strength - 28 days (N/mm^2)	BS EN 13892-2	18.3	> 10
Compresive Strength - 1 day (N/mm^2)	-	15.6	-
Compresive Strength - 28 days (N/mm^2)	BS EN 13892-2	30.1	> 20
Adhesion Strength - 1 day (N/mm^2)		0.58	
Adhesion Strength - 28 days (N/mm^2)	BS EN 13892-8	1.52	> 0.7
Dimensional Stability After 7 Days (%)	(JASS 15M - 103)	0.001	< 0.12
Surface Shore D - 24 hours (µm)	DIN EN 13892 - 5	76	-

TOKYO SUPERSET

BLOCK BOND

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

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

TOKYO SUPER 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.

TOKYO SUPER BLOCK BOND is to be used 5 mm thick over conventional jointing mortar of 12 – 18 mm thickness.

Characteristics	Test Method	Tokyo Superset Blockbond	Specifications
Flexural Strength - 3 days (N/mm²)	-	2.5	-
Flexural Strength - 28 days (N/mm²)	BS EN 1015-11	4.1	> 1.5
Compresive Strength - 3 days (N/mm²)	-	3.4	-
Compresive Strength - 28 days (N/mm²)	BS EN 1015-11	5.8	> 2.5
Adhesion Strength - 3 days (N/mm²)		0.62	
Adhesion Strength - 28 days (N/mm²)	BS EN 1015-12	0.86	> 0.5

OUR PRODUCTS

TOKYO SUPERMIX

PRE MIX CONCRETE

Consists of a mix of river sand, metal aggregate (5 – 20mm) by weight basis and cement in separate bags. Only necessary to add required quantity of water to make a workable concrete mix.

Equivalent concrete grade is G20. TOKYO SUPERMIX PREMIX CONCRETE can be used for slabs, driveways, pavements etc. Available in 50kg bag. 30 bags can cover an area of 10ft x 10ft x 0.25ft.

Other strength grades of concrete can be supplied upon request.

COMPRESSIVE STRENGTH

Mixing water (Litres)	Slump test (mm)	3 day strength	7 day strength	28 day strength
4 lts	90 mm	15 (N/MM²)	20 (N/MM²)	30 (N/MM²)
4.5 lts	130 mm	14 (N/MM²)	17 (N/MM²)	24 (N/MM²)
5 lts	165 mm	12 (N/MM²)	16 (N/MM²)	21 (N/MM²)

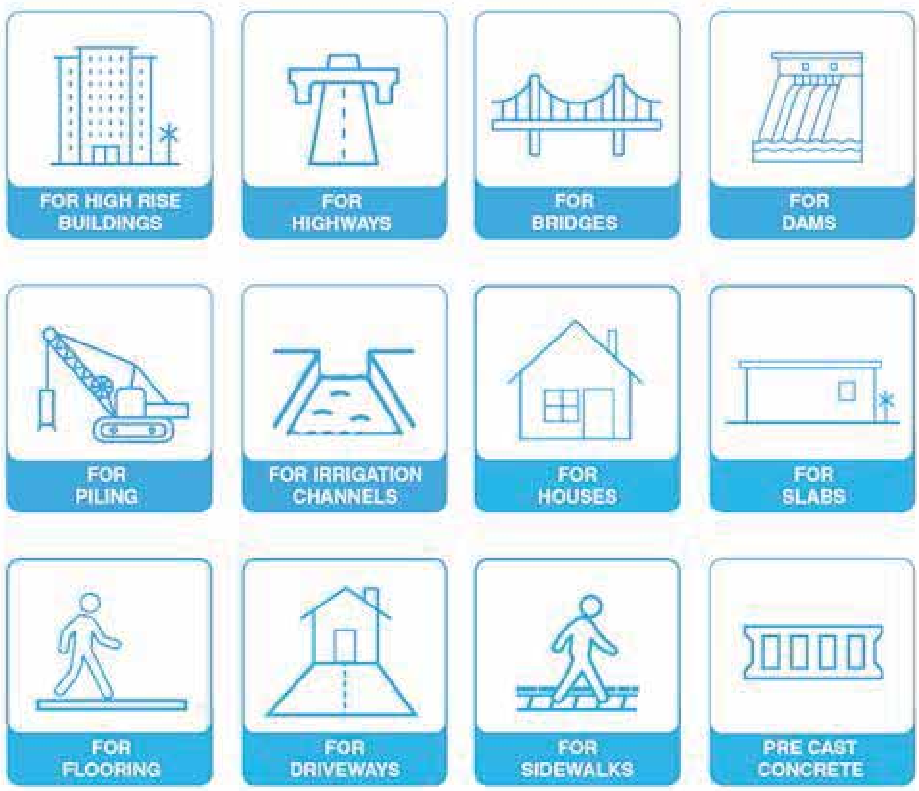
TOKYO SUPERMIX

CONCRETING CONFIDENCE

TOKYO SUPERMIX is about building confidence. What we offer is not just a concrete mix, but the concrete confidence that your finished project, be it residential or commercial in nature, will reach its fullest potential. What sets us apart is our commitment to maintaining consistent quality across our products coupled with exceptional customer service in all aspects. By cultivating the right quality in concrete, we guarantee our consumers the peace of mind and confidence to expand further and reach greater heights.

TOKYO SUPERMIX, the nation's most trusted brand of Ready Mix Concrete is produced by the TOKYO CEMENT GROUP: the leading manufacturer of high quality cement. Unlike any other ready-mix manufacturer in Sri Lanka, this allows for unprecedented vertical integration and total control over our entire production process.

RECOMMENDED FOR



SOWING THE SEEDS OF SUCCESS

Executive Reviews

CHAIRMAN'S STATEMENT

I am pleased to note that even under the most severe conditions, Tokyo Cement has held its ground, supported by the Company's strong roots and traditions.

Dr. Harsha Cabral, PC
Chairman

On behalf of the Board of Directors, it is my pleasure to welcome our shareholders to the 37th annual general meeting of Tokyo Cement Company (Lanka) PLC and to present the audited accounts and annual report of the Company for the financial year 2018-19.

I am pleased to note that even under the most severe conditions, Tokyo Cement has held its ground, supported by the Company's strong roots and traditions. In a highly unfavourable business environment, we remained focused on enhancing our quality and operations, to strengthen our competitiveness and create value for our stakeholders. Our efforts have paid off, with Tokyo Cement recording market share gains and growth in revenues, in a shrinking market.

Tokyo Cement's disappointing financial performance for the year, in which the Group recorded a net loss of Rs. 475.97 million, is directly linked to extraneous factors that were unforeseeable and unavoidable. While the Group has invested heavily on capital projects, return on investments did not accrue to the expected levels due to projected cash flows not materializing, as market conditions worsened during the year. Anticipated payback from infrastructure development projects, including expansion of the jetty in Trincomalee, the state-of-the-art Technical Centre, and even from new manufacturing plants, could not be achieved, due to dramatic fall in demand.

It is for these above reasons that we have, for the first time, included an Economic Analysis in our annual report. I urge our stakeholders to spend a moment reading this chapter, to better understand the macro environment that prevailed during the financial year 2018-19. In addition, the Managing Director has also put into perspective, in his review, how the ongoing political and economic climate contributed to the erosion of our financial performance.

The Big Picture

The most detrimental external aspect for Tokyo Cement, was the unexpected rate of rupee depreciation. While we make allowances for exchange control risks in our budgets, the massive 16% depreciation of the rupee against the US dollar was an aberration that took the entire country by surprise. As we are entirely import dependent; our foreign exchange exposure considerably increased the cost of clinker, bags, and freight, over the course of the year. This loss was compounded by local retail losses, as cement is a price controlled commodity and we had to absorb the production cost increase, until a Maximum Retail Price increase revision was approved. Whilst cement prices remained relatively stagnant over this period, steel which has no such controls, drastically increased prices by 45% in the same period.

Throughout the year, the construction sector suffered from liquidity constraints due to delays, or non-payment of government contracts. Consequently, throughout the country, many smaller players in the distribution network went out of business, as contractors and subcontractors of government projects could not settle their dues. As a large share of the informal labour market is employed in the construction industry, households have also started to feel the pinch, which is now causing a ripple effect across the broader economy in the form of declining consumer spending. Tokyo Cement meanwhile, was hit by a double negative of rising bad debt losses - due to some of our business partners going out of business - and lowering revenues - as people postponed construction plans.

Production Growth

7.63%

2017/18 - 2.98%

Market Share

33%

2017/18 - 31%

Our Progress

Against this bleak backdrop, the Tokyo Cement Group recorded its highest ever turnover to date, reaching Rs. 38.49 billion, backed by a production increase of 7.63%. While the construction sector and cement market contracted, the Tokyo Cement brands not only retained market leadership, but also expanded market share to 33%, despite strong competition from local and foreign players. These are indeed encouraging facts, and signal our potential. The credit for this commendable performance should go to the Tokyo Cement family starting from the most junior employee, up to the Managing Director.

We have also continued to press forward in our drive to be the best in the industry. The Construction Research Centre (CRC), the only ISO certified cement and concrete laboratory in the country, is now fully operational. While helping to further improve the quality standards of our products, the CRC is already being utilised by multinational consultants, demonstrating the international standards of our facility.

In our manufacturing facility in Trincomalee, we have fully operationalised a state-of-the-art pumping system that makes it possible to transfer finished products directly into our ships. In the fourth quarter of the 2018-19 financial year, we initiated a coastal shipping route from Trincomalee to Colombo to transport our products, which is far more efficient than road transport and allows us to utilise our expanded capacity in Trincomalee, to reduce the imported cement component.

In the second quarter of 2018, we commenced operations of our fly ash separator to develop the highest quality of Blended Hydraulic Cement (BHC). BHC, which was formally launched in 2018, has captured market share rapidly and already accounts for 35% of our market mix. Our Innovations range continues to expand its growth through the introduction of new plastering solutions and large format tile adhesives to the market.

We have also continued to benefit from technology transfers from our technical partner UBE Japan, which is known internationally for the highest standards of cement and concrete. A technical team from UBE was stationed in Sri Lanka, working with our teams to improve quality and production efficiency. In addition, we have continued to send our engineers to UBE for training on quality control, production efficiency and maintenance management. Under UBE's technical guidance, our cement and concrete have surpassed international quality standards. Therefore, I believe we are on the right path, to achieving our objective of being the best in cement and concrete manufacturing.

The other Tokyo Cement Group subsidiaries have also continued to grow during the year. Tokyo Supermix recorded a 18% increase in turnover, the innovations product division recorded a 23% growth, while Tokyo Cement Power achieved a 14% turnover growth. As sand prices remain highly volatile and present many quality challenges, Tokyo Super Aggregate has become a key component of our value creation chain by facilitating control over quality, quantity and price for our Ready Mix operations. During the year, we continued to invest in improving production systems and mitigating environmental impacts from our aggregates business.

Cost controls have been a priority during the year, and I am happy to report that we have made tangible gains in negotiating with international suppliers on raw materials

CHAIRMAN'S STATEMENT

While the construction sector and cement market contracted, the Tokyo Cement brand not only retained market leadership, but also expanded market share to 33%, despite strong competition from local and foreign players.

and have also expanded our supplier base. We have been able to get the best prices for clinker, while also maintaining uninterrupted supplies of paper for cement bags, despite a global paper shortage. Locally, our strong financial controls have been an advantage to obtain the best credit lines from banks.

Governance and Compliance

As always, the Tokyo Cement Group has been highly cognisant of all compliance requirements stemming from applicable laws. All compliance aspects have been discharged on time, and the Group did not face any fines or penalties during the year for non compliance, or delays in compliance, with any applicable regulations. We are fully compliant with all listing rules of the Colombo Stock Exchange and with the Code of Best Practice on Corporate Governance.

I would like to add that our governance standards, including internal controls and risk management systems have been strengthened during the year, to enhance our resilience to external shocks. Our cash flows are continually monitored and we keep a close eye on market developments to maintain sustainable cash flows. Although we have had to make a large bad debts provision this year, I would like to clarify that our exposure is comparatively low, due to our policy of a cautious and steady market expansion. In addition, we have upgraded our IT systems and introduced new administrative processes that have sharpened oversight of our operations to improve cost and operational efficiencies. Please refer our IT and Human Resources chapters for details on these improvements.

Therefore, in no way have we allowed the weak economic conditions to weaken us. I believe we are actually stronger now, in terms of managing our resources, than we were one year ago. We will continue to focus on these areas, to make Tokyo Cement more competitive as we move forward.

Sustainable Growth

Tokyo Cement has a tradition of caring for all our stakeholders and a philosophy of growing our business sustainably. In line with our business ethic, we have adopted a policy of long-term interventions in selected sustainability projects, that generate lasting returns. These projects include investing in alternative energy generation, environmental conservation projects and many welfare programmes. During the current financial year, we continued to expand these initiatives to increase positive impacts of our business on wider society.

From spearheading biomass power for industrial applications, we are now tapping into solar energy, with a 600kW plant that will continue to reduce our carbon footprint, despite large scale expansion of manufacturing capacity.

Our environmental conservation programmes, which includes coral reef rehabilitation and mangrove reforestation, continued to expand and gain support during the year. Our cricketing-talent development project was given a new lease of a life by signing another 5-year MOU with the Foundation of Goodness, which will ensure training and exposure to develop the country's next-generation of cricketers. Details regarding these projects can be found in the Sustainability Report of this annual report.

Looking to the Future

The uncertainties surrounding the outcome of not just one, but three sets of elections, we cannot expect the construction sector and the cement market to bounce back within 2019 or even in early 2020. The country's private sector and foreign investors will remain cautions until there is some decisive conclusion to the elections, and the wining party's policies are clearly articulated. Therefore, our shareholders must have realistic expectations from the Company for the financial year 2019-20. What I can say however, is that the Company has taken all possible steps in order to improve our performance.

Over the medium term, household demand for cement can be expected to recover, whilst private projects and national development projects are beginning to resume. Tokyo Cement has by now, the infrastructure and capacity in place, to cater to this demand. Therefore, I am more positive of the medium term outlook. On our end, we will continue to strengthen our backward and forward integrations to ensure Tokyo Cement's ability to compete with larger international entrants.

I would like to conclude on an optimistic note by thanking the Tokyo Cement team and our technical partner, UBE Industries for their support throughout the year. I extend a special note of thanks to our dealers and distributors as they faced an extremely challenging year, but kept faith in us. As always I am grateful to the Board of Directors and the Managing Director for their able stewardship, which has been instrumental in guiding the Company during the current turbulent year. I am confident the collective vision for the Company will ensure exceptional returns for all stakeholders as we continue to chart our course towards the future.

Sincerely,

Dr. Harsha Cabral, PC
Chairman

17th July 2019

MESSAGE FROM THE JAPANESE JOINT VENTURE PARTNER

As the technology partner of Tokyo Cement, we have engaged closely with Tokyo Cement during the year under review. Our objective is to improve Tokyo Cement's manufacturing processes, quality systems and new product development capabilities, to position Tokyo Cement as a premium producer of cement-based products.

On behalf of UBE Singapore Holdings PTE Ltd, it is my pleasure to extend our appreciation to the Tokyo Cement Board and team members, for their cooperation and friendship during the year.

As the technology partner of Tokyo Cement, we have engaged closely with Tokyo Cement during the year under review through the provision of training and technical advisory services, by stationing our personnel at Tokyo Cement premises in Sri Lanka. Our objective is to improve Tokyo Cement's manufacturing processes, quality systems and new product development capabilities, to position Tokyo Cement as a premium producer of cement and cement-based products. Globally, the construction industry has made dramatic advances supported by modern scientific knowledge and the growing consumer awareness of the need for environmental conservation. During the 2018-19 financial year, we have been working with Tokyo Cement to transfer the latest systems and manufacturing knowledge to develop more efficient and environmentally friendly construction solutions, to support Sri Lanka's post war development.

We are indeed encouraged by the positive gains achieved by Tokyo Cement within a particularly challenging macro-economic environment. Despite the overall construction industry downturn in Sri Lanka, Tokyo Cement has recorded market share gains and revenue growth. Tokyo Cement has remained on track with its strategic Master Plan to strengthen capacity and backward and forward integration. The Tokyo Cement Group has also made strong advances in enhancing quality systems and upgrading the skills and knowledge of its personnel in the sciences and techniques of modern cement and concrete manufacturing. Through its many outreach activities, the Tokyo Cement Group is transferring knowledge of modern, environmentally friendly construction products, to many other industry players and consumers.

Therefore, I am highly optimistic of Tokyo Cement's future. I believe when the Sri Lankan construction industry makes a recovery, Tokyo Cement will be positioned to provide international standard products and services that will not only enhance shareholder returns, but will also drive modernisation of the overall industry.

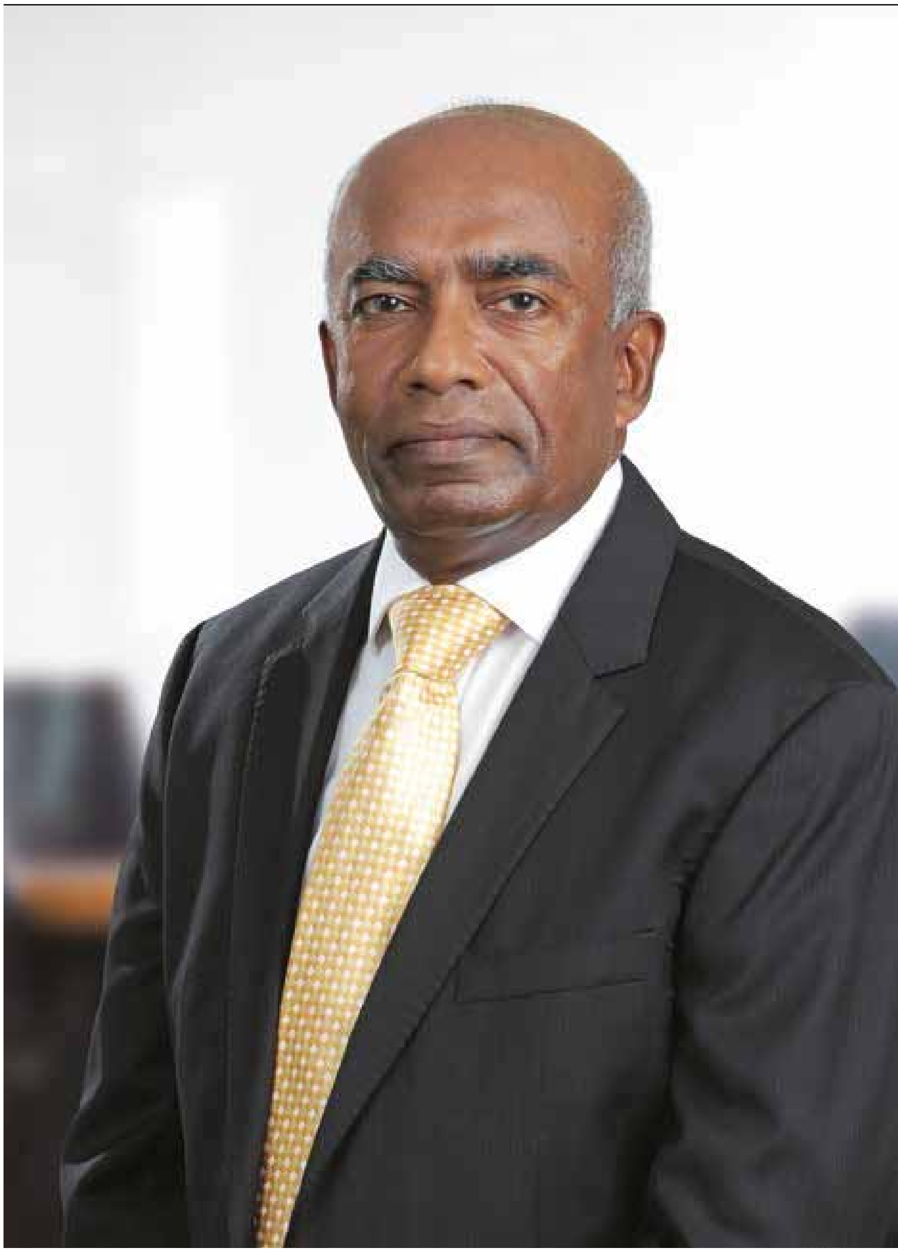
As a pioneer in cement and concrete manufacturing, with an unblemished track record in the Sri Lankan corporate landscape, Tokyo Cement has a history of weathering market upheavals and economic challenges. For over three decades of good times and bad times, including a prolonged period of war, Tokyo Cement has continued to record steady growth. This prudent and sustainable growth model, which incorporates an environmental and social conscience, has been a formula of success. Therefore, I am confident the partnership between UBE and Tokyo Cement will create many exciting new opportunities for growth, for all stakeholders, in the future.

Sincerely

Masato Izumihara
President and Representative Director
UBE Industries, Ltd.

17th July 2019

MANAGING DIRECTOR'S REVIEW



Tokyo Cement has remained focused on its strategic blueprint to strengthen its fundamentals, diversify into value added offerings and invest further into the Company and the country.

Mr. S R Gnanam
Managing Director

The year under review has been exceptionally challenging for the domestic construction industry that continued to suffer from the spill over effects of the previous financial year in addition to new upheavals.

Nevertheless, Tokyo Cement has remained focused on its strategic blueprint to strengthen its fundamentals, diversify into value added offerings and invest further into the Company and the country. It is also noteworthy that despite a negative market in which many cement retailers lost sales volume and market share, Tokyo Cement has actually gained in both volume and market share. In fact, our negative performance in the financial year 2018-19 is heavily weighed by the rapid currency depreciation against the stagnant price ceiling (MRP) ploughing into our Financial Statements, which I will explain later in my review. Excluding this one-off anomaly, I believe we have done reasonably well considering the abysmal business environment that prevailed in 2018-19.

Operating Environment

I would like to commence my review by first explaining our business environment, to put our financial performance into context.

As our shareholders are aware, the previous 2017-18 financial year was anti-climactic for the industry. The situation worsened in the current year, due to the combined impact of declining demand for cement and escalating import costs of clinker, due to the unexpectedly sharp depreciation of the rupee.

Notably, for the first time since 2013, the national cement consumption contracted by 5%. As a general rule of thumb,

Despite the prevailing market conditions, Tokyo Cement Group achieved a 8% year-on-year growth in turnover, reaching Rs. 38.5 billion. This revenue growth, in a contracting market, was achieved entirely by expanding our market share.

YoY Growth in Turnover

8%

Turnover

Rs. 38.5 Bn

2017/18 - Rs. 35.6 Bn

emerging economies record a construction industry growth rate which is double the GDP growth rate. Therefore, this contraction of 5% is extremely unusual – but highly indicative of consumer and investor sentiments during the year. In 2016 the cement industry recorded a 21% consumption growth and the more conservative forecast was an year-on-year growth of 6%-8%. However, the rural market losses of 2017, and shrinkage of retail market demand, extended into 2018. The political instability and outflow of foreign capital in 2018, also contributed to this remarkable cement market contraction. Consequently, cement companies had to accommodate much lower utilisation levels than anticipated for a second consecutive year. Tokyo Cement manufacturing plants, for instance, recorded an average plant utilisation of only about 65% for the year, which is much lower than anticipated.

Another contributory factor to the decline of the construction industry, was the over 6 months delay in settlement of government contracts, with a large sum still pending to the industry, by the end of the current financial year. As government construction projects represent the major portion of Sri Lanka's construction sector, this delay had a ripple effect extending across the industry, placing large numbers of small sub contractors, retailers, distributors, ancillary services providers and construction labour, in financial constraints.

Industry liquidity was also squeezed due to delayed payments by foreign contractors for large scale government projects. While the local construction industry follows a 90 days credit rule, foreign contractors demand a 120 days credit period, which is unsustainable for local sub contractors. They further utilise the tender system to push down margins of local sub contractors. These stringent requirements force local companies into debt and cause losses for all stakeholders.

The dollar exchange rate rocketed from Rs. 157 as of April 2018, to Rs. 184 by October 2018. As cement is a price controlled item, we could not increase retail prices in line with the cost increase of our raw materials. Consequently, by end of the 3rd quarter, our retail sales losses cumulated to Rs. 283 million, with third quarter losses alone, coming to Rs. 181 million. Whilst the industry received a marginal increment in November 2018, it wasn't until February 2019 that the Consumer Affairs Authority granted a Rs. 100 retail price increase for cement. This had an immediate recuperative impact on our 4th quarter financials, and we were able to record a profit.

Financial Performance

Despite the prevailing market conditions, Tokyo Cement Group achieved a 8% year-on-year growth in turnover, reaching Rs. 38.5 billion. This revenue growth, in a contracting market, was achieved primarily by expanding our market share, as we could not increase retail prices until February 2019. Despite the increase in costs, the Group recorded a Rs. 1.81 billion operating profit, and a net loss of Rs. 475.97 million by the close of the year, compared to the Rs. 2.33 billion profit of 2017-18.

The losses for the year include a Rs. 155 million bad debt provision, and a Rs. 380 million loss on disposal of one of our clinker transporting ships. As we sold the ship before its depreciation, life cycle, the balance depreciation net of sales proceeds, is recorded as an accounting loss in the Statement of Profit or Loss. A larger capacity ship was bought to replace the one that was sold. The new ship will generate large scale savings on imported clinker transportation from the next financial year, due to its almost double carrying capacity. Excluding this loss, we would have reported an operating profit of Rs. 2.35 billion at Group level. The bad debts meanwhile, is due to the current poor liquidity in the industry, which has caused some small operators to close down their businesses.

Where Tokyo Cement is concerned, I would like to reassure our shareholders that we have healthy cash flows, and all our long term loans to date, have been fully paid up. Therefore, we have a healthy balance sheet.

In 2018, we set up Tokyo Supermix (Pvt) Ltd as a separate entity to manage our growing ready mix concrete business. This year, the number of ready mix plants under the Company was maintained at 11, due to the market downturn. However, we made significant improvements to operational efficiency by setting up a new Central Vehicle Control Yard at Peliyagoda for the Supermix fleet. The centralised vehicle yard optimises vehicle use and enables consistent maintenance of the specialised heavy vehicles used by Supermix, while also generating cost savings.

MANAGING DIRECTOR'S REVIEW

The Tokyo Cement Group's policy is sustainable growth, with consideration to our natural environment and communities. As an energy intensive heavy industry, sustainable energy is one of our main objectives.

Our sand manufacturing facility in Dompe was modernised and upgraded. We hope to expand our sand business by opening a second plant in Mihintale within the proximity of our concrete manufacturing facilities. This integration of sand manufacturing into our concrete production has already begun to pay dividends as we take greater control over our verticals, not just reducing our exposure to market pricing but increasing our design control over quality of the components that make up concrete.

Tokyo Power (Lanka) (Pvt) Ltd, our dendro subsidiary, reported a healthy profit for the year, benefiting from government policies to encourage alternative energy generation.

Strategic Progress

Diluting our risk concentration on Portland bag cement remained a strategic priority for the Tokyo Group. Therefore, we continued to consolidate and expand our portfolio of value added products.

In this regard, I am happy to report that our Blended Hydraulic Cement, which was introduced in the previous financial year, has made excellent market gains. The new cement, which is not only stronger, but also contains sulphide resistance, and more water impervious properties than Ordinary Portland Cement, is a result of years of development at our laboratory and is manufactured to international standards, with technology transfer from our Japanese partners, Ube Cement. Ube provided Tokyo with on-site engineers to monitor the manufacturing process, to ensure international quality. Our manufacturing facilities continue to maintain technical communications with Ube. Tokyo Cement is one of the first companies in Sri Lanka to manufacture Blended Hydraulic Cement, and over the medium term we hope to transition from Portland to the more sophisticated Blended Hydraulic Cement.

Designer cement mixes are another niche opportunity we are exploring. The Construction Research Centre (CRC), which commenced commercial operations in 2018, is the only ISO certified laboratory for cement and concrete in Sri Lanka. This project was spearheaded under UBE expertise and was monitored by on-site Japanese engineers in collaboration with our local technical teams, to establish a laboratory of international standards. The primary objective, in addition to conducting sample tests, is to develop customised concrete mixes for customers in the Western Province. These unique formulae can generate cost savings and more environmentally friendly building solutions, for complex civil designs.

Expansion plans in our production facilities in Trincomalee were put on hold, due to the unfavourable market conditions. Instead, we focused on rationalising and improving productivity, to generate cost savings. As part of this strategy, we migrated our systems to a new Enterprise Resource Planning (ERP) software, in addition to implementing a new Human Resource Information System (HRIS). The new ERP integrates all manufacturing facilities, which has increased the overall transparency of the entire Group, making production planning and cost analysis much faster and much more accurate. The new HRIS system is aimed at making our administration process a paperless platform, which allows us to identify redundancies and engage in more environmentally friendly and efficient systems.

Growing Sustainably

The Tokyo Cement Group's policy is sustainable growth, with consideration to our natural environment and communities. As an energy intensive heavy industry, sustainable energy is one of our main objectives. Therefore, in the current financial year, we expanded our renewable energy portfolio by adding solar power to the mix. We added 600kW of solar power on the rooftop of our dendro power plant in Mahiyangana, making it the nation's first dendro-solar hybrid power plant. In Trincomalee, we added 70kW of solar energy to the new technical building, to reduce the cost of operations.

I would like to highlight that our Blended Hydraulic Cement is also an eco friendly product due to its unique formula which incorporates waste ash from the Norochcholai coal power plant. By replacing a portion of imported clinker with fly ash, we will also benefit from significant foreign exchange exposure, over the medium to long term.

We also expanded our ongoing coral reef replanting project and many of our other sustainability initiatives. Please refer our CSR Overview for details on these activities.

During the year, we recruited a bio-agronomist as the dedicated Sustainability Manager of the Tokyo Cement Group, to guide our sustainable business practices in future.

Outlook and Plans for the New Financial Year

The outlook for the new financial year is not as positive as we would like, to bring about a significant construction industry recovery. As 2019 is designated an election year, I do not expect any real turnaround in investor and consumer sentiments and we can continue to experience a lacklustre cement market with both the household and business sectors putting off investments until after elections.

We will continue to expand our value-added products output by investing in a second dry-mortar manufacturing facility. This will allow us to feed rapidly growing demand and continuously expanding product portfolio.

Value-Added Product Growth

23%

Nevertheless, I am confident that Tokyo Cement Group can move out of the red and revert to profitability in 2019-20 on the back of a more stable exchange rate. However, this would also depend on political and social stability, that would be essential to sustain demand, even at current levels.

We will continue to maintain our strategic focus to strengthen resilience, through value addition and diversification, and we will also continue with our planned capital projects. By August 2019, we plan to complete the construction of our Central Control Room in the Trincomalee Technical Centre, which will be the control centre for all 4 manufacturing plants. Centralised factory administration of the plants will reduce overheads and enable plant optimisation, with other benefits, such as the ability to produce different qualities of cement.

The Colombo Port cement storage expansion project was postponed, as we could not finalise the land acquisition. I believe we will be able to initiate this Rs. 2.2 billion project in 2019, which is targeted to add 18,000 MTs of storage for our cement at the Colombo port.

We will continue to expand our value-added products output by investing in a second dry-mortar manufacturing facility. This will allow us to feed rapidly growing demand and continuously expanding product portfolio.

In 2019, we amalgamated Tokyo Super Cement Company Lanka (Pvt) Ltd with Tokyo Cement Company (Lanka) PLC, to optimise operational capabilities and strengthen our financial position.

The construction industry is a key economic contributor and represents a large share of the Sri Lankan labour market. Therefore, I would like to call on the policy makers to maintain an ongoing dialogue with the industry, to minimise negative policy impact on the country. This is particularly important when providing approvals for foreign players to enter the domestic market. While the country needs FDIs, the damage inflicted on local manufacturers due to unplanned FDIs, far outweighs the investment benefit. This is also the case in awarding large contracts to foreign contractors. The national authorities must ensure, that national contracts are awarded to foreign companies with the right financial and other capacities to handle such projects, without bleeding the domestic industry.

I conclude on the hopeful note, that Tokyo Cement will revert to profitability in the new financial year and that Sri Lanka will see the instalment of a stable government that will strengthen the national economy. I thank the Chairman and Board of Directors for their support in guiding the Tokyo Cement Group during this difficult year, and I thank the management and all our employees for their dedication to the Group. I also thank our business partners who have also had a difficult year, but have stood by us and of course, our customers who have been loyal to the Tokyo Cement brand.

Sincerely

Mr. S R Gnanam
Managing Director

17th July 2019

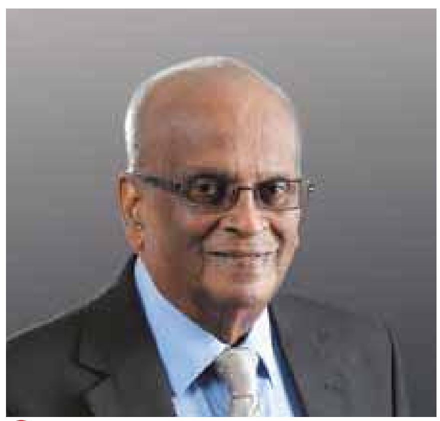
BOARD OF DIRECTORS

1 Dr. Harsha Cabral, PC
Chairman

2 Mr. S R Gnanam
Managing Director

3 Mr. A S G Gnanam
Non-Executive Director

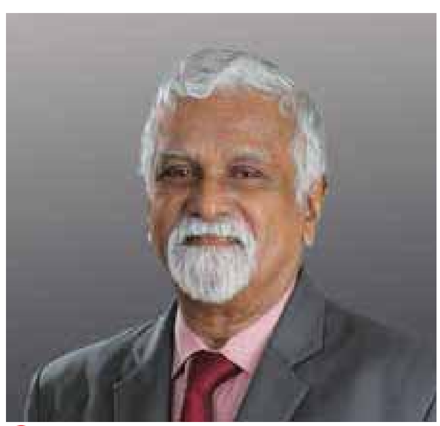
4 Mr. E J Gnanam
Non-Executive Director



5 Mr. R Seevaratnam
Independent Non-Executive Director

6 Mr. A D B Talwatte
Independent Non-Executive Director

7 Mr. Ravi Dias
Independent Non-Executive Director



8 Mr. W C Fernando
Director

9 Mr. Susumu Ando
Non-Executive Director

1

Dr. Harsha Cabral, PC
Chairman

Dr. Cabral is a President's Counsel in Sri Lanka with thirty-one years' experience in the field of Company Law, Intellectual Property Law, Commercial Law, Securities Laws, International Trade Law & Commercial Arbitration. He has been a President's Counsel for fourteen years and commands an extensive practice in the Commercial High Courts and the Supreme Courts of Sri Lanka. He holds a doctorate in Corporate Law from the University of Canberra, Australia and is a sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris.

Dr. Cabral is a member of the Law Commission of Sri Lanka, a member of the Intellectual Property Advisory Commission of Sri Lanka, a Council Member of the University of Colombo, a member of the UGC Standing Committee on Legal Matters, UGC Nominee on the Post Graduate Institute of Medicine (PGIM) and a member of the Board of Management of the NSBM Green University, Sri Lanka. He is a Council Member of the Institute for the Development of Commercial Law & Practice (ICLP) and the Course Director for the Diploma in Commercial Arbitration. At the request of the Government of Sri Lanka, Dr. Cabral was part of a two-member delegation sent to create awareness on commercial arbitration to the official & unofficial bars of the Republic of Maldives. As a member of the Advisory Commission on Company Law in Sri Lanka, Dr. Cabral was one of the architects of the Companies Act No. 7 of 2007, the current Act. As a member of the Council of Legal Education in Sri Lanka, as a member the Ministerial Committee appointed to reform Commercial Arbitration in Sri Lanka, as a Founder Board Member of the Sri Lanka International Arbitration Centre, as a member of the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, as a member of the National Science Foundation, and as the current Vice President of BRIPASL (Business Recovery & Insolvency Practitioners Association of Sri Lanka) Dr. Cabral has contributed immensely to the legal academia and the corporate community of Sri Lanka.

He serves as the Chairman of the Tokyo Cement Group, which commands the largest market share for cement in Sri Lanka. He was the immediate past Chairman of LOLC Finance PLC, one of the largest Finance Companies in Sri Lanka. He was a senior Director of the Union Bank of Sri Lanka. Dr. Cabral serves as Independent Non-Executive Director of Diesel and Motor Engineering PLC, Hayleys PLC, Alumex PLC, Tokyo Cement Company (Lanka) PLC, Tokyo Super Cement Company Lanka (Private) Limited, Tokyo Cement Power (Lanka) (Private) Limited, Tokyo Eastern Cement Company (Private) Limited, Tokyo Super Aggregate (Private) Limited, Tokyo Supermix (Private) Limited, World Export Centre Limited, CCC-ICLP Alternative Dispute Resolution Centre (Guarantee) Limited and Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT) and serves on several Audit Committees, Nomination Committees, Remuneration Committees and the Related Party Transaction Committee, chairing most of them.

Dr. Cabral is a visiting lecturer at several Universities (local and international) and a regular speaker at public seminars, author of several books and has presented several papers on Corporate Law, Intellectual Property Law, International Trade Law & Commercial Arbitration here and abroad. In addition to his active practice in courts and lecturing, he has been a counsel in many a Arbitration and has served as Sole-Arbitrator, Co-Arbitrator and Chairman in a large number of Arbitrations, domestic and international.

2

Mr. S R Gnanam
Managing Director

Mr. S R Gnanam was appointed to the Board in 1983. He has over 30 years of experience in business management, strategic planning and social and economic research. He is the Chairman of Orion City Limited, South Asian Investment (Pvt) Limited, St. Anthony's Hardware (Pvt) Limited and Capital City Holdings (Pvt) Limited. He also serves as the Managing Director of St. Anthony's Consolidated (Pvt) Limited, St. Anthony's Hydro Power (Pvt) Limited, Sofia Hospitality (Pvt) Limited and many other Companies.

3

Mr. A S G Gnanam
Non-Executive Director

Mr. A S G Gnanam graduated from the Illinois Institute of Technology in Industrial Engineering in 1973. He has been on the Board since 1999. He is the Managing Director of St Anthony's Industries Group (Pvt) Ltd and St Anthony's Property Developers (Pvt) Ltd, Chairman Rhino Roofing Products Ltd and Director of many private companies. He is also a Director of Water Tec - India (Pte) Ltd.

He has experience in leading manufacturing organizations which are considered pioneers in the local industry and has personally been involved in conceptualizing, developing and bringing to the market many firsts for the industry.

BOARD OF DIRECTORS

4

Mr. E J Gnanam
Non-Executive Director

Mr. E J Gnanam was appointed to the Board in February 2007. He is the Managing Director of South Asian Investments (Pvt) 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 manufacturing and services. He has a Bachelor of Arts Degree from the University of Texas and an MBA from the University of Melbourne.

5

Mr. R Seevaratnam
Independent Non-Executive Director

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 previous financial year, was appointed to the Board of Lankem PLC, Darley Butler Ltd and the Distilleries Co,. of Sri Lanka PLC.

6

Mr. A D B Talwatte
Independent Non-Executive Director

Mr. A D B Talwatte is a fellow member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Chartered Institute of Management Accountants of the U.K. He also holds a Post-Graduate Diploma in Business and Financial Administration awarded by the ICASL and the University of Wageningen, Holland and has a MBA from the University of Sri Jayewardenepura, Sri Lanka. Mr. Talwatte has also participated in a Kellogg Executive Programme at the Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois.

Mr. Talwatte worked at Ernst & Young in Assurance, Business Risk and Advisory Services for 37 years, including 10 years as Country Managing Partner. He has worked with Ernst & Young in Cleveland, Ohio and also served on Ernst & Young's Far-East Area Executive Committee, the Area Advisory Council and the ASEAN Leadership Committee.

Mr. Talwatte was President of the CA Sri Lanka for a two year period in 2002/2003 and the CIMA in 1995/96. He also served as the Chairman of the Statutory Accounting Standards Committee and the Auditing Standards Committee, the Urgent Issues Task Force and the Examinations Committee of the ICASL.

Mr. Talwatte has been closely associated with the development of Corporate Governance in Sri Lanka being actively involved with the Code of Audit Committees in 2002 and the Code of Corporate Governance in 2003.

He co-chaired the Committees to structure the revised Codes of Corporate Governance of 2008, 2012 and 2017 and the Listing Rules of 2008. He currently chairs the International Integrated Reporting Council of Sri Lanka (IIRSL) on behalf of CA Sri Lanka.

Mr. Talwatte serves as an Independent Non-Executive Director on the boards of several listed companies.

7

Mr. Ravi Dias
Independent Non-Executive Director

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

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

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

He was a committee member of the Ceylon Chamber of Commerce and was a Council Member of the Employers Federation of Ceylon.

8

Mr. W C Fernando
Director

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

9

Mr. Susumu Ando
Non-Executive Director

Mr. Susumu Ando, serves as the Managing Director of UBE Singapore PTE Limited, Company incorporated in Singapore. He is a Graduate in Bachelor of Commerce from Ritsumeikan University. He joined the UBE Group of Companies in the year 1997 and has served in the cement, construction material and ready mix departments.

ROOTED IN TRUST

Management Discussion and Analysis

ECONOMIC REVIEW

Climate Change - Construction Sector and Cement Industry

Slowdown in Construction Industry

In any country, the performance of the construction industry is often considered as a barometer of economic development. In 2018, the Sri Lankan construction industry was plagued by low construction volume, skilled worker shortage and escalating high construction costs.

The value added of construction activities recorded 2.1% contraction in 2018, against 4.3% growth observed in 2017. The construction sector, as a share of GDP declined from 7.2% in 2017 to 6.8% in 2018. Building material imports volume index also declined by 3.7% during the year, compared to 6.8% increase recorded in the previous year indicating a poor performance in construction activities.

Credit extended to private sector by Licensed Commercial Banks (LCB's) for construction activities declined to 14.1% compared to 22.5% growth in 2017 reflecting the comparative slowdown in private sector construction activities. Similarly, credit extended for personal housing construction by LCB's declined by 13.1% against 21.4% growth in 2017 demonstrating the decline in housing construction activities.

Impact on Cement Industry

The cement availability (i.e. imports and local production) contracted by 4.7% in 2018 - a clear indication of low construction volumes.

Cement imports recorded a substantial contraction of 15.3% in 2018 – largely due to slowdown in construction industry and depreciation of local currency.

Despite a slowdown in construction industry, the local cement production grew by 7.9% in 2018 – reflecting its robust nature against climate change.

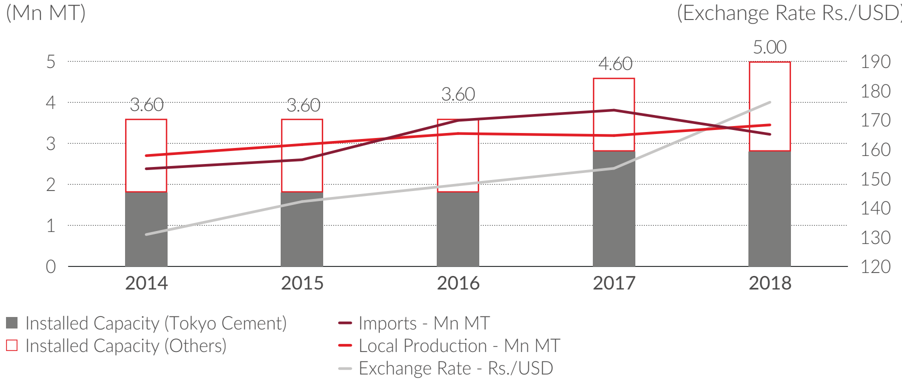
The unutilised cement production capacity has been a major concern experienced by the cement manufacturers since 2014.

For instance, prevailing installed production capacity will be sufficient to meet at least 70% of domestic demand instead of just 51% recorded in 2018.

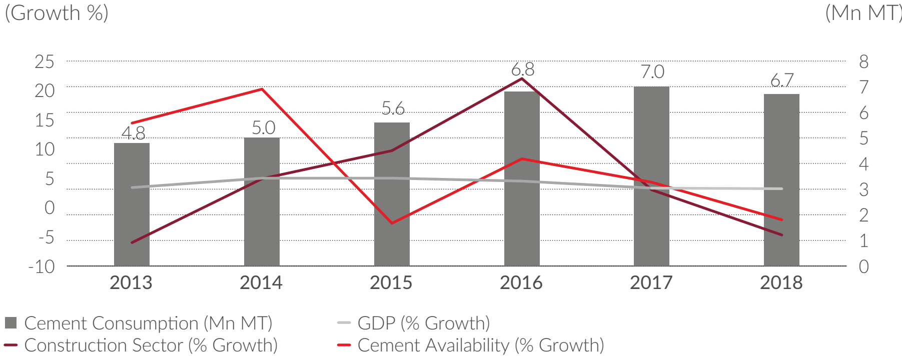
Impact of MRP on Installed Capacity Utilization

The Government has imposed a Maximum Retail Price (MRP) on cement since 2003 for no valid reason. This is hindering the growth prospects of local cement manufacturing industry. This is at much variance to other major construction material, such as reinforcing steel, ceramic tiles on which there are no price controls. Presently, there is sufficient competition on cement supply with two cement manufacturers, five bulk cement importers and 20 to 40 bag cement importers operating at any given time.

Cement Imports, Local Production and Capacity Utilization



Growth in GDP, Construction Sector and Cement Availability

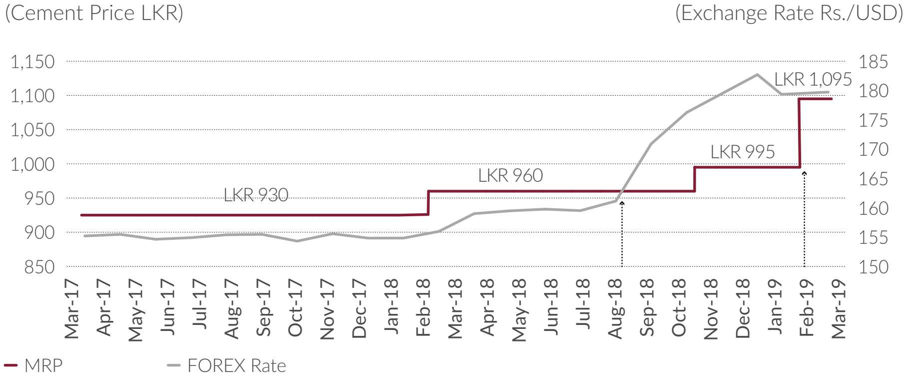


With this level of competition, there is no justification to impose an MRP on cement.

Moreover, MRP does not take into consideration the dynamic nature of rupee depreciation, which in turn effects the cost of imported material (such as clinker, bags and spare parts), oil prices, freight charges and cost of road transportation.

Removal of MRP shall encourage to enhance cement production via better capacity utilization and product diversification.

Maximum Retail Price (MRP) of Cement Vs Exchange Rate

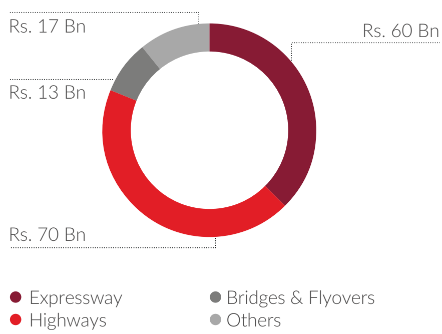


Rising Cost in Construction Sector

The cost of construction has increased in 2018 for "housing", "non-residential buildings" and "civil works" by 2.9%, 3.1% and 4.3% respectively as indicated by the growth of construction indices compiled by the Construction Industry Development Authority.

The rise in labour costs in the construction sector reflects the lack of both skilled and unskilled labour to meet the demand arising from the industry. Similarly, the cost of raw materials has also risen during 2018 partly due to rapid depreciation of local currency. This highlights a future challenge that the construction sector would have to address, through the introduction of new technologies along with improvements of raw materials and labour productivity.

Government Expenditure on Road Development - 2018



Slowdown in Government Funded Infrastructure Projects

Delayed Provincial Council polls had halted provincial level government funded projects countrywide, leading to a slowdown in the construction sector.

Government Expenditure on road development in 2018 declined to Rs. 160 billion. – a 16.9% reduction compared to 2017.

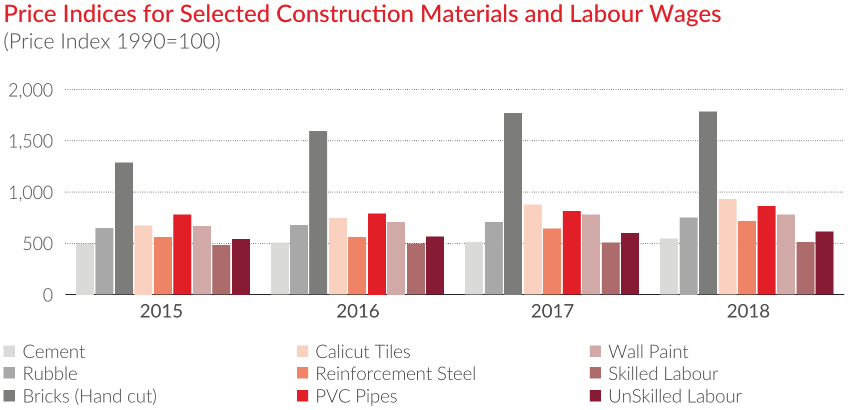
Construction Companies Struggling Over Delayed Government Payments

The National Construction Association of Sri Lanka (NCASL) has pointed out that;

- Delays in government payments for construction projects countrywide, amounting to billions of rupees, has resulted in thousands of construction companies facing hardship with many facing bankruptcy.
- There are about 3,000 construction companies in Sri Lanka, of which the majority undertakes Government projects. Many of these companies have taken loans, and they are now in danger of losing their businesses and assets.
- Road Development Authority alone owes over Rs.3 billion. in outstanding payments.
- From each province, there is minimum of Rs.400-800 million overdue payments to construction firms.
- The construction companies are already struggling to retain both skilled and unskilled construction workers in their workforce as they are tempted to leave the industry for alternative employment.

Cement suppliers are also affected badly - both directly (via contractors) and indirectly (via traders) due to delayed government payments.

Price Indices for Selected Construction Materials and Labour Wages



Source: Construction Industry Development Authority

Looking Ahead

The country has seen many international companies and partnerships entering luxury residential and mixed-development projects in the Colombo, coastal and central regions.

Currently, there are over 900 apartment complexes in the country having over 15,000 residential units while another 200 condominium projects are in the pipeline with over 13,000 residential units.

ECONOMIC REVIEW

Construction which is the highest contributor to the industrial sector saw an encouraging growth of 7.6% year on year Q1'19, but owing to delayed operations, this contribution is likely to drop in the second quarter.

The government has repaid about Rs. 70 billion of arrears to private construction firms in March, and there were about Rs. 20 billion. arrears remaining, as reported by the Central Bank Governor. This will encourage contractors to proceed with ongoing projects in the construction sector.

In addition, large scale construction projects, both government and private funded, such as Port City development, extension of Southern Expressway, Central Expressway, Waste and sewer management, Light Rail, Urbanization of outskirts and Hambantota zone development may contribute immensely to ensure at least a moderate growth in the construction sector during the short to medium term.

Recovery from Easter Bombings: Learnings from prior Regional Terrorists Attacks

- Several countries in the region have previously been affected by similar terrorist attacks, including Indonesia (Bali), Philippines and Thailand.
- The impact on tourist arrivals to Sri Lanka, is expected to be similar to the impact witnessed in these countries where it has taken 3 to 9 months to normalize. The recovery period however is highly dependent upon measures taken by the government, to improve the security situation and maintenance of peace to boost tourist confidence and effectively communicate the same to target markets.
- Nevertheless, Sri Lanka has not witnessed any major negative impact on the ongoing construction projects, even in the leisure sector, apart from delays experienced due to imposition of curfew and absenteeism.

Removal of MRP on cement will encourage local production and enhanced installed capacity utilization, leading to a significant reduction in cement imports at least by 2 Mn MT/Year.

Concluding Provincial polls without further delay will accelerate provincial level government funding in the construction sector, creating a demand for cement and other construction material.

Exchange rate may depreciate moderately in the short to medium term where presidential, parliamentary and provincial council polls are due to be held in late 2019 and 2020 period. It is expected that government funding may increase sharply into non-infrastructure sector during this period leading to a currency depreciation.

Dr. Nihal Samarappuli
Director - Economic Research

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, Tokyo Cement managed to retain its position as the No. 1 cement brand in the country and was also able to successfully expand its market share.

Engaging with our Stakeholders

During the year under review, which was a challenging one for all industry players due to unstable market conditions, Tokyo Cement managed to retain its position as the No. 1 cement brand in the country and was also able to successfully expand its market share in a contracting market. Our strong stakeholder engagement strategies have been instrumental in this achievement, by fostering strong relationships that have strengthened the Tokyo Cement brand equity.

Tokyo Cement Customer Policy

The Tokyo Cement customer policy is to provide consistently high quality, reliable products and services to all our diverse customer segments, wherever they may be located in the country. We strive to go beyond our customers' expectations in all we do, and we invest in research and development of new products and improvements to existing products and services in line with customer needs.

During the current financial year our emphasis was on excelling in service delivery, whereby we move closer to the end consumers with an augmented value proposition that extends beyond the sales transaction of a product. For example, our marketing promotional campaigns focused on empowering the customers with product knowledge and value driven technical benefits, while extending this service culture to include product usage demonstrations and on-site consultancy. This was practiced by all business divisions including bulk and retail cement sales teams, value added products division as well as ready mix concrete business unit. This enabled us to work closely with both engineers and builders, ranging from large scale project consultants and developers to retail level individual consumers and masons. We strive at all times to address promptly and with care any customer concerns or grievances to the full satisfaction of our customers. We believe our customers are partners of our success.

Tokyo Cement Supplier Policy

Our suppliers are an essential component of our business and have direct influence on costs, prices, product quality and overall value creation of the Company. Therefore, the Tokyo Cement Supplier Policy is to build long term relationships with our suppliers based on mutual trust and reliability that creates a win-win situation for all parties.

Memberships in Industry Bodies

- The Company continued to retain membership in strategic industry bodies
  - The Ceylon Chamber of Commerce
  - The Chamber of Construction Industries
  - The Ceylon Institute of Builders
  - The Green Building Council of Sri Lanka

We strive to go beyond our customers' expectations in all we do, and we invest in research and development of new products and improvements to existing products and services in line with customer needs.

Stakeholder Engagements in 2018-19

Shareholders

- Tokyo Cement participated in a number of investment promotional events to support the national FDI drive and to also promote the Company's share value. These events include investor meetings at the London Stock Exchange, in Edenborough and Singapore, hosted by the Colombo Stock Exchange.
- All routine investor communications were conducted on time.

Customers

- Creating product awareness, focused on value and efficiency was the main focus of Social media campaigns
- Mass media advertising campaigns
  - Increased frequency of the Bodinkarayo (Boarders) campaign which featured benefits of Tokyo Super Blended Hydraulic Cement, on television channels Sirasa, Derana and Hiru.
  - Nippon Cement and Tokyo Super BHC advertising campaigns were carried out on Sirasa TV, Shakthi TV and Swarnawahini.
  - Nippon Cement was also featured in a Tamil Radio campaign, on Dan TV.
  - Cinema advertising was carried out on Nippon Cement.
- Advertising during key sporting event telecasts
  - ASIA Cup Cricket Tournament
  - School Cricket Big Match on Dialog TV and Papare.com
- Increased direct customer contact through trade fairs and exhibitions
  - Regional trade fairs (Jaffna International Trade Fair and the Batticaloa International Trade Fair)
  - Construct Exhibition
  - The Galle Building Clinic
  - The Build SL Trade Fair
  - The Kedella trade fair
  - The Architects Exhibition

Suppliers

- Negotiations to contain pricing and delivery costs

Industry Bodies and Industry Professionals

- Educational seminars were conducted for masons, technical officers, engineers and contractors
- NVQ certification training programmes for army personnel were conducted at the AYS Gnanam Construction Training Academy
- Sponsorship of the Annual Sessions and Three Q&A sessions organized by the Society of Structural Engineers of Sri Lanka (SSE-SL).
- Gold sponsorship of the 39th National Conference of the Institute of Chartered Accountants of Sri Lanka.

Research and Educational Institutions

- Platinum Sponsor of the Environmental and Forestry Symposium organized by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura
- Sole Sponsor of the Undergraduate Research Symposium organized by the Civil and Environmental Engineering Society of the University of Ruhuna
- Sponsored the poster presentation of Civil Engineering Projects 2018 by final year civil engineering undergraduates of the Department of Civil Engineering of the University of Peradeniya.

Dealers & Distributors

- The Annual Tokyo Cement Dealer Convention for the year under review will be held in two sessions in September and October 2019
- Regional Dealer and Distributor Meetings were conducted covering the entire island, to strengthen relationships and to create awareness of new products and technologies
- Dealer incentives and rewards were continued to motivate performance and build brand loyalty
- Conducted educational seminars to raise awareness about the correct use of Tokyo Cement products
- Training and product awareness events were held regularly for contractors and dealers

Community

- A key social marketing event was the sponsorship of the “Earth First” programme on TV 1, Sirasa TV and Shakthi TV, to raise public awareness on the importance of protecting Sri Lanka’s rich biodiversity
- As part of the ongoing partnership with the Foundation of Goodness, the Cricket Coaching Camps initiative was continued, through which 12 coaching clinics each were conducted in the South and the North to unearth and groom young cricketing talent
- Continued to extend our support to The Music Project, which offers music education to school children as an extra-curricular activity in resource lacking rural areas of the country. As part of this programme we sponsored music lessons conducted at the Palinagar Maha Vidyalaya in Mullaitivu and the Sri Gunananda Maha Vidyalaya in Kurunegala.

Please refer the CSR Overview for additional details on these activities.

Due to the depressed demand conditions that prevailed for most of the year, Tokyo Cement adopted a strategy of direct marketing and one-to-one relationship building, to maintain brand relevance and to sustain its competitive advantage.

Operations Review

Marketing and Distribution

Faced with multiple challenges posed by the sceptical economic environment and escalating costs stemming from the unusually steep rupee depreciation, Tokyo Cement Group adopted a dynamic approach towards marketing and distribution strategies to enhance responsiveness to market conditions. As the year progressed, we maintained close observation of market developments, and marketing and distribution plans were continually evaluated and restrategised to strengthen Tokyo Cement's market position. The effectiveness of our strategies at ground level is evident in the growth in market share, despite a 5% contraction in national cement consumption. Encouragingly, clear gains have been made by the newly introduced Tokyo Super Blended Hydraulic Cement (BHC), which is essentially a new product to the Sri Lankan market. In fact, the current growth rate of our BHC brands, which was 5% of our sales mix in Q1 has grown to over 35% of our total cement sales in Q4, indicative of a high level of customer acceptance and trust in the Tokyo Cement product offerings.

The BHC brands launched last financial year is formulated using top-grade Fly Ash from the Norochcholai coal power plant, in compliance with the Sri Lanka Standard Institute's SLS 1247:2015 Strength Class 42.5 N standard certification. In addition, it also complies with EN Standard - BS EN 197-1: 2011 under type CEM IV/A (V) 42.5N – SR, the international strength class classification stipulated for higher strength and durability. The introduction of fly ash as a partial substitute for some of the raw ingredients, reduces the carbon footprint even further, in addition to it being manufactured entirely using carbon-neutral, renewable biomass energy, making it the Greenest cement in Sri Lanka. As a result of its environmentally friendly production process, it was acclaimed with both the Green Mark® Certification (Singapore) from the Ceylon Institute of Builders, and the GREENSL® Labelling System Certification from the Green Building Council of Sri Lanka. By reducing CO_2 emissions by over 25%, Tokyo Super BHC caters to emerging customer demands for more environmentally sustainable products. Tokyo Cement Group pioneered this drive in the local market, and will continue to maintain this lead by gradually moving its product mix towards Blended Hydraulic Cements from the traditional Ordinary Portland cements within the short term, in line with its promise of creating a sustainable future.

Marketing and Promotions

Due to the depressed demand conditions that prevailed for most of the year, Tokyo Cement adopted a strategy of direct marketing and one-to-one relationship building, to maintain brand relevance and to sustain its competitive advantage. In 2019 in particular, we reduced expenditure on traditional mass media advertising and focused on relationship marketing, that included carefully planned stakeholder engagements and intensified social media drive in order to address specific user group requirements.

Throughout the year, we maintained a full calendar of promotional and relationship building activities, targeting various stakeholder groups to gain top-of-mind positioning. Investing in the future, we maintained close contact with future industry decision makers by collaborating with Engineering Faculties of the leading universities. For instance, we continued our long-standing partnerships with the University of Peradeniya and the University of Ruhuna, where we sponsor their Undergraduate Research Symposia for the academic year, which is the primary platform to encourage innovative thinking among the Engineering fraternity.

At the Environmental Symposium organized by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura, which was attended by senior-level national policy makers, Tokyo Cement had the opportunity to showcase our extensive environmental conservation initiatives.

We also expanded the reach of our training seminars for masons through localised programmes, and enhanced their exposure to new construction technologies and modern practices that help improve their efficiency. We continued the island-wide seminars targeting technical officers,

Introducing Tokyo Super Blended Hydraulic Cement at trade fairs and exhibitions

In a stagnant marketing environment, to assist our distribution partners, we focused on a pull strategy to achieve growth, by enhancing consumer awareness and accessibility to Tokyo Cement products across the island and to gain market visibility for our products.

consultants and engineers, which creates a forum for one-on-one dialogue on new construction methodologies and products. We were able to strengthen our partnerships with construction trade associations through sponsorships, lectures and demonstrations. We interacted with general consumers and many other industry stakeholders through trade fairs and exhibitions. These activities contributed directly towards the growth of Tokyo Cement market share.

A key marketing event during 2018 was the official market launch of the Tokyo Super Blended Hydraulic Cement, backed by a full-scale mass media campaign, which has been highly effective in raising industry and consumer awareness regarding the advanced properties of this new cement.

Distribution Network

In a stagnant marketing environment, to assist our distribution partners, we focused on a pull strategy to achieve growth, by enhancing consumer awareness and accessibility to Tokyo Cement products across the island, and to gain market visibility for our products, particularly our range of new products. We also maintained continuous interactions with our distribution channel partners to update them on our product range. This ensured our channel partners were adequately equipped to promote our products by advising consumers and industry professionals on the availability of different products and their correct applications.

To enhance customer service quality, we recruited 6 dedicated regional sales engineers who provide technical advisory services for our industrial customers and household consumers. This level of proactive customer care has contributed directly towards increasing awareness regarding the quality standards and different modern products manufactured by Tokyo Cement. The personnel at our value-added product sales outlets, also provide direct customer services, including demonstrations. The main strategy behind this approach was to empower the consumer with the correct knowledge on the real value of products and the augmented value of efficiency and productivity improvements they bring through correct usage.

Tokyo Supermix, the Ready Mix Concrete business arm was able carve a distinctive competitive advantage in the market during the last financial year. Its decentralised operating model which includes 11 concrete batching plants across the island, each equipped with a high-tech concrete formulating and testing laboratory was able to consolidate its position as the most trusted brand of ready mix concrete. With an average production capacity of 384m³/hr, serviced by the largest fleet of mixer trucks and pump cars, Tokyo Supermix was able to ensure optimum efficiency in meeting customer volumes, deadlines and specifications. Tokyo Supermix was also able to maximise on the unmatched advantages gained through backward integrations and ingredient branding, such as the use of Nippon Cement Pro and Tokyo Supersand in its manufacturing process, from operating under the Tokyo Cement Group umbrella. This enabled to stamp the quality while allowing to expand the range of mix designs produced by Tokyo Supermix.

Tokyo Supermix is proud of its supply fleet that deliver an unmatched advantage to builders, introducing Just-In-Time delivery to the Sri Lankan construction industry. All our batching plants are responsible for maintaining excellent service levels, staffed with plant managers and sales engineers with the required technical and pragmatic know-how to provide specialised consultative support.

Tokyo Supermix further enhanced its manufacturing and distribution capacity by adding 4 Putzmeister pumps and increasing its fleet of truck mixers to 125. In order to support this network more efficiently, Tokyo Supermix commenced a centralised logistics vehicle yard operation equipped with a workshop, to provide support facilities, and a centralised dispatching to reduce redundancies, whilst increasing operational oversight.

During the year, the main cement bagging plant at the Colombo Terminal was extended for additional capacity. The improvements have increased output from 450,000 bags of cement to 650,000 bags. This growth in output is primarily geared towards feeding demand in the Western Province faster and more efficiently. The Western Province accounts for almost 40% of total cement consumption and will see rapid growth when markets revert to normal.

Tokyo Cement Ranked Among Business Today Top30 for 2018

Tokyo Cement Group was ranked amongst the Business Today TOP30 for 2018, reinstating its dominance in the Construction Industry of Sri Lanka. This is the second consecutive year Tokyo Cement Group's performance was highlighted among the best of the best in the country's corporate sector. It is also the only Cement Company in this year's ranking which spoke volumes about the company's undisputed leadership in the industry.

The Business Today TOP 30 ranking is based on published information of companies listed in the Colombo Stock Exchange, and is a much looked forward to corporate ranking that denotes a company's position in the corporate sector. The organizations are evaluated for their financial performance during the year ending 31st March 2018. This recognition is coveted as a reflection of a company's steady business performance and its equity amongst the wider stakeholder community.

BT TOP 30 Award presented to Dr. Harsha Cabral, PC, Chairman TOKYO CEMENT GROUP by Hon Nimal Siripala de Silva, Minister of Transport & Civil Aviation

Sole Sponsor of the Society of Structural Engineers Sri Lanka Annual Sessions 2018

Tokyo Cement facilitated world-class knowledge sharing at the Society of Structural Engineers Sri Lanka Annual Sessions 2018. Tokyo Cement Group as the Sole Sponsor, flew down renowned researcher on Concrete, Dr. Shingo Asamoto, Associate Professor at the Department of Civil and Environmental Engineering of Saitama University of Japan, as the Keynote Speaker of the conference.

Dr. Asamoto, who is a very close affiliate among local engineering academics, presented his scholarly findings conducted in association with Prof. Anura Nanayakkara of the University of Moratuwa, on "Hot Weather Concreting Issues and Application of Mineral Admixtures". His study is part of a Core-to-core research network project being conducted in collaboration between the Japan Society for the Promotion of Science (JSPS) and the Universities of Moratuwa and Ruhuna. This project focuses on hot weather concreting and the measures for design and construction according to Asian climatic conditions, with Sri Lanka, Thailand and Vietnam as counterparts.

Eleven breakthrough concept papers were presented by top professionals and academics of the Structural Engineering fraternity at this year's Annual Sessions. This rich set of research-based innovations pointed to the promise of making our construction industry the fountainhead of national development.

Social Media

Social media channels are emerging strongly in Sri Lanka as alternative marketing platforms that are both interactive and cost efficient. In 2018, Tokyo Cement significantly increased its social media presence on Facebook and Instagram as educational platforms that permeate product awareness and brand engagement. Our Value-Added Products range in particular has benefited significantly through this platform. Using a mixed bag of highly-engaging and educative tools, both the Company and the brands were able to significantly increase the active follower base within a short span of 12 months.

We are planning on launching a new website in the new financial year with a view to improving customer engagement, which will take the brands closer to its diverse user groups with more relevant and compelling content.

New Product Launches

We continued to introduce innovative products under our Value-Added Products range to support the construction industry with modern, more efficient construction solutions. Our subsidiary Tokyo Supermix also introduced new techniques and expanded the range of available concrete mix designs during the year.

Currently, Tokyo Supermix leads the market with over 12 unique mix designs and holds the market leadership position in terms of its capability to meet some of the stringent standards set not only by local projects but also some of the ground-breaking multinational collaborative projects that are in the process of changing Sri Lanka's construction landscape. In some of these projects, Tokyo Supermix was the only concrete manufacturer who could meet and maintain the specific strength class required in the concrete mix designs, thus enabling it to gain exclusive supplier status for the entirety of the project.

Dr. Shingo Asamoto, Associate Professor at Saitama University of Japan, being felicitated by Eng. K.L.S. Sahabandu, President of the Society of Structural Engineers, Sri Lanka

In the Financial Year under review, the Company's value-added 'Innovations' product portfolio has not only shown resilience, but a 29% growth in an otherwise sluggish construction market.

Mr. M. Ono of UBE Industries Ltd. Japan with Dr. Harsha Cabral, PC - Chairman and Mr. S.R. Gnanam - Managing Director of Tokyo Cement Company (Lanka) PLC inaugurating the Construction Research Center

Tokyo Supermix concretes biggest structural element in Sri Lanka

Making construction history, in December 2018, Tokyo Supermix (Pvt.) Limited, Sri Lanka's pioneer in ready mix concrete manufacturing, supplied a purpose designed, temperature controlled concrete, for the biggest structural element in Sri Lanka to date. Measuring 5.6 meters thick, the main pile cap of the Havelock City Business Tower is the largest such structure to be constructed in the country.

Tokyo Supermix architectural concrete for new US embassy

Popularising new concrete applications, Tokyo Supermix developed a wood grain effect, architectural concrete for the new US embassy building. This decorative concrete, which is a new concept in Sri Lanka, will be kept bare, with no finishing, to display its unique appearance.

Innovations Product Portfolio

In the Financial Year under review, the Company's value-added 'Innovations' product portfolio has not only shown resilience, but a 29% volume growth in an otherwise sluggish construction market. This range is made up of dry-mortar, cement-based products including tile adhesives, waterproofing, wall plasters, block and screed mortars, and self-leveling flooring compounds.

The primary contributor of sales was the Tokyo Superbond Tile Adhesive range. Tokyo Superbond was the first entrant into the local tile adhesive market over 8 years ago and played a pivotal role in the education and conversion from the traditional tile laying using cement, to the use of tile adhesives. Today, the majority of tile laying is done with tile adhesives, and Tokyo Superbond is considered the industry standard with most tenders specifying "Tokyo Superbond, or equivalent." Tokyo Superbond currently holds approximately 40% of the Tile Adhesive market in an ever-saturating marketplace. Last year alone, we noted over 30 new product entrants into the Tile Adhesive market.

Tokyo Superseal, one of the market's few single component water proofers has seen steady retail growth and market acceptance, largely due to training initiatives conducted by Innovation's technical teams that have onboarded new applicants to the use of the technology.

Tokyo Supercast Plaster Master has seen stronger than projected growth with increasing demand from both larger construction sites and the domestic market. This single solution plaster gained popularity due to the rapid increase in sand prices making it more financially viable for many projects to adopt it as a substitute to traditional plaster. Ease of use and faster application also allowed construction sites to significantly reduce their labour costs, whilst increasing speed of finishing sites. Once again, the Innovation Technical Team's site demonstrations and mason training played a large role in the acceptance of these new technologies.

Without staying complacent Tokyo Superbond launched a premium tile adhesive into the market that allows for the application of large format (10ft x 4ft) tiles, identifying an expanding market niche that is not served by the local producers.

The Innovations team has continued to expand their visibility and scope of operations through mass-media brand building, strengthening of the dealer network, site demonstrations and troubleshooting, and most importantly, the technical training of masons, contractors, government consultants and institutional students, to elevate these innovative technologies into the construction industry standard.

Research & Development

Construction Research Centre

We are pleased to announce the formal opening of the Construction Research Centre on 9th August 2018. This landmark venture, on Baseline Road, Colombo, has not only enhanced Tokyo Cement's quality control mechanism but has significantly expanded the Company's capacity to facilitate further development of new, innovative, value-added products to the domestic construction industry.

During the previous financial year, the Company's accredited laboratory at the Deshamanya A Y S Gnanam Training

Thermography testing in progress at the laboratory

Institute in Dambulla, was shifted to Colombo, and renamed the Construction Research Centre. The Centre was upgraded into a dedicated, laboratory cum research and development centre that is fully equipped to international standards with an ISO 17025 accreditation by the Sri Lanka Accreditation Board. The new facility is equipped for product testing of cement, concrete and cement-based products, and also provides training facilities. During the current financial year, the lab commenced external services by providing testing and training facilities for Tokyo Cement customers.

Pumpable Screed Mortar Mix

During the current financial year, we developed and introduced a new 'pumpable' screed mortar to the market. The advantage of this innovation is that the screed can be pumped into the specified location and has self-leveling capabilities compared to the traditional process which required manually layering the screed mortar and then manually leveling it. Therefore, the new pumpable variety makes this process highly efficient, drastically reducing time and costs compared to conventional alternatives.

Expansive Concrete

We are pleased to announce the formulation of a new shrinkage-reducing concrete that will prevent cracking. The new product was supplied to customers through Tokyo Supermix ready mix plants and have already captured a market. The new Kelani suspension bridge will utilise this new concrete in its bridge deck. Already, the underground water collection tanks that are being constructed in flood prone parts of the country to reduce the effects of flooding, are using this new concrete mix.

Tokyo Cement Centre of Technical Excellence Trincomalee

In addition to the Construction Research Centre, another world class quality control and quality assurance laboratory is under construction in Trincomalee and is on track to commence operations in July 2019. This facility will be geared to support the Group's growth strategy to expand the value-added product portfolio and enhance the Company's quality control mechanisms.

When fully completed, the Centre of Technical Excellence will house the central control unit of all cement manufacturing mills. This fully automated system will ensure precision of formulae and timing well above manual interventions, which will ensure higher quality and consistency of products. It will enhance overall productivity of the cement manufacturing operation while also facilitating efficiency gains and cost savings. The Centre of Technical Excellence will also provide testing and other laboratory services including customised product and formula designs, for local industry customers.

Technology Transfer from UBE Industries

A concrete technologist from our technology partner, UBE Industries Japan, was stationed at the Construction Research Centre for three months to advice and provide technical guidance for the Meethotamulla and Peliyagoda ready mix plants to develop new customised concrete mixes and to improve manufacturing standards and systems. The technology transfer has ensured international standard outputs for Sri Lankan customers.

The Company has also obtained technology advisory services from UBE to build the Tokyo Cement Centre of Technical Excellence in Trincomalee.

Tokyo Cement Quality Standards

Tokyo Cement maintains international manufacturing standards at its production facilities, including ISO and SLS standards and environmentally friendly manufacturing standards to deliver products of international quality to domestic consumers. During the current financial year, all accreditations were renewed in time to ensure a fully functional quality control system across all manufacturing facilities of the Group.

A testament to our commitment to quality includes having the only ISO 17025 accredited laboratory in the country for cement and concrete testing and mobile laboratories for testing concrete at construction sites.

ISO 9001: 2015

- Tokyo Cement factory in Trincomalee
- 11 Ready Mix Concrete plants
- Tokyo Super Aggregates (Pvt) Ltd is pending ISO certification

ISO 14001: 2015

- Tokyo Cement factory in Trincomalee
- Tokyo Super Aggregates (Pvt) Ltd is pending ISO certification

ISO 17025 : 2005
(by the Sri Lanka Accreditation Board)

- Tokyo Cement laboratory in Trincomalee
- Construction Research Centre

CENTRAL ENVIRONMENTAL AUTHORITY LICENSES

- Tokyo Cement factory in Trincomalee
- All 11 Ready Mix Concrete plants
- Tokyo Super Aggregates (Pvt) Ltd
- Tokyo Cement Power (Lanka) (Pvt) Ltd

GREEN MARK (SINGAPORE)
(For environmentally friendly manufacturing)

- Tokyo Super Blended Hydraulic Cement

ICT Upgrades

As discussed in our previous annual report, Tokyo Cement is in the process of modernising the entire Group's business model through the integration of modern ICT's into the manufacturing and administrative structures. We are pleased to announce that by now, we have automated most of our manufacturing operations, moved administrative functions onto digital systems and fully implemented the Enterprise Resource Planning (ERP) system, digitally integrating the entire Group.

Tokyo ERP System

The ERP system is a highly sophisticated, internationally recognised, specialised software for large scale manufacturing facilities that links all business processes of the entire Group providing real time visibility and controls over all operations across all the Group's companies. The richness of real-time information will enable faster and better management of systematic risks faced by the Group and will also make it possible to respond to niche and emerging opportunities with greater flexibility.

Significant cost savings are expected from greater efficiency and productivity gains across the Group by making it possible to streamline operations and minimise wastage. Better management of raw material inventory and accountability are possible through automated weighing systems that have been integrated into the system. The system also allows for real time stock monitoring, to ensure extremely efficient supply chain management that is also highly responsive to consumer demand trends. Furthermore, we anticipate significant administrative improvements through the ERP that would facilitate better management of both external business partners and internal personnel. The system is also equipped with high-end security features that ensures protection of data and internal communications.

Last year the ERP system was updated to the latest version, which enhance the user experience with improved features. In the new version, information processing speeds drastically improved and more security features were incorporate.

Human Resources

The financial year 2018-19 was a year of consolidation and rationalisation for the Tokyo Cement Group's human resource & administration system. A number of significant and far reaching improvements were implemented, aimed at more effective controls and deployment of the Group's personnel. These changes will not only enhance productivity gains to the Company but will also to improve employee satisfaction levels.

Tokyo Cement Employee Policy

Tokyo Cement is an equal opportunity employer and does not discriminate employment opportunities or employee growth opportunities based on gender, race or religion. Formal recruitment, performance evaluation and reward systems are in place to ensure recruitment and growth opportunities based on merit and the Company invests annually on training and development opportunities for employees.

Tokyo Cement Group Employee Profile

The total employee base of the Tokyo Cement Group declined from 1,300 as at end March 2018, to 1,276 permanent personnel by end March 2019. This is composed of 190 executives, and 1086 non-executives.

Human Resource Information System (HRIS)

Automating the human resource administration process generates many benefits from cost savings to efficiency improvements. In 2018, Tokyo HRIS was successfully deployed across the entire Group.

The Group-wide deployment of the HRIS will move all previously manual administration activities onto digital platforms making human resource management an almost paperless operation, coupled with higher levels of transparency, supervision and increased employee interaction.

Grievance Management and Disciplinary Systems

Under the HR management structure, employees have a clear path for reporting and escalating grievances, within the Group's open-door policy.

The disciplinary system has also been clearly communicated and a zero-tolerance policy has been strictly enforced for fraud, theft and misdemeanour.

Employee Events

The Group makes allocations for employee socialisation opportunities every year. These activities encourage our staff to mingle and make friends and build interpersonal relationships across the Group.

Training and Development

The Group invests regularly on employee training and development to maintain not only manufacturing standards and skills but also soft skills. As part of adapting Japanese systems to Sri Lankan conditions, several teams from the cement manufacturing, Ready Mix Concrete and R&D technical divisions were sent to our technical partner UBE Cement's facilities in Japan. The training of these teams in Japanese manufacturing and quality control systems have already started to pay dividends in the form of quality of finished products, greater production efficiencies and optimised capacity utilisation.

Regular training was continued on health and safety for factory staff. Laboratory staff were continually exposed to trainings in concrete manufacturing and quality controls to upgrade in-house expertise.

The Group-wide deployment of the HRIS will move all previously manual administration activities onto digital platforms making human resource management an almost paperless operation, coupled with higher levels of transparency, supervision and increased employee interaction.

A specialised orientation process was introduced during the year, that includes technical training for new recruits. The recruits are then evaluated by supervisors for effectiveness of the training process.

Fire safety demonstration and training

Outbound team building and training in Kithulgala

Winners celebrate at the Inter-Department six-a-side tournament

CSR OVERVIEW 2018/19

Introduction

As a champion of sustainability, Tokyo Cement Group is extremely mindful of the impact of its activities on the natural and social environments. We take great care to ensure our resource footprint is minimised, and that we leave a positive impression on the world outside, through all our interactions. This thinking is ingrained in our product strategy as well, where we continuously re-engineer our offering to maximise resource usage, and enable our customers to do more with less.

Our growth is fuelled by the growth of our nation, and the responsibility of sustaining this growth momentum lies on us. Therefore, the responsibility to give back to the society and the country that nurtures us, is an obligation the Company takes very seriously. Guided by this principle, the Company fosters several tailored projects that have now become synonymous with Tokyo Cement, distinguishing us as a true Sri Lankan committed to make a difference.

All the programmes Tokyo Cement are associated with, are carefully crafted to ensure that our resources are channelled to make a real and lasting impact. These initiatives, enable us to enrich the lives of our community on one hand, and on the other, help us conserve the country's rich biodiversity for our future generations. While helping us fulfil our socio-environmental responsibility as the No.1 cement and concrete manufacturer, these programmes have also enabled Tokyo Cement to become one of the most loved and respected brands in Sri Lanka.

We take great care to ensure our resource footprint is minimised, and that we leave a positive impression on the world outside, through all our interactions.

Making a Real Impact

With roots deeply entrenched in Sri Lankan soil for over 4-decades, Tokyo Cement Group has understood and identified the areas on which our assistance can make a positive impact. Our business presence in every corner of the island, and operational presence moving across every rung of society, give us the necessary insights to focus our attention, and direct our involvement in to specific programmes, that make a significant impact on communities, and the most critically endangered parts of the environment.

All our affiliations are aimed at effecting a long-term outcome, as opposed to delivering short-term outputs, and as such are designed to grow and evolve as they work towards their goals. This has helped us build lasting relationships with the involved stakeholder groups and partner agencies, allowing us to broaden our reach and make the impact felt across many levels of beneficiaries. While some of these enduring partnerships achieve noteworthy milestones within a year, others continue on their assigned path to accomplish greater results.

Living by the words of Mahatma Gandhi, we truly believe that 'we can shake the world, in our own gentle manner'. This strong conviction encourages us to do everything in our power to ensure that our future generations can live up to their fullest potential, in a greener and peaceful country. It is this guiding principle, that enabled Tokyo Cement Group to make the giant leaps as well as take the small steps, that are described below, to enrich our country, its people and the environment.

On our Environment

This year our environmental initiatives were carried with much vigour, encouraged by the results of our efforts thus far. Continuing to spread vitality and bear fruit regardless of unfriendly circumstances as only nature does, many of our conservation programmes continued their mission to preserve and propagate a healthy environment for all living beings, despite the resource restrictions we were compelled to adopt.

Mangroves Reforestation

This was a milestone year for the Tokyo Cement Mangrove Conservation Project, where we celebrated planting over 60,000 mangrove saplings along the coast of Trincomalee with the assistance of Sri Lanka Navy.

It is with immense pride we look at the flourishing Mangrove forest while recollecting the start of this uphill journey, with the setting up of our own nursery at the Trincomalee Factory premises. The project, which started from a small strip of land adjacent to Tokyo Eastern Cement Factory, was expanded across a long stretch along the Trincomalee Bay, by replanting Mangrove saplings following the natural composition of species, native to the Cod Bay mangrove habitat. As the project progressed, we were able to collect and propagate naturally fallen seeds from the initially replanted trees, to regenerate the destroyed mangrove forest, within a relatively short span to time.

We are indeed grateful to our partners in this endeavour, the Sri Lanka Navy who supported us with much needed manpower to expand the project deeper in to the harsh local environment that was until very recently, beyond civilian access.

Forestry Nursery Programme

The two forest nurseries, at our Trincomalee Factory and at the Mahiyangana power plant premises, in combination were able to cultivate and distribute over 12,000 native forest tree plants last year. Together with our partners in this initiative, the Forest Department of Sri Lanka, we distributed these plants among Farmers' Organizations from Mannar, Jaffna, Mahiyangana, various Mahaweli zones, provincial government institutions, the Department of Agrarian Development and for island wide National Reforestation Programs carried out by the Forest Department.

The project propagates valuable indigenous trees with medicinal properties such as, Kumbuk, Karanda, Mee, Ingini etc. with the aim of conserving our unparalleled biodiversity for our future generations. More plants are being prepared at our nurseries for distribution to the Forest Department to carry out planting during the upcoming North-Eastern monsoon season in the dry zone, in order to strengthen the steady continuation of the project.

Ariel view of the flourishing mangrove forest gradually taking over the Cod Bay area

Coral Reef Restoration Project

Our Coral Reef Restoration Project was instrumental in supporting our research partner Blue Resources Trust (BRT) in mapping the Kayankerni coral reef system, paving the way for it to become one of 7 sites to be included in the Allen Coral Atlas, a global initiative to map and monitor coral reefs worldwide.

Their work, alongside a consortium of inter-agency teams, played a major role in declaring the Kayankerni Marine Sanctuary, off Kalkudah in Batticaloa, as the 17th Marine Protected Area (MPA) in Sri Lanka. The research project funded by Tokyo Cement Group, allowed BRT to work closely with the Marine Environment Protection Authority (MEPA) in mapping the zones of the marine sanctuary, and is currently involved in developing a management plan for the MPA.

Apart from establishing the long-term coral reef monitoring program based on scientific research, Blue Resources Trust also conducted several awareness campaigns targeting school children, and conducted capacity building programmes that included research training to university students and volunteers. Their community education campaigns, helped raise awareness among fishing communities on the importance of conserving coral habitat, in order to sustain the fisheries economy, and the collaborative coastal clean-up programmes with the SL Navy were received with much enthusiasm and wider interest-group participation.

In addition to funding the ongoing work carried out by BRT, we continued to deploy Reef Balls; hollow structures made of recycled concrete waste from our Ready Mix Concrete plants, that act as substrate for marine life and new corals to grow on.

During the year in review, we deployed over 100 reef balls with assistance from the Sri Lanka Navy, who is an active partner of the programme in Jaffna, Trincomalee, Pasikudah, Galle, Seenigama, Hikkaduwa and Kalpitiya coastal areas. And the project has deployed a total of 900 Reef Balls since its inception.

Awareness seminars carried out targeting school children

Forest tree planting by the Parakum Farmers Organization in Waguruyaya Wewa, Garthalawala in association with the Forest Rangers Office and Agrarian Services Department, Mahiyangana

Kayankerni Reef being surveyed by a BRT scientist

Kayankerni Marine Sanctuary, off Kalkudah in Batticaloa, is declared the 17th Marine Protected Area in Sri Lanka

Distribution of tree saplings in Boralanda together with Department of Forest Conservation, Welimada Branch

Collaborative coastal clean-up programme with the SL Navy and volunteer groups

Continuing to spread vitality and bear fruit regardless of unfriendly circumstances as only nature does, many of our conservation programmes continued their mission to preserve and propagate a healthy environment for all living beings.

Marking yet another milestone in this project, our long-standing partner, The Foundation of Goodness recently joined to extend our Coral Conservation efforts in the Southern Coast. FoG enlisted their diving and training arm: 'Dive Lanka, Dive Seenigama', as an active player in preserving the world-famous coral reef along Seenigama and Hikkaduwa, by providing local diving expertise for reef-ball deployment and coral planting. FoG divers were trained on reef ball planting and coral nursery establishment and maintenance, under the supervision of marine biologists attached to BRT and the Wildlife Research and Conservation Trust (WRCT). In the upcoming months, Tokyo Cement will continue to supply reef balls to our partners, in order to expand the impact of the project.

Volunteers and students of Foundation of Goodness' diving and training arm: 'Dive Lanka, Dive Seenigama', being trained on coral conservation methods and the upkeep of nurseries

We are encouraged to move ahead on this far-reaching initiative, that is already indicating its effectiveness, by making a long-term impact on conserving the heavily endangered coral population in our seas. One such result was seeing the restoration project conducted in 2016, around the Trincomalee Coral Cove area, in parallel to a Navy training workshop by BRT and WRCT, currently flourishing as a natural coral habitat.

The same group of Naval Officers were able to capture the beauty of the completely adopted reef balls planted in the Coral Cove, now a thriving coral habitat teeming with exotic fish. With simple yet heart-warming milestones such as this, Tokyo Cement together with our team of partners from all around the country, feel humbled yet encouraged to continue on this mission, to create a greener tomorrow for our future generations.

By mid-2018, the Coral Nursery and Reef Balls planted in the Trincomalee Coral Cove in 2016, have become a flourishing coral habitat and home to exotic fish

Trincomalee Coastal Clean-up Campaign by MEPA

Staff of Tokyo Cement Factory in Trincomalee took part in a Coastal Clean-up Program, organized by the Marine Environment Protection Authority (MEPA) in September last year. The main program, part of the National Coastal and Marine Resources Conservation Week 2018, was conducted at Orr's' Hill Supra Lagoon Park in Trincomalee, with the participation of staff members of all government offices in Trincomalee including the District and Divisional Secretariat, The Urban Council, Uppuveli Pradeshiya Sabha, Sri Lanka Ports Authority, Department of Fisheries, members of the Tri-forces, members of Rotary Club (District 1598) of Trincomalee, and school children.

Tokyo Cement factory staff engaged in the beach clean-up program in Trinco

In addition to collecting over two truckloads of garbage, with help from institutional partners, MEPA officials conducted an awareness campaign for school children on the importance of keeping our beautiful beaches clean.

Currently holding a total capacity of 24MW of Green electricity, the projects uplift the livelihoods of nearly 2,500 farming families, creating nearly 500 direct employment & over 1,000 indirect employment opportunities, for the rural farming communities.

Currently holding a total capacity of 24MW of Green electricity, the projects uplift the livelihoods of nearly 2,500 farming families, creating nearly 500 direct employment & over 1,000 indirect employment opportunities, for the rural farming communities. Every year, we divert a significant portion of our total energy bill to these farmers, enabling cash flow to our very own rural economies, through the community trade business model which supplies fuel wood for the power plants.

In addition to making our entire production process 100% energy independent, and reducing our carbon foot print to a mere 100,000 MT CO_2 per year, we contribute 50,000 MW/h annually to the national grid.

On our Society

We increased our focus on stakeholder community engagements this year, as a way to create a more responsive bridge between the Company and its various customer segments. At a time when promotional budgets were restricted, we used these tools to get closer to our consumers and carry out value driven awareness programmes. The relationships we formed with the industry community allowed us to build stronger interactions with various user groups, by empowering them with the tools and knowledge on our products and technologies.

Our determination, to create novel platforms for our future generations, that allow them to think afresh and reach their fullest potential, continued with added impetus during the year in concern. The tailored set of programmes, conducted under the patronage of Tokyo Cement Group, continue to build the foundation for tomorrow's leaders by expanding their horizons to propel our nation forward.

Deshamanya A.Y.S. Gnanam Construction Training Academy

The yeoman service offered by the A.Y.S. Gnanam Construction Training Academy in Dambulla, turned a new leaf this year by strengthening the relationship built with the Centre for Army Vocational Training. This included; conducting a refresher course for Army personnel who were trained previously, and carrying out the 1-month residential training programme in two sessions, for two other batches.

Sri Lanka Army is a regular user of the training facilities available at the A.Y.S. Gnanam Construction Training Academy, in support of the nation building work undertaken by them. As part of the long-standing relationship, 53 Army Personnel attached to Security Forces of Killinochchi, Vanni, Mulaitivu and Jaffna took part in the residential training, where they successfully completed the National Vocational Qualification (NVQ), under the purview of NAITA officials.

Gliricidia plantation in Mahiyangana provide an additional source of income to rural farming families, through its community trade business model

Army Personnel participating in the residential training programme

Renewable Energy Programme

Tokyo Cement Group's pioneering renewable energy project continued its ground-breaking streak, by planting over 5.6 Million Gliricidia trees in the surrounding areas of the three power plants, in Mahiyangana and Trincomalee.

NVQ qualification test being conducted under the supervision of NAITA officials

Another batch of Army personnel attached to the Centre for Army Vocational Training in Kala Oya, completed their NVQ certification test earlier this year invigilated by senior training managers of NAITA and Mr. Mouly Gunarathna, Consultant Engineer of Tokyo Cement Group, who spearheads all training and development activities undertaken by the A.Y.S. Gnanam Construction Training Academy. The participants who successfully pass the qualification test will have their certificate awarding and convocation ceremony at the beginning of the next financial year.

The A.Y.S. Gnanam Construction Training Academy is a fully-fledged training institute installed with the objective of producing skilled and qualified masons. It offers masons the opportunity to obtain the National Vocational Qualification (NVQ) certification in affiliation with the National Apprentices and Industrial Training Authority. This globally recognised qualification avails trainees to better employment opportunities, making it one of Tokyo Cement Group's foremost citizenship initiatives aimed at uplifting the standards of the industry. Having made a commitment to uplift the standards of our construction industry, The Academy will continue to offer its services to those who wish to become active participants of the nation building exercise with the right set of skills and knowledge.

NAITA Joins Forces to Boost Construction Sector National Skill Pool

A far-reaching MOU was signed between Tokyo Cement and the National Apprentice and Industrial Training Authority (NAITA) this year, with the objective of enhancing professional competence of Construction Craftsmen, by giving them the opportunity to obtain National Vocational Qualification (NVQ). The agreement was entered in to between Dr. Saranga Alahapperuma, Chairman of the National Apprentice and Industrial Training Authority and Dr. Harsha Cabral, PC., Chairman of Tokyo Cement Company (Lanka) PLC.

The MOU will see the two organizations join forces to upgrade skills of masonry craftsmen with professional and industry knowledge by providing them training and certification facilities at Tokyo Cement's A.Y.S. Gnanam Construction Training Academy in Dambulla, under the expert guidance and supervision of NAITA.

The two organizations have been close collaborators for many years in facilitating professional training in the field of construction, and with this new understanding, will improve the impact of the programme by reaching out to all parts of the country, via the NAITA District Office network and channelling potential trainees to The Construction Training Academy.

Capacity Building of Construction Sector Professionals

The capacity development and skills building seminar series conducted by Tokyo Cement continued on its mission of empowering the industry. The seminars conducted at regional level, intends to create close ties with construction sector professionals, including masons, in order to enhance the standards of workmanship, by sharing best practices and technical guidance in the building construction discipline.

During the year under review, Tokyo Cement conducted seven capacity building seminars targeted at Engineers and Technical Officers attached to the state and private sectors. Six forums were held addressing Technical Officers attached to Government and Private Sector institutions, and another separate seminar for public and

The MOU signing ceremony held at the NAITA Head Office, with the participation of senior executives from both organizations private sector contractors. The seminars are held with the intention enhancing their expertise in novel construction and engineering methodologies.

Successful training sessions were conducted for the Development Officers attached to the Divisional Secretariats of Nildandahinna, Nuwara Eliya and Pathahewaheta, based on request made by the respective Divisional Secretaries.

One of the keystone industry empowerment initiatives Tokyo Cement has dedicated itself towards, for over two decades, includes conducting skills development sessions for masons from all parts of the country. These Seminars are a valuable component of our relationship building exercises and encompass, knowledge sharing and training masons in efficient construction practices and, new methodologies in building. This year too, the programme continued on this untiring mission and conducted nearly 40 programs across the island, with the assistance of our regional sales teams, who use this programme to strengthen the relationships with local masons and their sales and distribution channel.

Seminar for Technical Officers held in Thalawathugoda

Masons seminar held in Mannar

Masons Seminar held in Rambukkana

The Company aims to uplift the skill levels of the entire industry, by educating and empowering the professional network, so that every stakeholder group can contribute towards the nation building efforts.

Utilising these customised set of tools, the Company aims to uplift the skill levels of the entire industry, by educating and empowering the professional network, so that every stakeholder group can contribute towards the nation building efforts.

Platinum Partner of the 23rd Forestry and Environment Symposium

Organized by the Department of Forestry and Environmental Science of University of Sri Jayewardenepura

Tokyo Cement Group took part in this year's International Forestry and Environment Symposium, organized by the Department of Forestry and Environmental Science of University of Sri Jayewardenepura, as the Platinum Sponsor. We consider this to be a great opportunity to showcase the environmental initiatives carried out by the company, and a platform to create dialogue and draw attention of the state sector policy makers, towards the important concerns around the conservation efforts.

Engineers & Technical Officers Seminar held in Vavuniya

Inauguration ceremony of the 23rd Forestry and Environment Symposium 2018

CSR OVERVIEW 2018/19

The Music Project

Tokyo Cement continued to extend support to The Music Project, a charitable endeavour giving children from rural backgrounds an opportunity to learn music. The programme operates in schools nominated by the Ministry of Education, where access to facilities and infrastructure required for the children to learn music as an extracurricular activity is very limited, thus hindering them the opportunities and exposure.

Tokyo Cement Company has been partnering the programme over the last three years, by sponsoring 110 students of Palinagar Maha Vidyalayam in Mullaitivu and 50 students of Sri Gunananda Kanishta Vidyalaya in Mawathagama, Kurunegala, to receive music lessons by teachers attached to The Music Project.

The project which initially focused on teaching orchestral instruments to the students, changed their focus this year, on forming marching bands to represent each school. This change was effected due to the many requests made by Principals, students and the parents of the schools. As such, starting from January 2019 the project started assisting the schools to form their own brass band that gets to perform at the sports meet and other school events.

This was a much welcome move for the students, who now take part in the weekly practice sessions with much enthusiasm. It gives them the opportunity to proudly don a richly tailored outfit in their school colours and perform in front of wider audiences and show off their talents. While it increases recognition for the band, it also provides children of disadvantaged farming communities, a therapeutic and holistic opportunity to excel and fulfil their own potential within a thriving musical community.

The marching band of the Palinagar Maha Vidyalayam, Mullaitivu welcoming the chief guests at their school sports meet

School Nutrition Programme

The school nutrition programme is one project Tokyo Cement has committed to from the time of our Founder Chairman, late Deshamanya A.Y.S. Gnanam. The Company continued to support his compassionate deed, and silently contributes to two schools in Kandy and another one in Trincomalee by providing a balanced mid-day meal to over 400 underprivileged children.

The programme was initiated with the meritorious intention of encouraging children to continue to attend school and complete their education, despite their disadvantaged social backgrounds. Currently, we provide the mid-day meal to around 50 children from Ketawala Kanishta Vidyalaya; and nearly 20 children from Dambawela Kanishta Vidyalaya, in Kandy, and over 300 children from Thiriyaya Maha Vidyalaya in Trincomalee on a daily basis. The Company garners the support of volunteer parents in preparing the meals, making it a sustainable community project with a far-reaching human impact.

National Environment Pioneer Gold Medallist Students visit Trincomalee Factory

The Central Environment Authority conducts the Environment Pioneer Programme (EPP) focusing on all national schools throughout the country in collaboration with the Ministry of Education. The objective of the programme is to get active participation of school children in environment conservation and create future leaders in environmental management and sustainable development. The Gold Medallist students of 2018 comprising of 400 students who were selected to participate in the EPP National Camp representing the whole student population of Sri Lanka, had the opportunity to visit Tokyo Cement Factory in Trincomalee, as part of their field visit.

The western band of Sri Gunananda Kanishta Vidyalaya in Mawathagama practicing with a Teacher of The Music Project

Gold Medallist students of the National Environment Pioneer Programme at the Tokyo Cement Factory in Trincomalee

The relationships we formed with the industry community allowed us to build stronger interactions with various user groups, by empowering them with the tools and knowledge on our products and technologies.

Participants of the Southern Cricket Coaching Camp

The students were given a guided tour around the cement factory, which provided them with a comprehensive knowledge about the manufacturing process and the extensive environmental protection methodologies adopted by Tokyo Cement at its modern industrial environment. The factory tour also included a lecture series delivered by Tokyo Cement engineering and technical staff, on the modern practices deployed at the manufacturing plant with special emphasis on the environment friendly biomass power generation initiative which fuels the entire Tokyo Cement manufacturing process.

The FOG Cricket Academy

The partnership between Tokyo Cement Group and The Foundation of Goodness, in its 5th year was able to make a positive contribution to boost cricketing talent in rural Sri Lanka. This partnership works in rural areas such as Seenigama and Hikkaduwa in the South, and in Jaffna, Vavuniya, Kilinochchi and Mullaitivu in the North as well as, Batticaloa in the East, with the aim of polishing up latent cricket stars at school level.

The Southern cricket coaching camp conducted by Mr. Hemantha Devapriya held at Hikkaduwa MCC Lords had the participation of 40 boys and 02 girls in the 13 -17 age groups. The Northern and Southern Cricket Coaching Camps conducted 12 sessions each, in their respective areas, giving the girls and boys from remote backgrounds to perfect their skills and fuel their aspirations of becoming Sri Lankan cricket champions.

Participants of the Southern Cricket Coaching Camp

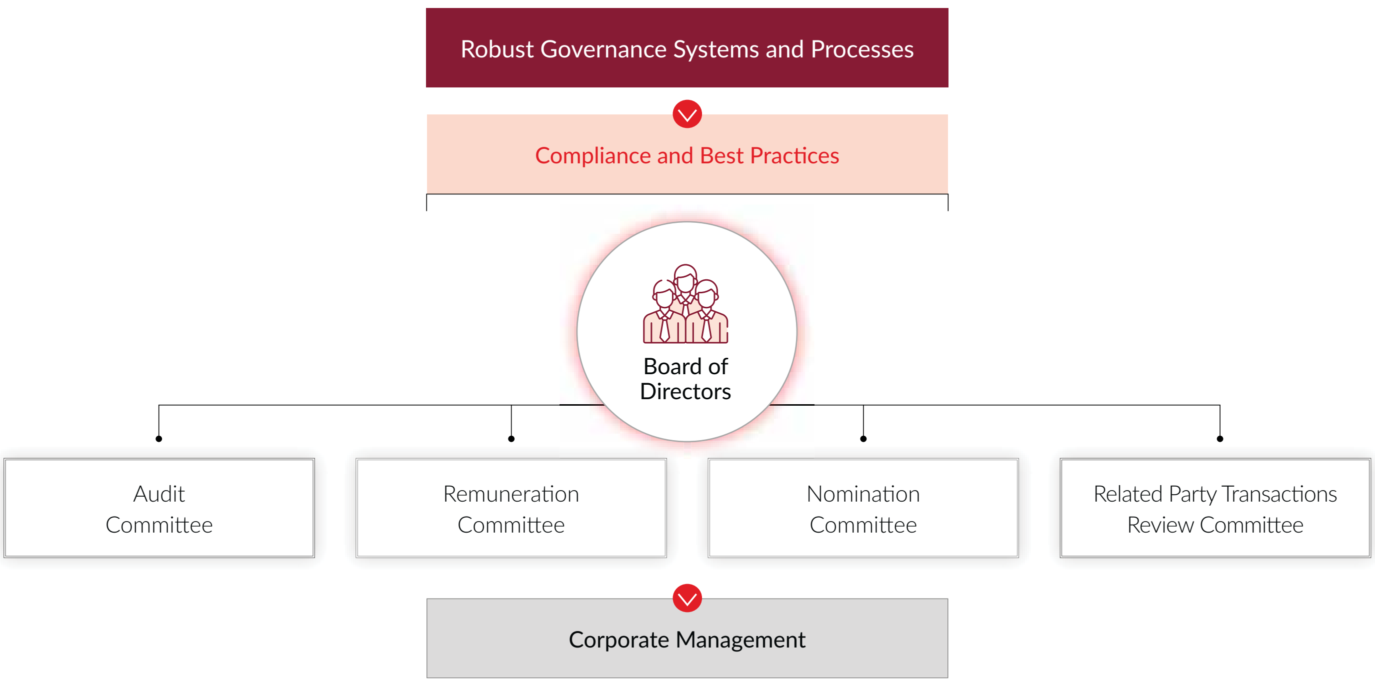
DECADES OF EXPERIENCE

Governance Reports

CORPORATE GOVERNANCE

Tokyo Cement Company (Lanka) PLC's long history of operations in Sri Lanka and strong international partnerships amply demonstrate the Group's commitment towards good governance and uncompromising compliance. The Group has a long standing tradition of ethical business practices and commitment to best industry practices, that places emphasis on transparency and accountability towards not only shareholders of the Company, but all stakeholders. All growth strategies of the Group are defined by the principle of sustainable growth, that accommodates the triple bottom-line philosophy of people, planet and profit to ensure a balance between short term profitability and long term value creation with minimum environmental impacts.

Corporate Governance Structure



The Board of Directors

The governance structure of Tokyo Cement is headed by the Board of Directors which is the highest decision making body of the Company. The Board has the overall responsibility and accountability for the management of the affairs of the Company, maintenance of prudent risk management practices and safeguarding stakeholder rights.

The Board of Tokyo Cement has upheld a philosophy of maintaining international best practices with regards to governance policies, mechanisms and procedures. On principle, the Board is guided by the highest ethical standards in its policy making as a sustainable business bent on creating long term value for country, people and stakeholders.

The Board formulates overall business strategy in consultation with corporate management and determines corporate goals, which are communicated down the management hierarchy through a systematic procedure overseen by the operational management team.

Continuous oversight of operations is maintained by the Board of Directors through monthly reviews of corporate and operational performances of the Group against the context of the macro environment encompassing political, economic, social and technological developments. Through the review process, the Board provides direction to the corporate management in managing the business.

Appointments to the Board

In accordance with the Companies Act No 7 of 2007, the Board of Directors are appointed by the shareholders at the Annual General Meeting.

Composition of the Board

As at end March 2019, the Tokyo Cement PLC Board of Directors consisted of nine (09) members. There is only one (01) Executive Director, which is the Managing Director. Eight (08) Directors are Non-Executive Directors, and out of this, four (04) Directors are Independent Non-Executives, including the Chairman. Four Directors are Non-Executive Directors and one (01) of which Non-Executive Director is a Nominee Director of UBE Singapore.

To ensure proper balance of skills and expertise on the Board, all Independent Non-Executive Directors have been selected from professional sectors such as banking, economic, legal and accountancy with many years of experience in business and administration. They have the qualification, and experience to guide the strategy formulation, risk management and growth process of the Group.

In conformity with good governance practices, the positions and functions of the Chairman and the Managing Director have been separated. The role of the Managing Director is to manage the day-to-day running of the Company and he leads the Corporate Management team in making and executing operational decisions. The Managing Director is also responsible for recommending strategy to the Board.

Board Sub Committees

In conformity with Listing Rules of the Colombo Stock Exchange, Tokyo Cement has established four Board sub committees – the Audit Committee, Remuneration Committee, Nomination Committee and a Related Party Transactions Review Committee. The composition of the Committees is fully compliant with the Listing Rules. The committees are fully functional and have continued to meet during the year under review to ensure specialised inputs to the Board.

Please refer the Committee Reports for details regarding the composition and activities of the committees during the year under review.

Internal Controls and Monitoring

The system of internal controls is essential for proper operation of the business and to ensure protection of shareholder assets. The Board of Directors is responsible for designing, reviewing and maintaining an effective system of internal controls to ensure smooth and orderly operations, reliability of financial reporting, compliance with applicable laws and regulations, safety of assets and resources. As part of proper internal controls, the Board is responsible to deter and detect errors, fraud, and theft by ensuring accuracy and completeness of accounting data and by producing reliable and timely financial and management information. Overall, the internal controls process ensures adherence to corporate policies and plans.

The Tokyo Cement internal control system cascades down the Group structure through the Board sub committees and the corporate management. The corporate management is responsible for implementing Board directions and policies at operational levels. A structured reporting process is in place to ensure reporting and communications flows from top-down and the bottom up.

As a central, ongoing aspect of internal controls, the Board of Directors monitor operations through regular Board meetings and through regular reviews of management information obtained at meetings including reports of the internal auditors.

An Internal Audit team has been established to monitor and measure the adequacy of the implementation of internal controls by the management. Internal Audit Department is empowered to review the systems and controls in accordance with a Board approved audit plan, which is reviewed and improved continually. Auditing systems include surprise audits of sales depots, the Ready Mix concrete operations, and the factory.

Reports by Internal Audit are submitted to the Audit Committee for review, which then recommends suitable action 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 The Institute of Chartered Accountants of Sri Lanka.

IT Governance

The Board reviewed the requirement for management of cyber risks in preventing cyber fraud and disruption of operations, and necessary directions were given to strengthen IT governance. Tokyo Cement emphasised implementing improvements to the IT systems in line with strategies and objectives, with dedicated and qualified staff deployed to support this function. The investment in IT covers resources operated and managed centrally, and resources deployed at the factories. This includes the ERP system, internet, and email services catering to most parts of the business. IT projects and systems are implemented after consideration of their fitness and feasibility for the required objective, such as cost saving and provision of timely information. IT risks are assessed on an ongoing basis and use of licensed software, close monitoring of internet usage and mail server operations and the use of anti-virus and firewall software, are some practices in place across the operation to mitigate the associated risks. IT governance concerns are tabled at the Audit Committee meetings, where relevant actions are decided by considering potential risks, impacts and other prudential criteria.

Environment, Society and Governance (ESG)

Tokyo Cement conducts its business operations with extreme mindfulness of impacts on its natural and social environments. In order to manage socio-environmental responsibility, Tokyo Cement conducts several programmes designed to mitigate negative impacts and enhance positive impacts. This annual report contains sufficient relevant information under the CSR Review, to enable investors and other stakeholders to assess how ESG risks and opportunities are recognised, managed, measured and reported.

Going Concern

The Board has ensured prudent cash flow management during the year and maintained stringent financial controls across all operational aspects in accordance with its statutory responsibility towards ensuring that the Company is a 'going concern.' The Board has continually reviewed capital investments, resource allocations and investment strategies in relation to macro systematic risk factors to make sure the company is financially sustainable and has adequate financial and non financial resources to continue operations into the foreseeable future.

Transparency

The Board of Tokyo Cement believes in transparent and accountable business practices and has stringently followed all statutory reporting requirements to inform shareholders, regulatory authorities and other stakeholders of the status of the Company. The Company did not face any fines or penalties for delays in statutory reporting during the current financial year. Dissemination of quarterly accounts and the release of the Annual Report and Audited Accounts have been complied with, within the stipulated time frame.

The Board discloses full information, both financial and non financial, 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.

Investor Relations

The Company continues to maintain good communication with all shareholders comprising both corporate and individual. 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

The Board is committed to enhance shareholder value not only in the context of short term profitability, but also in the context of long term wealth creation through enhancement of share prices and shareholder assets, backed by regular and fair distribution of profits. This policy has been upheld during the current financial year through a strong capital investment program which has been further supported by the declaration of dividends and a capitalisation of reserves which have all contributed towards short and long term shareholder wealth creation.

Statement of Compliance

As a responsible corporate citizen with a long standing reputation for good governance, the Tokyo Cement Board is fully cognisant of the vital importance of total adherence to all laws and regulations governing the business and as such makes all efforts towards regulatory compliance at all times, in all business activities.

During the current financial year, Tokyo Cement has remained fully compliant with all applicable regulatory requirements. The Group adheres to regulations and codes of best practices etc. adopted by different governing bodies including the following:

- The Companies Act No 7 of 2007
- Listing rules of the Colombo Stock Exchange
- The Code of Best Practice on Corporate Governance issued by Institute of Chartered Accountants of Sri Lanka and Securities & Exchange Commission of Sri Lanka
- The Inland Revenue Act No 24 of 2017, VAT Act No 14 of 2002 and other revenue related regulations and subsequent amendments
- Exchange Control Act and subsequent amendments
- Customs Ordinance
- Consumers Affairs Authority Act
- Sri Lanka Electricity Act
- Central Environment Authority Act
- Other legislations and pronouncements relating to the industry in force

The extent to which the Group is in compliance with the rules set out in Section 7.10, 9.2 and 9.3 of the Colombo Stock Exchange listing rules on corporate governance have been tabulated below.

Compliance with the rules set out in Section 7.10, 9.2 and 9.3 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)	✓
02	The correct number of Independent Non-Executive Directors, in accordance with Rule 7.10.2 (a)	✓
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)	✓
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)	✓

No	Rule	Compliance status
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)	✓
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)	✓
07	Remuneration Committee The correct number of Independent Non-Executive Directors in the Remuneration Committee, in accordance with Rule 7.10.5 (a)	✓
08	Specified whether a separate Remuneration Committee was formed or whether listed parent Company's Remuneration Committee used - Rule 7.10.5 (a)	✓
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)	✓
10	Disclosed the functions of the Remuneration Committee, in accordance with Rule 7.10.5 (b)	✓
11	Specified whether the Chairman of the Committee is a Non-Executive Director Rule 7.10.5 (a)	✓
12	The Annual Report contained a statement on the Remuneration policy - Rule 7.10.5 (c)	✓
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)	✓
14	Audit Committee The correct number of Independent Non-Executive Directors, in accordance with Rule 7.10.6 (a)	✓
15	Specified whether a separate Audit Committee formed or whether listed parent company's Audit Committee used - Rule 7.10.6 (a)	✓
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)	✓
17	Confirmed that the functions of the Committee has being in accordance with Rule 7.10.6 (b)	✓
18	Specified whether the Chairman of the Committee is a Non-Executive Director Rule 7.10.6 (b)	✓
19	Specified whether the Chairman or one member of Committee is a member of a recognised professional accounting body – Rule 7.10.6 (a)	✓
20	Specified whether the CEO and CFO attended Committee meetings, unless otherwise determined by the Audit Committee – Rule 7.10.6 (a)	✓
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)	✓
22	Specified the basis for determining External Auditors as being Independent Rule 7.10.6 (c)	✓
23	Board shall avoid any conflict of interest from any transaction with any person and particularly persons considers as related parties- Rule 9.2	✓
24	Monitoring and approve recurrent and non-recurrent Related Party transactions as set out in the group policy guidelines – Rule 9.3	✓

AUDIT COMMITTEE REPORT

Tokyo Cement has instituted a fully functional Audit Committee as directed by the Listing Rules of the Colombo Stock Exchange and the '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.

The Charter of the Board Audit Committee (BAC) is approved by the Board and clearly defines the Terms of Reference of the Committee and is regularly reviewed to ensure that new developments relating to the Committee's functions are addressed. The Committee met regularly during the year to ensure adequate oversight of internal controls and support for the Board.

Composition of the BAC

As defined by the Listing Rules and the 'Code of Best Practice', the BAC comprises three Non Executive Independent Directors and two members of the Committee are qualified Chartered Accountants.

The Managing Director, Chief Operating Office, Deputy General Manager Finance, and Internal Auditors also attend BAC meetings. Senior managers are invited to attend in the meetings as and when required.

Audit Committee Members

- Mr. R Seevaratnam - Chairman
- Mr. Ravi Dias
- Mr. Asite Talwatte

Terms of Reference

The BAC reports directly to the Board of Directors regularly, regarding its activities and review and recommendations. The BAC assists the Board of Directors in general oversight of financial reporting, risk management, internal controls. The BAC mandate includes:

- Supervision of financial reporting: The Committee assists the Board of Directors to discharge their responsibility in the preparation of Financial Statements to reflect a true and fair view on financial position and performance, based on the Company's accounting records and in accordance with the stipulated requirements of the Sri Lanka Accounting Standards. In accordance with the mandate mentioned above, the Committee reviews the following:
    - Procedures to provide reasonable assurance that all transactions are accurately and completely recorded in the books of account.
    - Effectiveness of financial reporting system is in place to ensure reliability of the information provided to the stakeholders.
    - Accounting policies to determine most appropriate accounting policies after considering all choices available.
    - Process by which compliance with Sri Lanka Accounting Standards, Companies Act No 7 of 2007 and other regulatory provisions relating to financial reporting and disclosures are ensured.
    - The annual report and interim financial statements prepared for publication, prior to submission to the Board.
- Supervision of internal and external audits: The BAC engages with external auditors and regularly interacts with the Internal Audit team to assess effectiveness of financial control systems and to make recommendations to the Board. The Audit Committee monitors and guides the Internal Audit Department which performs audits according to the plan of activities which covers financial and operational audits, risk assessments and IT security reviews.
- Monitor compliance: The BAC is empowered to monitor and examine Company compliance with laws and regulations and also adoption of best practices.
- Recommendations regarding auditors: The BAC makes recommendations regarding the appointment and reappointment of external auditors

Summary of Activities During the Year

As required under best practices the BAC met 04 times during the 2018-19 financial year and attendance of the committee members were in order. The proceedings of the meetings were reported to the Board of Directors regularly.

- The Committee monitored compliance with statutory requirements and the systems and procedures that are in place to ensure compliance with such requirements.
- The Committee ensured that the Internal Audit Function is independent of the activities it audited and that it was performed with impartiality, proficiency and due professional care. The reports of the Internal Audit Department were reviewed, discussed by the Committee, and corrective measures were initiated when required.
- The Auditors were provided with access to all requested information and relevant personnel to ensure that the Auditors had the independence to discuss and express their opinions on any matter. It provided the assurance to the Committee that the Management has fully provided all information and explanations requested by the Auditors.
- The Committee reviewed the business processes in operation in order to evaluate the effectiveness of the internal controls that have been designed to provide reasonable assurance to the directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of the financial statements.

Independence of Auditors

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

The Audit Committee recommends the reappointment of Messes BDO Partners for the financial year ending 31st March 2020.

Conclusion

Based on the oversight extended during the year, 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 the policy framework of the Group set out by the Board of Directors and that Group assets are properly accounted and adequately safeguarded.

R. Seevaratnam
Chairman - Audit Committee

17th July 2019

REPORT OF THE REMUNERATION COMMITTEE

A Remuneration Committee, reporting directly to the Board, is in operation, which has been instituted in conformity with the Listing Rules of the Colombo Stock Exchange. The existence of the Committee ensures that no Director determines his own remuneration. In addition, the Committee actively ensures in setting competitive remuneration packages to attract and retain top management personnel.

Tokyo Cement has adopted a performance based pay policy, linked to short and long terms targets, as its remuneration policy for Executive Directors and senior managers.

Composition of the Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors and comprises three Non-Executive Independent Directors. The Managing Director and other executive directors attend Committee meetings by invitation.

Remuneration Committee Members

- Dr. Harsha Cabral, PC - Chairman
- Mr. R Seevaratnam
- Mr. Ravi Dias

Terms of Reference

The primary objective of the Remuneration Committee is to recommend the remuneration of Directors to attract suitable personnel to direct the Company. Its objectives are:

- Recommend the remuneration of the Board of Directors
- Make recommendations to the Board, regarding specific remuneration packages of the Senior Management Team
- Recommend any contract of employment or related contract with the Senior Management Team and determine the terms of any compensation package in the event of early termination of the contract of any member of Senior Management Team
- 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 independent external professional advice on matters within its purview
- The Committee also discusses and advises the Directors and Executive Officers on structuring of remuneration packages.

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

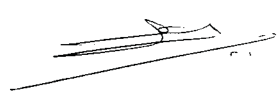
Summary of Activities During the Year

The Remuneration Committee met twice during the year.

Remuneration levels of senior managers were reviewed and recommendations were made to maintain these at levels sufficient to attract and retain the Senior Management Team of the Company. The decisions on the matters relating to remuneration of the Senior Management Team were arrived at in consultation with the Chairman and Managing Director.

Director's emoluments in aggregate for Executive and Non Executive Directors for the year under review are disclosed in note 8 to the financial statements in page 113.

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



Dr. Harsha Cabral, PC
Chairman - Remuneration Committee

17th July 2019

NOMINATION COMMITTEE REPORT

Tokyo Cement has set up a Nomination Committee which reports directly to the Board, to ensure the Board of Directors represent adequate diversity of expertise and experience to ensure prudent but strategic direction for the Group. The Committee ensures there is a combination of varied skills and knowledge within the Board to overcome the risks faced by the Group in pursuit of its strategic objectives, by reviewing and recommending suitable candidates to be appointed to the Board.

The Committee reviews requirements of the Company and makes recommendations that are unbiased and free from personal and/or business influences, thereby enabling the Company to have a strong and balanced leadership.

Composition of the Nomination Committee

The Nomination Committee was made up of three Non-Executive Independent Directors and the Managing Director.

Members of the Nomination Committee

- Dr. Harsha Cabral, PC – Chairman
- Mr. S R Gnanam
- Mr. R Seevaratnam
- Mr. Ravi Dias

Terms of Reference

As set out by the terms of reference of the Committee, the responsibilities of the Committee are:

- To recommend to the Board, the process of selecting the Chairman and Managing Director.
- Balance and diversify the effectiveness and composition of the Board
- Identify and recommend suitable candidates as Directors to the Board
- Make recommendations on matters referred to by the Board.

Summary of Activities During the Year

During the year under review, the Nomination Committee met twice.

- The Committee deliberated potential new appointments for the year and recommended new appointments to the Board of Directors.
- Evaluated the eligibility of the Directors who have offered themselves for re-election/reappointment to the Board and made necessary recommendations to the Board.

Dr. Harsha Cabral, PC
Chairman - Nomination Committee

17th July 2019

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

As directed by the Listing Rules of the Colombo Stock Exchange, Tokyo Cement has constituted a Related Party Transactions Review Committee which reports directly to the Board and is authorised to review all Related Party Transactions ensuring compliance with and legal requirements, concerning the transaction.

Composition of the Related Party Transactions Review Committee

In accordance with the requirements of the Listing Rules, the Committee comprised of three Non-Executive Independent Directors.

Members of the Related Party Transactions Review Committee

- Mr. R Seevaratnam - Chairman
- Mr. Ravi Dias
- Mr. Asite Talwatte

Terms of Reference

In compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange, the Committee's key responsibility is to review all proposed Related Party Transactions prior to entering into or completion of the transaction in line with procedures laid down by the Listing Rules.

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.

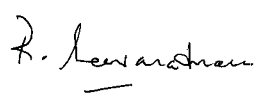
Its responsibilities are as follows:

- Evaluate any proposed related party transactions and make recommendation to the management and the Directors on the appropriate procedures that should be adopted by the Company to align with the Listing Rules and the Code of Best Practices on Related Party Transactions
- Review any post quarter confirmations on related party transactions
- Review the threshold for related party transactions to decide whether it requires shareholders' approval or immediate market disclosures
- Reviews and assess ongoing relationships with any related party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remain appropriate

Summary of Activities During the Year

The committee met 04 times during the year under review.

The Committee reviewed all proposed Related Party Transactions and ongoing Related Party Transactions during the year. The Committee deliberations were presented to the Board by tabling minutes of the meeting of the Committee, at Board Meetings.



R. Seevaratnam
Chairman - Related Party Transactions Review Committee

17th July 2019

RISK MANAGEMENT

The Board of Directors and management have a key role in designing an effective system to identify potential uncertain events that may have adverse impacts and to manage such risks within the risk appetite of the Group.

The Tokyo Cement Group has an extensive risk management system that is used to safeguard against systematic and unsystematic risks that are currently existing and are potential risks. As a heavy industry with a large component of imported raw materials and with island wide operations, the Group's risk range extends from local market risks to global risks. Therefore, a reliable and effective risk management system is essential to protect and enhance shareholder assets, and safeguard safety and welfare of employees, customers, business partners and also communities in the Group's operational localities.

Therefore, risk management is treated as a core business management function and involves both the Board of Directors and the management with clear risk monitoring, risk reporting and risk evaluation systems in place.

The Board of Directors and management have a key role in designing an effective system to identify potential uncertain events that may have adverse impacts and to manage such risks within the risk appetite of the Group, or to eliminate the cause, to provide a reasonable assurance for the achievement of objectives.

Process of Managing Risks

A three step risk management process is in operation, which involves risk identification, assessment, and prioritisation, against short term operational and mid to long term strategic objectives of the Group. The administrative and operational activities of the Group are executed within an internal control system by managing risks associated with the enterprise.

Risk Management Strategies

1. Transferring the risk to another party,
2. Avoiding the risk,
3. 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.

Three Lines of Defence

Tokyo Cement's three lines of defence on risk management are:

1st line of defense – Operational Units

- Identifying risks at operational level
- Evaluating and managing the risks within the approved framework of policies set by the Board of Directors.

2nd line of defense – Support Functions

- Major support functions
- Accounting & Finance
- Administration
- Operations
- Information Technology
- Work in close relationship with business units, to ensure that uncertain events are appropriately identified and managed.

3rd line of defense – Internal Audit, Audit Committee

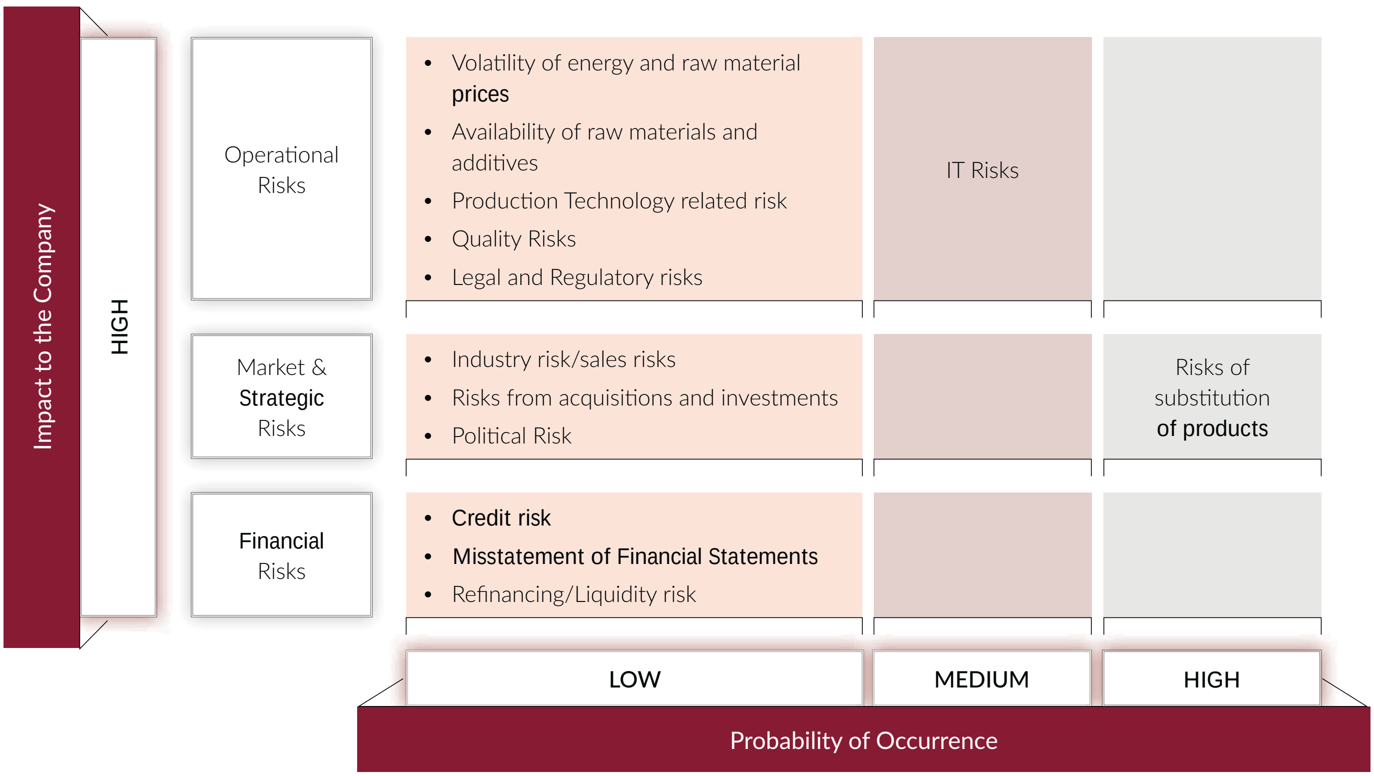
- The Internal Audit Function assesses the efficiency & effectiveness of the processes executed by the first and second lines of defence independently
- The Audit Committee continuously provides an assurance on these processes to the Board of Directors.

Quantitative and Qualitative Aspects of 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

RISK MANAGEMENT

components of risk; the magnitude of the potential loss and the probability that the loss will occur in an event of materialisation 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	Description	Impact	Probability	Risk Management Response
Financial Risks				
Currency Risks	The rupee depreciated unexpectedly and steeply in 2018	High	High	Entering into forward contracts with the foreign suppliers for future procurements and closely monitor movement in currency rates and take appropriate action to revise pricing as and when required.
Credit Risks	The industry faced a high degree liquidity constraints during the year	High	Medium	Proactive credit policies and procedures are in place to review the creditworthiness and determine the potential credit risk associated with customers. Credit facilities to be backed by bank guarantees. Established advance reviewing systems for effective monitoring and reporting of outstanding trade debts.
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	Continuous negotiations with banks and financial institutions to secure the best possible rates for the Group's borrowings and investments. Maintaining long term interest rate agreements Strong long term relationships with banks as a prime customer and aggressively follow up with debtors in order to collect their debts within a credit period, to minimise finance costs. Prudent treasury management
Refinancing/ Liquidity Risk	Financing funds impacting to operating cash flows	Medium	Medium	Arrangement of adequate banking facilities Maintaining a sound cash position Cash flow planning and monitoring
Market & Strategic Risks				
Political Risks	Adverse impact on business due to political uncertainty.	High	High	Engaging with policy makers and influencers Portfolio diversification to diversify revenue sources Backward integration to strengthen resilience of the business

● Low ● Medium ● High

RISK MANAGEMENT

Risk	Description	Impact	Probability	Risk Management Response
Sales/ Market Risks	Construction activity contracted sharply during 2018-19	High	High	Product diversification Increased customer focus Development of special products i.e. Innovation Products Planning based on analytics
Risks from substitution of products	Availability of low quality imported products	High	High	Uncompromising quality standards Strong dealer network Educating customers/ decision influencers, such as masons
Environmental risks	Floods and other extreme weather	Medium	Low	Diversify portfolio to maintain revenue streams
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	Low	Low	Rigorous forecast and analysis of acquisition and investments and methods of financing Maintain low employee turnover and retain employees with long tenure
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	Utilisation of renewable energy sources to maximum Enter into 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	Maintain long term contracts with reliable material suppliers who are with the company for many years Develop our own supply of additives, such as fly ash
Production Technology Related Risks	Technological obsolescence could adversely affect the performance	Medium	Low	In house and overseas training for staff Technology transfer from UBE, Japan Regular investment in upgrading technology
Quality Risks	Adverse impact due to sales returns and damages due to claims for the supply of low quality products and decrease in sales volume	Low	Low	Strict quality maintenance in terms of ISO 9001 Quality management System and compliance with SLS requirements are observed at all times. Therefore, this is a low risk to the Group

● Low ● Medium ● High

Risk	Description	Impact	Probability	Risk Management Response
Legal & Regulatory Risks	Negative Effect on business on changes to regulations or non compliance with regulations mainly connected with environmental and consumer protection Acts	●	●	As we maintain a high level of compliance the impact is low.
IT Risk	Adverse impact on loss of confidentiality, integrity and non availability of systems	●	●	ERP system has been introduced 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.

● Low ● Medium ● High

THE PROMISE OF SUSTAINABLE GROWTH

Financial Information

FINANCIAL CALENDAR

Interim Reports	
Quarter ended 30th June 2018	09th August 2018
Quarter ended 30th September 2018	13th November 2018
Quarter ended 31st December 2018	11th February 2019
Quarter ended 31st March 2019	31st May 2019

First and final dividend declared	15th July 2019
Annual Report - 2018/19	23rd July 2019
Thirty Seventh Annual General Meeting	16th August 2019

ANNUAL REPORT OF THE DIRECTORS

About the Company

Holding the distinction of being Sri Lanka's first privately owned cement manufacturer and one of the country's leading heavy industries, Tokyo Cement Company (Lanka) PLC, was incorporated in 1982. One of the oldest private sector foreign collaborations in Sri Lanka, the Company was established as a partnership between Japan's Nippon Coke and Engineering Company, (formerly Mitsui Mining Company) and Sri Lanka's St Anthony's Consolidated, under the aegis of the founder of Tokyo Cement, Deshamanya A Y S Gnanam. The Company was listed in the Colombo Stock Exchange in 1984.

In 2017, Tokyo Cement entered into a new technical collaboration with UBE Singapore PTE Ltd.

The Tokyo Cement Group

Tokyo Cement Group structure

As at end March 2019, the Tokyo Cement Group comprised five (05) subsidiaries.

100% holding	100% holding	100% holding	51% holding	100% holding
Tokyo Super Cement Company Lanka (Private) Limited	Tokyo Cement Power (Lanka) (Private) Limited	Tokyo Eastern Cement Company (Private) Limited	Tokyo Super Aggregate (Private) Limited.	Tokyo Supermix (Private) Limited

Tokyo Cement Company (Lanka) PLC

Principal Activities

The Company's core activity is the manufacture of Ordinary Portland Cement, Portland Pozzolana Cement and Blended Hydraulic Cement. Further, the Company expanded into the production of value added products such as Tile Adhesives, Water Proofing Products, Pre-Mix Concrete, Ready Mix Concrete and CLC Blocks. The Company is also involved in renewable energy generation.

From 2018, the Company commenced manufacturing Blended Hydraulic Cement.

Please refer the Chairman's Message and the Managing Director's Review for details of the Company's activities during the financial year 2018-19.

Board of Directors & Board Sub Committees

Board of Directors

Director	Designation
Dr. Harsha Cabral, PC	Chairman and Non Executive Independent Director
Mr. S. R. Gnanam	Managing Director
Mr. Susumu Ando	Non Executive & Nominee Director of UBE Singapore PTE Ltd
Mr. A. S. G. Gnanam	Non Executive Director
Mr. E. J. Gnanam	Non Executive Director
Mr. R. Seevaratnam	Non Executive Independent Director
Mr. Ravi Dias	Non Executive Independent Director
Mr. W. C. Fernando	Director
Mr. Asite Talwatte	Non Executive Independent Director

Board Sub Committees

Four Board sub committees have been constituted to support the Board in its decision making and to improve management effectiveness of the Company. Each sub committee has been constituted under specific terms of reference, in conformity with the listing rules of the Colombo Stock Exchange. The sub committee are:

- The Audit Committee
- The Remuneration Committee
- The Nomination Committee
- The Related Party Transactions Committee

The terms of reference and reports of the committees are given on pages 76 to 80 of the Annual Report.

Director's Meetings

The Board of Directors met 08 times during the year under review and 13 Resolutions were adopted by the Board of Directors of the Company by circulation.

Recommendations for Re-election

The following recommendations have been made for re-election to the Board.

1. To re-elect as a Director, Mr Ranjeevan Seevaratnam, who is up for retirement under the Articles of Association and Section 211 of the Companies Act No 7 of 2007, for the age limit referred to, in Section 210 of the Companies Act No 7 of 2007, as he is over the age of 70 years.
2. To re-elect as a Director, Mr W C Fernando, who is up for retirement under the Articles of Association and Section 211 of the Companies Act No 7 of 2007, for the age limit referred to, in Section 210 of the Companies Act No 7 of 2007, as he is over the age of 70 years.
3. To re-elect Mr Ravi Dias who retires by rotation under Article 114 and is eligible for re-election

Declaration of Directors Independence or Non-independence

Independent Directors of the Board

1. Dr Harsha Cabral, PC
2. Mr Ranjeevan Seevaratnam
3. Mr Ravi Dias
4. Mr Asite Talwatte

A signed declaration by the four Independent Directors regarding their independence, was submitted to the Board and was duly evaluated by the Board. The Board assessed the Directors' independence in accordance with standards established by the CSE and Corporate Governance Rules.

Despite Mr Seevaratnam and Dr Cabral having exceeding the 9-year time frame from their initial appointment as independent directors, the Board, having reviewed all relationships they have with the Company and having considered all the facts and circumstances, have determined that Mr Seevaratnam and Dr Cabral remain independent and are in no way impaired in performing the responsibilities of Independent Directors. Therefore the Board has determined to reappoint them as independent directors.

Directors' Remuneration

Directors' remuneration in respect of the Group and the Company, for the financial year ended March 31, 2019 are given in note 8 on page 113 of the Annual Report.

Directors' Interests

The Directors' Interests in the Company contracts appear on pages 138 to 143 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.

Public Shareholdings

Tokyo Cement Company (Lanka) PLC is fully compliant with Section 7.13.2 of the Listing Rules of the Colombo Stock Exchange regarding the minimum public holdings requirement set out in section 7.13.1.

As at end March 2019, the percentage of voting shares held by the public was 39.16% and 100% of non voting shares were publicly held.

Director's Shareholding - Ordinary Shares

Directors / CEO's Shareholding	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held 31st March 19	No of Shares Held 31st March 18	No of Shares Held 31st March 19	No of Shares Held 31st March 18
St Anthony's Consolidated (Private) Limited	73,507,172	73,507,172	-	-
Mr. Gnanam A S G	14	14	-	-
Mr. Gnanam S R - Managing Director/CEO	14	14	-	-
Mr. Gnanam E J	14	14	-	-
UBE Singapore Holdings Pte. Ltd	26,730,000	26,730,000	-	-
Mr. Susumu Ando (Non Executive and Nominee Director of UBE Singapore Pte. Ltd)	-	-	-	-
Mr. W .C Fernando – Director	-	-	71,280	71,280

Directors / CEO's Shareholding	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held 31st March 19	No of Shares Held 31st March 18	No of Shares Held 31st March 19	No of Shares Held 31st March 18
Independent Non Executive Directors				
Mr. Ranjeevan Seevaratnam	-	-	-	-
Dr. Harsha Cabral, PC	-	-	-	-
Mr. Ravi Dias	-	-	-	-
Mr. Asite Talwatte	-	-	-	-
	100,237,214	100,237,214	71,280	71,280
Total Shares in Issue	267,300,000	267,300,000	133,650,000	133,650,000

Equitable Treatment to Shareholders

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

Interest Register

As stipulated by the Companies Act No. 07 of 2007, Tokyo Cement Company (Lanka) PLC has continued to maintain and update its Interest Registers during the year under review.

Related Party Transactions

Directors have disclosed all related party transactions and such transactions are given in note 33 on pages 138 to 143 of the Annual Report. These are recurrent and non-recurrent related party transactions, which required disclosures in the annual report in accordance with Sri Lanka Accounting Standard No. 24 – Related Party Disclosures. However, there were no recurrent related party transactions which in aggregate value exceeded 10% of the consolidated revenue of the Group as per the audited financial statements as at 31st March 2018.

There were no non-recurrent related party transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the company as per the audited financial statements as at 31st March 2018, which required additional disclosures in the annual report under Listing Rule 9.3.2 (a).

The Group companies and their key management personnel have disclosed on a quarterly basis, the proposed Related Party Transactions (if any) falling under the ambit of Rule 9 of the Listing Rules of the Colombo Stock Exchange. The disclosures so made were tabled at the quarterly meetings of the Related Party Transactions Review Committee, in compliance with the requirements of the above-mentioned rule.

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange Pertaining to Related Party Transactions during the financial year ended 31st March 2019.

Appointment of a Chief Operating Officer

Following deliberations of the macro risk profile and strategic objectives of the Group, the Board authorised that Mr. M Thayananthan be appointed as the Chief Operating Officer for the Group.

Appointment of Lawyers

Having reviewed the dynamics of the external environment the Board of Directors have determined to appoint company lawyers on a case-by-case basis, based on the Group's legal requirements and required legal specialisations.

Directors' Responsibility for Financial Statements

The Directors are responsible for the preparation and presentation of Financial Statements of the Group and Company, to reflect a true and fair view of the state of affairs. The Statement of Directors' Responsibilities for the Financial Statements is given on page 93 of this Annual Report.

Financial Statements

All financial statements are prepared in accordance with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act, and the Listing Rules of the Colombo Stock Exchange and other regulatory bodies as applicable to the Group.

We have duly complied with all the requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar General of Companies. The consolidated financial statements for the year ended 31st March 2019 have been audited by Messrs BDO Partners Chartered Accountants.

Significant Accounting Policies

The Company and the Group prepared the financial statements in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs). The Board of Directors wish to confirm that there were no changes to the accounting policies used by the Company and the Group during the year other than those adopted on initial application of SLFRS 09 - Financial Instruments and SLFRS 15 - Revenue from Contracts with Customers.

Financial Performance

The financial performance and operating environment that influenced financial performance, of the Group and Company and plans for the future, has been discussed in detail by the Managing Director in the Managing Director's Review of Operations in pages 38 to 41 of this annual report. Therefore, we kindly request all interested stakeholders to refer this statement and also the Chairman's Message on pages 34 to 36 of this annual report.

Dividends

The Directors recommend a first and final dividend of Rs. 0.30 per share for the 2018-19 financial year, amounting to a payout of Rs. 120,285,000.

Stated Capital

The total issued stated capital stood at Rs. 4,239,611,750 as at 31st March, 2019, and consists of 267,300,000 ordinary voting shares and 133,650,000 ordinary non voting shares.

Reserves

The Group's total reserves decreased from Rs. 11.19 Bn to Rs. 10.68 Bn by March 31, 2019.

Statutory Payments

The Directors to the best of their knowledge are satisfied that all statutory financial obligations 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.

Event Occurring After the Reporting Date

Please refer note 38 on page 147.

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 31st March 2019, are given in notes 30 and 31 on pages 132 to 133 of the Financial Statement.

Going Concern

The preparation of financial statements have been done on the going concern basis, as confirmed in the Statement of Directors' Responsibilities on page 93.

Shareholders' Information

This information provided in pages 150 to 154 of this annual report.

Substantial Shareholdings

The 20 major shareholders and the percentage held by each of them as at 31st March 2019 are given on pages 153 to 154.

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 81 to 85 of this report.

Auditors

The independent auditors report on the financial statements has been included in this 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 8 on page 113 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 101 of the Annual Report.

Annual General Meeting

The 37th Annual General Meeting of the Company will be convened on Friday 16th August 2019, at 4.00 p.m.

Mr. S R Gnanam
Managing Director

Mr. R Seevaratnam
Independent Non Executive Director

Seccom (Pvt) Limited
Company Secretaries

17th July 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of the Company are responsible for the preparation and presentation of the financial statements and other statutory reports under the provisions of the Companies Act No 7 of 2007. These responsibilities are defined as:

- Section 150(1),151,152(1) & 153 of the Companies Act No 7 of 2007, state that the 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, the Directors are also required take appropriate steps to ensure that the Companies within the Group maintain adequate and accurate records, which reflect the true financial position of each such Company and hence the Group.
- The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard, to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities, while acknowledging that there is no single system of internal control that could guarantee absolutely against mismanagement or fraud.
- The Directors are also 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.

In accordance with the above requirement, the responsibility of the Directors in relation to the financial statements of Tokyo Cement Company (Lanka) PLC and the consolidated financial statements of the Group are set out herein.

- The Directors of Tokyo Cement Company (Lanka) PLC confirm that the financial statements and other statutory reports of the Company and its subsidiaries for the year ended 31st March 2019, incorporated in this report, conform to the Sri Lanka Accounting Standards (SLFRSs/LKASs), the Companies Act No 07, 2007, and the Listing Rules of the Colombo Stock Exchange.
- The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the financial statements.
- The financial statements consist of:
  - The 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.
  - The 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.
- The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2019 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2019 reflect a true and fair view of the Company and the Group, respectively.
- The Directors have adopted the going concern basis in preparing the financial statements. 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 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 Auditors were provided with the opportunity to make appropriate inspections of financial records, minutes of Shareholders and Directors' meetings and other documents and carry out review and sample check the system of internal controls as they considered appropriate and necessary to enable them to form an opinion of the Financial Statements.

Statutory Payments

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 31 to the financial statements covering contingent liabilities.

Upholding their responsibilities, the Directors have at all times made all attempts to promote sound business ethics and safety standards, and a culture of compliance within the Group.

By Order of the Board of
Tokyo Cement Company (Lanka) PLC

Seccom (Private) Limited
Company Secretaries

17th July 2019

INDEPENDENT AUDITOR'S REPORT

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"Charter House"
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Colombo 02
Sri Lanka

TO THE SHAREHOLDERS OF TOKYO CEMENT COMPANY (LANKA) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tokyo Cement Company (Lanka) PLC ('the Company') and the consolidated financial statements of the Company and its subsidiaries ('the Group'), which comprise the statement of financial position as at 31st March 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 101 to 147.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of Inventories

The Company and Group had inventories of Rs. 2,300,371,588/- and Rs. 3,635,625,364/- respectively as at 31st March 2019, which represented 33% and 35% of the Company's and the Group's current assets respectively.

The inventory management and controls system relating to inventory maintenance and recording is centralized at the Group level. Further, the value of inventories involves a significant management estimate by the Group at the end of the reporting period.

The calculation of inventory quantity is performed based on the consumption of each individual inventory category reported by each component and through verification by management. Further, the calculation of inventory quantity involves measurement factors determined by the external surveyor engaged by the Group.

Therefore, the significance of the inventory balance together with the significant management judgement involved has resulted in the measurement of inventories being identified as a key audit matter.

We have performed the following audit procedures, among others to address this matter:

- Understanding and evaluating the key internal controls surrounding the management's estimate on inventory calculation;
- Examining the external surveyor's report and understanding the key estimates made and the approach taken by the surveyor in determining the calculation and also assessing the competency, capability and objectivity of the external surveyor engaged by the Group;
- Attending the year-end physical inventory verification and performing test counts to confirm the existence of inventory items as well as spot checks to consider whether selected samples have been appropriately included in the inventory calculation;
- Testing of the underlying formulae used in the calculations and the validity of data used for such calculations;
- Understanding and evaluating the methodology applied by management to record all appropriate costs into the inventory model and re-performing actual costing calculations to support valuation of inventories.
- Testing the net realizable value of the inventory by comparing with the post year-end sale prices of similar goods.
- Assessing the adequacy of the related disclosures made for inventories in the financial statements.

The disclosures associated with inventories are set out on Note 17 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting

Standards, and for such internal control as management determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of the financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and have communicated to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit, and as far as it appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4324.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo

17th July 2019

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Partners : Sujeewa Rajapakse FCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA. R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSI (UK). M.N. Mohamed Nabeel ACA.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2019		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Revenue from contracts with customers	4	38,496,299,005	35,632,695,587	22,877,783,623	20,649,180,337
Cost of sales		(30,607,870,036)	(27,160,581,079)	(19,580,911,923)	(17,437,899,224)
Gross profit		7,888,428,969	8,472,114,508	3,296,871,700	3,211,281,113
Other income	5	26,556,949	263,083,772	30,510,254	5,465,542,043
		7,914,985,918	8,735,198,280	3,327,381,954	8,676,823,156
Distribution expenses		(3,939,406,027)	(3,623,265,490)	(2,066,147,362)	(1,811,484,481)
Administrative expenses		(1,782,427,110)	(1,630,772,750)	(1,049,959,076)	(1,063,589,418)
Other expenses		(380,233,206)	-	(380,233,206)	-
Profit/(loss) from operations		1,812,919,575	3,481,160,040	(168,957,690)	5,801,749,257
Finance income	6	4,534,192	57,544,067	4,011,579	13,271,146
Finance expenses	7	(1,818,914,639)	(967,125,072)	(1,193,535,077)	(685,649,851)
Profit/(loss) before taxation	8	(1,460,872)	2,571,579,035	(1,358,481,188)	5,129,370,552
Income tax expenses	9	(474,513,833)	(242,830,350)	287,983,135	(814,123)
Profit/(loss) for the year		(475,974,705)	2,328,748,685	(1,070,498,053)	5,128,556,429
Other comprehensive income/(loss)					
Items that will not be re-classified to the statement of profit or loss					
Acturial gain/(loss) on defined benefit obligations		(18,670,682)	(27,171,164)	(13,024,520)	(17,241,493)
Net other comprehensive income not to be reclassified to Income Statement in subsequent periods		(18,670,682)	(27,171,164)	(13,024,520)	(17,241,493)
Deferred tax impact on other comprehensive income		4,882,917	(8,888,555)	3,646,866	(3,818,960)
Other comprehensive income/(loss) for the year, net of tax		(13,787,765)	(36,059,719)	(9,377,654)	(21,060,453)
Total comprehensive income/(loss) for the year, net of tax		(489,762,470)	2,292,688,966	(1,079,875,707)	5,107,495,976
Profit/(loss) for the year attributable to:					
Owners of the parent		(492,458,324)	2,343,493,553	(1,070,498,053)	5,128,556,429
Non-controlling interest		16,483,619	(14,744,868)	-	-
Profit/(loss) for the year		(475,974,705)	2,328,748,685	(1,070,498,053)	5,128,556,429
Total comprehensive income/(loss) for the year attributable to:					
Owners of the parent		(506,371,313)	2,307,406,523	(1,079,875,707)	5,107,495,976
Non-controlling interest		16,608,843	(14,717,557)	-	-
Total comprehensive income/(loss) for the year		(489,762,470)	2,292,688,966	(1,079,875,707)	5,107,495,976
Basic earnings/(loss) per share (Rs.)					
- Voting	10	(1.23)	6.01	(2.67)	13.16
- Non voting	10	(1.23)	6.01	(2.67)	13.16
Dividend per share					
- Voting	11	-	-	0.30	1.25
- Non voting	11	-	-	0.30	1.25

Figures in brackets indicate deductions.
The accounting policies and notes from pages 101 to 147 form an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

As at 31st March 2019		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	26,877,308,842	23,819,626,901	9,973,758,580	9,047,088,733
Capital work-in-progress	13	748,558,696	2,952,631,787	675,050,670	2,945,931,335
Intangible assets	14	116,231,668	52,718,432	72,498,597	11,378,578
Investments in subsidiaries	15	-	-	12,637,618,257	9,959,106,780
Operating lease prepayment	16	426,573,689	431,370,016	426,573,689	431,370,016
Total non-current assets		28,168,672,895	27,256,347,136	23,785,499,793	22,394,875,442
Current assets					
Inventories	17	3,635,625,364	2,530,053,894	2,300,371,588	1,256,856,460
Trade and other receivables	18	5,993,002,409	4,176,679,483	3,296,278,866	2,647,006,430
Operating lease prepayment	16	4,761,322	4,726,317	4,761,322	4,726,317
Tax receivables	19	310,451,600	309,505,423	421,233,051	300,762,091
Amount due from subsidiaries	20	-	-	679,454,386	844,379,962
Financial assets at amortized cost	21	7,099,158	6,665,112	-	-
Cash and cash equivalents	22	341,130,642	717,640,562	153,348,023	545,804,546
Total current assets		10,292,070,495	7,745,270,791	6,855,447,236	5,599,535,806
Total assets		38,460,743,390	35,001,617,927	30,640,947,029	27,994,411,248
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	4,239,611,750	4,239,611,750	4,239,611,750	4,239,611,750
Retained earnings		10,682,586,570	11,188,957,883	9,468,107,538	10,547,983,245
Equity attributable to the owners of the parent		14,922,198,320	15,428,569,633	13,707,719,288	14,787,594,995
Non-controlling interest		93,577,175	61,968,332	-	-
Total equity		15,015,775,495	15,490,537,965	13,707,719,288	14,787,594,995
Non-current liabilities					
Interest bearing borrowings	24	4,853,284,905	5,761,474,783	4,058,450,000	5,160,984,916
Deferred tax liability	25	2,725,668,431	2,544,478,122	1,220,869,879	1,512,499,880
Retirement benefit obligation	26	224,904,869	181,964,627	153,239,552	158,307,430
Lease creditors	27	19,300,428	4,544,173	16,663,308	-
Total non-current liabilities		7,823,158,633	8,492,461,705	5,449,222,739	6,831,792,226
Current liabilities					
Trade and other payables	28	4,813,385,215	2,639,278,901	3,669,913,511	1,829,959,167
Amount due to subsidiaries	29	-	-	1,001,530,793	468,065,698
Interest bearing borrowings	24	9,212,123,184	7,195,577,921	5,996,646,424	3,370,800,044
Lease creditors	27	7,462,166	2,877,154	4,585,012	-
Bank overdrafts	22	1,588,838,697	1,180,884,281	811,329,262	706,199,118
Total current liabilities		15,621,809,262	11,018,618,257	11,484,005,002	6,375,024,027
Total equity and liabilities		38,460,743,390	35,001,617,927	30,640,947,029	27,994,411,248
Net asset value per share		37.22	38.48	34.19	36.88

Figures in brackets indicate deductions.
The accounting policies and notes from pages 101 to 147 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. H.M. Ajith Kumara
Deputy General Manager - Finance

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

Mr. W.C. Fernando
Director

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2019 Group	Attributable to owners of the parent			Non-controlling interest	Total equity
	Stated capital	Retained earnings	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01st April, 2017	2,893,756,250	11,478,370,860	14,372,127,110	52,185,889	14,424,312,999
Comprehensive income/(loss) for the year					
Profit/(loss) for the year	-	2,343,493,553	2,343,493,553	(14,744,868)	2,328,748,685
Other comprehensive income/(loss)	-	(36,087,030)	(36,087,030)	27,311	(36,059,719)
Total comprehensive income/(loss) for the year	-	2,307,406,523	2,307,406,523	(14,717,557)	2,292,688,966
Capitalization of reserves during the year	1,345,855,500	(1,345,855,500)	-	-	-
Non controlling interest on acquisition	-	-	-	24,500,000	24,500,000
Dividend paid	-	(1,250,964,000)	(1,250,964,000)	-	(1,250,964,000)
As at 31st March, 2018	4,239,611,750	11,188,957,883	15,428,569,633	61,968,332	15,490,537,965
Comprehensive income/(loss) for the year					
Profit/(loss) for the year	-	(492,458,324)	(492,458,324)	16,483,619	(475,974,705)
Other comprehensive income/(loss)	-	(13,912,989)	(13,912,989)	125,224	(13,787,765)
Total comprehensive income/(loss) for the year	-	(506,371,313)	(506,371,313)	16,608,843	(489,762,470)
Non controlling interest on acquisition	-	-	-	15,000,000	15,000,000
As at 31st March, 2019	4,239,611,750	10,682,586,570	14,922,198,320	93,577,175	15,015,775,495

For the year ended 31st March 2019 Company	Stated capital	Retained earnings	Total
	Rs.	Rs.	Rs.
Balance as at 01st April 2017	2,893,756,250	8,037,306,769	10,931,063,019
Comprehensive income/(loss) for the year			
Profit for the year	-	5,128,556,429	5,128,556,429
Other comprehensive income	-	(21,060,453)	(21,060,453)
Total comprehensive income/(loss) for the year	-	5,107,495,976	5,107,495,976
Capitalization of reserves during the year	1,345,855,500	(1,345,855,500)	-
Dividend paid	-	(1,250,964,000)	(1,250,964,000)
As at 31st March, 2018	4,239,611,750	10,547,983,245	14,787,594,995
Comprehensive income/(loss) for the year			
Loss for the year	-	(1,070,498,053)	(1,070,498,053)
Other comprehensive loss	-	(9,377,654)	(9,377,654)
Total comprehensive loss for the year	-	(1,079,875,707)	(1,079,875,707)
As at 31st March, 2019	4,239,611,750	9,468,107,538	13,707,719,288

Figures in brackets indicate deductions.
The accounting policies and notes from pages 101 to 147 form an integral part of these financial statements.

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STATEMENT OF CASH FLOW

For the year ended 31st March 2019		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Cash flow from operating activities					
Profit/(loss) before taxation		(1,460,872)	2,571,579,035	(1,358,481,188)	5,129,370,552
Adjustments for :					
Depreciation		1,277,186,399	1,149,911,714	638,883,368	812,814,533
Amortization of intangible assets		18,926,675	16,724,855	9,591,921	8,380,007
Retirement benefit obligation		43,489,347	34,388,618	29,349,604	29,639,799
Profit/(loss) on disposal of property, plant and equipment		380,233,206	(248,183,930)	380,233,206	(3,189,491)
Interest expense		1,548,259,659	967,125,072	995,868,793	685,649,851
Lease interest		1,596,482	885,191	622,070	-
Amortization of operating lease		4,761,322	4,761,321	4,761,322	4,761,321
Interest income		(4,100,146)	(57,116,780)	(4,011,579)	(13,271,146)
Dividend income		-	-	-	(5,428,434,138)
Impairement of debtors		155,929,084	-	78,385,095	-
Operating profit before working capital changes		3,424,821,156	4,440,075,096	775,202,612	1,225,721,288
(Increase)/decrease in inventories		(1,105,571,470)	(528,453,180)	(1,043,515,128)	(380,690,306)
(Increase)/decrease in trade and other receivables		(2,261,638,792)	(1,223,383,758)	(848,128,491)	(739,146,638)
Increase/(decrease) in trade and other payables		2,174,106,314	638,249,762	1,839,954,344	563,530,127
(Increase)/decrease in amount due to/from related parties		-	-	678,504,481	(141,801,492)
Cash generated from operation		2,231,717,208	3,326,487,920	1,402,017,818	527,612,979
Interest paid		(1,548,259,659)	(967,125,072)	(995,868,793)	(685,649,851)
Income tax paid		-	(573,518,769)	-	(571,293,456)
Retirement benefit obligation paid		(19,219,787)	(10,000,767)	(17,261,662)	(9,795,142)
Net cash flow from operating activities		664,237,762	1,775,843,312	388,887,363	(739,125,470)
Cash flow from/(used in) investing activities					
Purchase of property, plant and equipment	A	(730,912,765)	(2,873,154,328)	(128,866,697)	(2,249,236,544)
Prepaid operating lease rentals		-	(377,551,020)	-	(377,551,020)
Intangible assets acquired		(25,180,252)	(1,007,147)	(13,452,281)	(1,007,147)
Dividend received		-	-	-	3,508,525,973
Expenditure incurred on capital work-in-progress		(2,304,011,469)	(4,312,500,968)	(1,374,865,800)	(2,056,353,098)
Interest received		4,100,146	57,116,780	4,011,579	13,271,146
Proceeds from sale of property, plant and equipment		488,786,118	270,310,967	488,786,118	3,189,491
Investment/withdrawals on short-term deposits		(434,046)	(427,287)	-	-
Investment in shares - subsidiary		-	-	(1,383,874,663)	(67,569,068)
Net cash used in investing activities		(2,567,652,268)	(7,237,213,003)	(2,408,261,744)	(1,226,730,267)
Cash flow from/(used in) financing activities					
Proceeds from issue of shares		15,000,000	24,500,000	-	-
Repayment of interest bearing borrowings		(22,328,692,681)	(12,935,343,991)	(14,798,727,418)	(8,719,496,009)
Receipt of interest bearing borrowings		23,437,048,067	17,182,968,059	16,322,038,882	10,798,326,157
Dividend paid		-	(1,250,964,000)	-	(1,250,964,000)
Lease rental paid		(4,405,216)	(2,157,864)	(1,523,750)	-
Net cash from/(used in) financing activities		1,118,950,170	3,019,002,204	1,521,787,714	827,866,148
Net increase/(decrease) in cash and cash equivalents		(784,464,336)	(2,442,367,487)	(497,586,667)	(1,137,989,589)
Cash and cash equivalents at the beginning of the year	B	(463,243,719)	1,979,123,768	(160,394,572)	977,595,017
Cash and cash equivalents at the end of the year	C	(1,247,708,055)	(463,243,719)	(657,981,239)	(160,394,572)

Figures in brackets indicate deductions.
The accounting policies and notes from pages 101 to 147 form an integral part of these financial statements.

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NOTES TO STATEMENT OF CASH FLOW

For the year ended 31st March 2019		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Note					
A Purchase of property, plant and equipment					
Total of additions during the year		5,203,887,665	11,844,263,257	3,729,209,353	2,450,675,792
Less: Transferred from capital work-in-progress		(4,450,824,900)	(8,962,414,929)	(3,578,192,656)	(201,439,248)
Lease asset obtained during the year		(22,150,000)	(8,694,000)	(22,150,000)	
		730,912,765	2,873,154,328	128,866,697	2,249,236,544
B Cash and cash equivalents at the beginning of the year					
Bank balances and cash in hand		717,640,562	2,523,940,748	545,804,546	1,194,352,153
Bank overdraft		(1,180,884,281)	(544,816,980)	(706,199,118)	(216,757,136)
		(463,243,719)	1,979,123,768	(160,394,572)	977,595,017
C Cash and cash equivalents at the end of the year					
Bank balances and cash in hand		341,130,642	717,640,562	153,348,023	545,804,546
Bank overdraft		(1,588,838,697)	(1,180,884,281)	(811,329,262)	(706,199,118)
		(1,247,708,055)	(463,243,719)	(657,981,239)	(160,394,572)

Figures in brackets indicate deductions.
The accounting policies and notes from pages 101 to 147 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

1.1 Reporting entity – Domicile and legal form

Tokyo Cement Company (Lanka) PLC (Company) is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at No.469 - 1/1, Galle Road, Colombo 03. The factories of the Company are located at Cod-Bay, China Bay and Trincomalee and PVQ Jetty Colombo Port.

1.2 Consolidated financial statements

The financial statements for the year ended 31st March, 2019, comprise "the Company" referring to Tokyo Cement Company (Lanka) PLC as the holding company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.3 Principal activities and nature of operations

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

Name of the company	Nature of business
Tokyo Cement Company (Lanka) PLC	Manufacturing, importing and marketing of cement and ready mix concrete and operation of bio mass power plant
Tokyo Super Cement Company Lanka (Pvt) Ltd	Manufacturing and marketing of cement
Tokyo Eastern Cement Company (Pvt) Ltd	Manufacturing and marketing of cement and value added products and operation of bio mass power plant
Tokyo Cement Power (Lanka) (Pvt) Ltd	Generation of power
Tokyo Super Aggregate (Pvt) Ltd	Manufacturing sand and aggregate
Tokyo Supermix (Pvt) Ltd	Manufacturing and marketing of ready mix concrete for the local market (commenced operations from 01st April 2018)

1.4 Parent enterprise

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

1.5 Financial period

The financial period of the Company and its Group represents twelve months from 01st April, 2018 to 31st March, 2019.

1.6 Date of authorization for issue

The consolidated financial statements of the Group for the year ended 31st March, 2019 were authorized for issue by the Board of Directors on 17th July, 2019.

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 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 profit or loss and other 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.

2. Basis of Preparation

2.1 Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

2.2 Presentation and functional currency

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

2.3 Statement of compliance

The statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow, together with the accounting policies and notes ("financial statements") of the Company and the Group as at 31st March, 2019 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 and in compliance with the requirements of the Companies Act No.07 of 2007.

2.4 Going concern

The directors have made an assessment of the Company and its subsidiaries' ability to continue as a going concern and are confident that the Company and its subsidiaries will be able to continue as a going concern.

2.5 Comparative information

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

2.6 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.

2.7 Basis of consolidations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March, 2019. (List of subsidiaries are disclosed in note 15 to the financial statements).

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the company has less than the majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing to determine whether or not the company's voting rights in an investee are sufficient to give its power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that the decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company occurs when the company is determined to exert control over the subsidiary company and ceases when the company is determined not to be able to exert control of the subsidiary company.

The acquisition method of accounting is used to account for the acquisition of subsidiary companies 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 the exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, 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 interests. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Group's statement of profit or loss as a gain on bargain purchase.

Changes in the company's ownership interest in a subsidiary company that does not result in the company losing control of the subsidiary company are equity transactions (i.e. transactions with owners in their capacity as owners) and accordingly, reflected directly in the statement of changes in equity of the Group.

The Group de-recognizes the assets and liabilities of the former subsidiary (including goodwill) from the Group's statement of financial position upon the loss of control over a subsidiary company effective from the date the Group loses its control. Furthermore, the resulting gain or loss associated with the loss of control attributable to the former controlling interest is recognized in the statement of profit or loss.

Inter-company transactions, balances and unrealized gains or losses on transactions among the group of companies are eliminated.

The financial statements of subsidiary companies are prepared in compliance with Group's accounting policies.

The financial statements of the subsidiary companies are prepared for the same reporting period as is the company, which is twelve months ending 31st March.

Non-controlling interests

The profit or loss and net assets of subsidiaries attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, are disclosed separately under the heading 'Non-controlling interest'.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

The Group has only one minority shareholder, Radella Engineering & Earth Movers (Pvt) Ltd who has 49% shareholding in Tokyo Super Aggregate (Pvt) Ltd.

2.8 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements of the Group requires the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in the outcome that requires a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, the management has made various judgements.

Those which the management has assessed to have the most significant effect on the amounts recognized in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the financial statements. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have the most significant effect on accounting, judgements, estimate and assumptions are as follows;

a) Impairment of non-financial assets
b) Deferred tax
c) Retirement benefit liability
d) Impairment of trade receivables

2.9 Changes in accounting standards

The Company applied SLFRS 15 and SLFRS 9 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

There are other amendments and interpretations applied for the first time in the 2018/2019 financial year, which do not have a significant impact on the consolidated financial statements of the Company. The Company has not adopted any standards, interpretations or amendments that have been issued but are not yet effective.

a) SLFRS 15 - Revenue from contracts with customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted SLFRS 15 using the full retrospective method of adoption. Based on the impact assessment performed, the Company concluded that SLFRS 15 does not have a material impact on the Company's financial statements.

b) SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of accounting for financial instruments which are classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Company applied prospectively, the Company has applied SLFRS 9 retrospectively, with the initial application date of 1 April 2018. The Company has taken an exception not to restate comparative information for prior periods with respect to classification and measurement requirements.

3. Summary of Significant Accounting Policies

3.1 Foreign currency translation

Transactions and balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at the balance date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in the statement of profit or loss in the period in which they arise.

3.2 Business combination and goodwill

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

Acquisition related costs are expensed as incurred and included as 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 previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments: Recognition and Measurement is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in statement of profit or loss and other comprehensive income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.3 Property, plant and equipment

Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such costs include the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group de-recognizes the replaced part and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Further, vessel dry docking cost and special survey dry docking cost are also recognized in the carrying amount of the vessel.

Restoration cost

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.

De-recognition

An item of property, plant and equipment is de-recognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognized.

Depreciation

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 lives 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	40
Batching plant and pumper truck	30
Vessel	32
Cement silo steel (movable)	5
Cement silo steel	20
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

Useful lives of property, plant and equipment

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

3.4 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.

3.5 Intangible assets

An Intangible asset is recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The intangible assets of the Company consist of Goodwill and Computer Software.

a) Goodwill

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

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

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of cash generating unit (or 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 are not reversed in future periods.

b) Computer software – Accounting and related software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognized as an expense when incurred. Costs directly associated with the development of identifiable and unique software products are controlled by the Group, and the generated economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development, employee costs and an appropriate portion of relevant overheads.

Computer software is amortized over 04 years on straight line basis.

The amortization period and the amortization method for computer software 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 is recognized in the profit or loss.

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 profit or loss.

3.6 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 profit or loss 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 profit or loss 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 amortized 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.

3.7 Exploration and evaluation of mineral resources

a) Measurement of exploration and evaluation assets

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

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

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

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

b) Measurement after recognition

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

c) Classification of exploration and evaluation assets

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

d) Impairment of exploration and evaluation assets

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

3.8 Impairment of non-financial assets

The Group assesses at each reporting date to ascertain 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 Group 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 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 the 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 profit or loss 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 up to 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 Group 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 a reversal is recognized in the statement of profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

3.9 Financial instruments - Initial recognition and subsequent measurement

3.9.1 Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient others are measured at the transaction price.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories.

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition
- Financial assets at fair value through profit or loss

a) Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely the payments of principal and interest are measured at amortised cost. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is de-recognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables and short term investments.

b) Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as a separate line item in the income statement.

c) Equity Instruments

The Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

3.9.2 Financial assets – derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3.9.3 Impairment of financial assets

From 1 April 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.10 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held - for - trading at the initial recognition. Financial liabilities at FVTPL are measured at fair value and any resulting gains and losses, including any interest expense, are recognised in profit or loss.

The Group classifies financial liabilities at initial recognition as other financial liabilities. At the end of each reporting period all classifications are re-evaluated to the extent that such classification is permitted and required.

All the financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Other financial liabilities mainly consist of trade and other payables and bank borrowings.

Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method minus any reduction for impairment.

The loans and borrowings of the Group includes interest bearing borrowings (including bank overdraft) and trade and other payables which have been explained under notes 24 and 28 to the financial statements.

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 amount is recognized in the statement of profit or loss.

3.11 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.

3.12 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.

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

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

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

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

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

3.13 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 profit or loss and other comprehensive income. Trade receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest method, less provision for impairment.

3.14 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.

3.15 Investments

Long-term investments

Long-term investments are classified as non-current investments and 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 profit or loss 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.

3.16 Inventories

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

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula;

Raw material - At cost determined on first-in-first-out basis (FIFO)

Finished goods - At the cost of direct materials, direct labour and appropriate proportion of fixed production overheads at normal operating capacity.

Packing material - At cost determined on first-in first-out basis.

Goods in transit - At actual cost.

Provisions for inventory obsolescence are recorded based on reviews of inventories. Inventories considered obsolete or un-saleable are written off in the year in which they are identified.

3.17 Liabilities and provisions

3.17.1 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.

3.17.2 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

All the contingent liabilities are disclosed as notes to the financial statements unless the outflow of resources is remote.

3.18 Retirement benefit obligations

3.18.1 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 contain in note 26. 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.

3.18.2 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 and its subsidiaries contribute 12% and 3% of gross emoluments of the employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

3.19 Taxes

3.19.1 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.24 of 2017 and the amendments thereto.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and for items recognized in other comprehensive income shall be recognized in other comprehensive income and not in the statement of profit or loss.

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

Management has used its judgement on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

3.19.2 Deferred tax

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 liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred income tax relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be 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 assets to be recovered.

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

Deferred tax relating to items recognized outside the statement of profit or loss is recognized outside the statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Deferred tax during the tax holiday period for a group of companies under BOI tax holidays has been recognized for temporary differences, where reversal 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.

3.19.3 Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

Where the sales tax incurred on the purchase of an asset or service is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.20 Commitments

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

3.21 Revenue recognition

3.21.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

a) Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods.

b) Services transferred over time

Under SLFRS 15, the Company determines, at contract inception, whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Company recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

3.22 Expenditure recognition

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All 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.

For the purpose of presentation of the statement of profit or loss, the directors are of the opinion that function of expenses method presents fairly the elements of the Company's and the Group's performance and hence, such presentation method is adopted.

3.23 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 the 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.

3.24 Events occurring after the reporting date

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

3.25 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.

3.26 Earnings per share

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

3.27 Effect of Sri Lanka Accounting Standards issued but not yet effective

The following Sri Lanka Accounting Standards were issued by the Institute of Chartered Accountants of Sri Lanka and is effective for the periods starting the reporting date.

SLFRS 16 – Leases

SLFRS 16 eliminates the classification of leases as either operating or finance for lessees and instead introduces a single lessee accounting model. This model reflects that leases result in a company obtaining the right to use an asset at the start of the lease and, because most lease payments are made over time, also obtaining financing. As a result, the new standard requires lessees to account for all of their leases in a manner similar to how finance leases were treated applying LKAS 17.

The new standard SLFRS 16, supersedes the requirement in LKAS 17 leases and will become effective on 01st January, 2019.

4. Revenue from Contracts with Customers

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Goods transferred at a point in time	38,496,299,005	35,632,695,587	22,877,783,623	20,649,180,337
	38,496,299,005	35,632,695,587	22,877,783,623	20,649,180,337

5. Other Income

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Profit on disposal of property, plant and equipment	-	248,183,930	-	3,189,491
Sale of carbon credit	-	5,620,487	-	5,620,487
Exchange gain from import bills	6,346,429	4,085,542	-	-
Dividend received from subsidiaries	-	-	-	5,428,434,138
Packing income	-	-	18,433,377	22,998,552
Sundry income	8,080,943	5,193,813	6,229,961	5,193,813
Rent income	1,200,000	-	1,200,000	-
Restatement of liability	10,929,577	-	4,541,354	-
Lease rental income	-	-	105,562	105,562
	26,556,949	263,083,772	30,510,254	5,465,542,043

6. Finance Income

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Interest on repo	434,046	427,287	-	-
Interest on money market deposit	4,100,146	57,116,780	4,011,579	13,271,146
	4,534,192	57,544,067	4,011,579	13,271,146

7. Finance Expenses

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Interest expenses on borrowings		1,555,094,094	1,114,653,009	935,192,547	677,004,910
Less :Borrowing cost capitalization	7.1 (a)	(128,432,701)	(187,988,264)	(128,432,701)	(114,374,954)
Interest on related party borrowing		-	-	107,000,000	107,000,000
Exchange loss		269,058,498	-	197,044,214	-
Interest on lease		1,596,482	885,191	622,070	-
Interest expenses on bank overdrafts		121,598,266	39,575,136	82,108,947	16,019,895
		1,818,914,639	967,125,072	1,193,535,077	685,649,851

7.1 (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 and are shown in note 13 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.

7.1(b) Rate of capitalization

As the borrowing cost that directly relates to the 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 are the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

8. Profit/(Loss) Before Taxation

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
A Profit/(loss) before taxation	(1,460,872)	2,571,579,035	(1,358,481,188)	5,129,370,552
B Profit/(loss) before taxation is stated after charging all expenses including the following:				
Depreciation on property, plant and equipment	1,277,186,399	1,149,911,714	638,883,368	812,814,533
Amortization of intangible assets	18,926,675	16,724,855	9,591,921	8,380,007
Directors' emoluments	27,894,393	26,652,152	27,894,393	26,652,152
Auditors' remuneration - Audit services	6,388,118	5,273,025	3,578,118	3,100,000
Charity and donations	2,813,605	2,419,774	626,749	985,913
Staff cost including all benefits	1,437,315,654	1,051,103,168	682,834,187	876,818,760
Defined benefits cost - Retirement benefit obligation	43,489,347	34,388,618	29,349,604	29,639,799
Defined contribution plan cost - EPF and ETF	99,429,194	81,734,818	43,850,783	66,749,828
Amortization of operating lease	4,761,322	4,761,321	4,761,322	4,761,321
Research and development cost	34,937,244	7,749,640	33,999,133	7,691,399
Legal expenses and professional fee	67,790,953	54,759,467	30,668,101	40,603,551
Repairs and maintenance	713,649,538	1,149,392,184	288,459,442	679,813,218
Reimbursement of vessel operational expenses	696,939,096	691,815,524	696,939,096	447,147,862
NBT expense	723,122,245	715,077,348	470,161,250	423,742,405
Sales commission	835,450,782	779,420,807	451,502,349	393,025,427
Advertisement	187,903,183	184,545,702	100,582,587	64,006,184
Loss on vessel disposal	380,233,206	-	380,233,206	-
Impairment of debtors	155,929,084	-	78,385,095	-

9. Income Tax Expenses

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Current income tax provision	9 A	288,440,607	44,771,766	-	2,415,349
Deferred taxation		186,073,226	198,058,584	(287,983,135)	(1,601,226)
		474,513,833	242,830,350	(287,983,135)	814,123

9. Income Tax Expenses (Contd...)

9 A Income tax

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

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Profit/(loss) before taxation		(1,460,872)	2,571,579,035	(1,358,481,188)	5,129,370,552
Other comprehensive income		(18,670,682)	(27,171,164)	(13,024,520)	(17,241,493)
Income considered separately		(112,734,192)	(6,231,709)	(5,211,579)	(5,428,434,138)
Exempt (profit)/ loss	9.A.1	(439,565,968)	(3,314,155,082)	-	(377,020,542)
Adjusted accounting profit chargeable to income taxes		(572,431,714)	(775,978,920)	(1,376,717,287)	(316,305,079)
Aggregate disallowable items		1,159,539,392	1,579,129,005	769,861,257	1,043,015,418
Aggregate allowable items		(1,444,655,575)	-	(1,027,840,679)	(1,492,304,096)
Less: Balancing allowances		488,786,118	-	488,786,118	-
Income/ (loss) from business		(368,761,779)	803,150,085	(1,145,910,591)	(765,593,757)
Add: Current year loss not utilized		1,291,384,192	-	1,145,910,591	-
Less: Tax loss utilized 100%		-	(803,150,085)	-	765,593,757
		922,622,413	-	-	-
Add: Interest income		111,534,192	159,899,166	4,011,579	8,626,245
Rent income		1,200,000	-	1,200,000	-
		1,035,356,605	159,899,166	5,211,579	8,626,245
Less: Unrelieved loss under section 19		(5,211,579)	-	(5,211,579)	-
Taxable income		1,030,145,026	159,899,166	-	8,626,245
Tax liability @28%		288,440,607	44,771,766	-	2,415,349
Total tax liability		288,440,607	44,771,766	-	2,415,349
Tax loss carried forward for the year 2019/2020					
Losses from business		2,127,611,325	693,325,542	1,866,866,356	693,325,542

9 A.1 Current tax attributable to profit or loss and other comprehensive income/(loss)

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Tax attributable to profit or loss	Note 9	288,440,607	44,771,766	-	2,415,349
Tax attributable to other comprehensive income		4,882,917	(8,888,555)	3,646,866	(3,818,960)

9 A.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 (until 19th April, 2018), Tokyo Cement Power (Lanka) (Pvt) Ltd and Tokyo Eastern Cement Company (Pvt) Ltd were exempted from income tax under BOI law.

9 B Deferred tax expenses

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Income statement				
Accelerated depreciation for tax purposes on freehold property	264,121,341	259,826,381	(284,691,347)	55,482,118
Benefit arising from tax losses	(70,907,764)	(50,518,182)	(8,357,659)	(50,518,182)
Retirement benefit liabilities	(7,140,351)	(11,249,615)	5,065,872	(6,565,162)
	186,073,226	198,058,584	(287,983,135)	(1,601,226)
Other comprehensive income				
Actuarial gain on defined benefit obligation	4,882,917	(8,888,555)	3,646,866	(3,818,960)
	181,190,309	189,170,029	(291,630,001)	(5,420,186)

9 B.1 Deferred tax has been calculated at 28%, 15% and 12% which is expected to apply after the tax exemption period, assuming that the tax rate will not be changed over the specified period.

10. Basic Earnings/(Loss) Per Share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Amount used as the numerator:				
Profit /(loss) attributable to owners of the parent	(492,458,324)	2,343,493,553	(1,070,498,053)	5,128,556,429
	(492,458,324)	2,343,493,553	(1,070,498,053)	5,128,556,429
Number of ordinary shares used as the denominator:	Nos.	Nos.	Nos.	Nos.
Weighted average number of shares at the year end	400,950,000	389,781,986	400,950,000	389,781,986
- Ordinary voting shares	267,300,000	267,300,000	267,300,000	267,300,000
- Ordinary non-voting shares	133,650,000	133,650,000	133,650,000	133,650,000
Basic earnings/(loss) per share (Rupee per share)				
- Ordinary voting shares	(1.23)	6.01	(2.67)	13.16
- Ordinary non-voting shares	(1.23)	6.01	(2.67)	13.16

10.1 Diluted earnings per share

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

11. Dividend Per Share

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Dividend				
- Ordinary voting shares	-	-	0.30	1.25
- Ordinary non-voting shares	-	-	0.30	1.25

11.1 The Directors have proposed the payment of a first and final dividend of Rs. 0.30 per share on 15th July, 2019, for the year ended 31st March, 2019, payable on or before 27th August, 2019.

12. Property, Plant and Equipment

12.A Group

	Cost/Valuation				
	As at 01.04.2018	Additions	Transferred from CWIP	Disposals / Reinstatement	As at 31.03.2019
	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold assets					
Freehold land	1,045,283,041	-	-	-	1,045,283,041
Factory buildings	2,504,720,416	19,426,612	44,193,641	-	2,568,340,669
Generator house	22,558,795	-	-	-	22,558,795
Other buildings	812,042,647	83,846,569	-	-	895,889,216
Plant and machinery	9,675,470,085	101,660,356	413,010,389	-	10,190,140,830
Power plant	221,083,463	-	-	-	221,083,463
Factory and other equipment	662,929,650	34,137,711	-	-	697,067,361
Laboratory equipment	128,648,586	6,279,865	-	-	134,928,451
Office equipment	39,152,443	8,177,276	-	-	47,329,719
Generators	59,235,761	-	-	-	59,235,761
Recycling system	3,929,015	-	-	-	3,929,015
Furniture and fittings	41,069,114	13,431,174	-	-	54,500,288
Vehicles	2,162,906,716	361,562,528	-	-	2,524,469,244
Bulk cement carriers	12,637,344	-	-	-	12,637,344
Cement silos	2,382,204,597	25,321,500	189,840,925	-	2,597,367,022
Cement silos - steel	260,775,686	-	-	-	260,775,686
Tug boat	8,940,227	-	-	-	8,940,227
Railway platform	7,263,915	-	-	-	7,263,915
Barges	25,931,778	-	-	-	25,931,778
Computer and other electronic equipment	171,515,002	28,196,396	-	-	199,711,398
Packer house	171,738,244	-	219,035,709	-	390,773,953
Landing jetty	69,837,150	-	3,350,742,652	-	3,420,579,802
Batching plants	1,242,964,227	35,112,778	8,414,295	-	1,286,491,300
Vessel	4,085,496,872	-	-	1,255,284,462	2,830,212,410
Vessel dry docking	723,613,683	-	-	203,819,846	519,793,837
Bio-mass building	722,491,942	-	68,091,689	-	790,583,631
Bio-mass plant and machinery	4,852,691,051	-	157,495,600	-	5,010,186,651
Bag storage warehouse - Dambulla	64,711,746	-	-	-	64,711,746
	32,181,843,196	717,152,765	4,450,824,900	1,459,104,308	35,890,716,553
Leasehold assets					
Motor vehicles	8,694,000	35,910,000	-	-	44,604,000
	32,190,537,196	753,062,765	4,450,824,900	1,459,104,308	35,935,320,553

Depreciation				Written down value	
As at 01.04.2018 Rs.	Charge for the year Rs.	On Disposals / Reinstatement Rs.	As at 31.03.2019 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
-	-	-	-	1,045,283,041	1,045,283,041
385,058,830	6,645,307	-	391,704,137	2,176,636,532	2,119,661,586
22,558,795	-	-	22,558,795	-	-
473,563,462	102,885,583	-	576,449,045	319,440,171	338,479,185
1,765,683,316	241,072,905	-	2,006,756,221	8,183,384,609	7,909,786,769
153,594,903	508,114	-	154,103,017	66,980,446	67,488,560
314,842,771	30,802,403	-	345,645,174	351,422,187	348,086,879
50,276,943	8,654,458	-	58,931,401	75,997,049	78,371,643
26,427,719	5,506,842	-	31,934,561	15,395,158	12,724,724
39,212,653	5,511,636	-	44,724,289	14,511,472	20,023,108
1,446,344	196,449	-	1,642,793	2,286,222	2,482,671
30,497,011	6,160,732	-	36,657,743	17,842,545	10,572,103
1,357,276,390	353,683,837	-	1,710,960,227	813,509,017	805,630,326
3,141,816	574,424	-	3,716,240	8,921,104	9,495,528
266,891,979	48,266,415	-	315,158,394	2,282,208,628	2,115,312,618
40,623,884	2,679,307	-	43,303,191	217,472,495	220,151,802
6,954,598	772,161	-	7,726,759	1,213,468	1,985,629
1,694,919	242,131	-	1,937,050	5,326,865	5,568,996
1,150,436	383,444	-	1,533,880	24,397,898	24,781,342
117,886,649	22,154,273	-	140,040,922	59,670,476	53,628,353
62,520,939	5,024,519	-	67,545,458	323,228,495	109,217,305
60,626,235	3,491,856	-	64,118,091	3,356,461,711	9,210,915
233,374,944	20,228,856	-	253,603,800	1,032,887,500	1,009,589,283
1,629,599,876	131,178,024	514,490,790	1,246,287,110	1,583,925,300	2,455,896,996
421,847,051	84,909,456	75,594,193	431,162,314	88,631,523	301,766,632
77,733,633	101,845,610	-	179,579,243	611,004,388	644,758,309
786,695,531	85,873,352	-	872,568,883	4,137,617,768	4,065,995,520
38,409,086	6,471,180	-	44,880,266	19,831,480	26,302,660
8,369,590,713	1,275,723,274	590,084,983	9,055,229,004	26,835,487,549	23,812,252,483
1,319,582	1,463,125	-	2,782,707	41,821,293	7,374,418
8,370,910,295	1,277,186,399	590,084,983	9,058,011,711	26,877,308,842	23,819,626,901

12. Property, Plant and Equipment (Contd...)

12.B Company

	Cost/Valuation				
	As at 01.04.2018 Rs.	Additions Rs.	Transferred from CWIP Rs.	Transferred to related company Rs.	Disposals / Reinstatement Rs.
Freehold assets					
Land	214,528,216	-	-	-	-
Factory buildings	329,289,493	-	-	-	-
Generator house	22,558,795	-	-	-	-
Other buildings	665,034,996	42,183,780	-	168,817,869	-
Plant and machinery	2,242,663,226	7,245,067	-	-	-
Power plant	210,267,852	-	-	-	-
Factory and other equipment	570,582,159	4,484,912	-	-	-
Laboratory equipment	124,344,134	3,269,170	-	8,478,440	-
Office equipment	29,180,255	1,774,860	-	2,849,690	-
Generators	59,162,662	-	-	-	-
Recycling system	3,929,015	-	-	-	-
Furniture and fittings	32,064,849	12,056,028	-	4,616,081	-
Vehicles	1,698,831,956	-	-	1,071,395,260	-
Bulk cement carriers	12,637,344	-	-	-	-
Cement silos	505,585,854	25,321,500	-	-	-
Cement silos - steel	260,175,686	-	-	-	-
Tug boat	8,940,227	-	-	-	-
Railway platform	7,263,915	-	-	-	-
Barges	24,150,793	-	-	-	-
Computer and other electronic equipment	149,418,771	10,805,191	-	11,863,715	-
Packer house	153,618,474	-	219,035,709	-	-
Landing jetty	69,837,150	-	3,350,742,652	-	-
Batching plants	1,180,743,059	7,966,189	8,414,295	1,124,391,995	-
Vessel dry docking	661,263,314	-	-	-	203,819,846
Bio-mass building	220,637,920	-	-	-	-
Bio-mass plant and machinery	2,547,505,018	-	-	-	-
Vessel	3,447,522,986	-	-	-	1,255,284,462
	15,451,738,119	115,106,697	3,578,192,656	2,392,413,050	1,459,104,308
Leasehold assets					
Motor vehicles	-	35,910,000	-	-	-
Grand total	15,451,738,119	151,016,697	3,578,192,656	2,392,413,050	1,459,104,308

The cost of fully depreciated property, plant and equipment which are still in use as at the reporting date is Rs. 512,531,536/- (2017/2018 -Rs. 497,943,715/-).

During the year the Company has transferred its assets amounting to Rs. 1,294,636,813/- to its subsidiary - Tokyo Supermix (Pvt) Ltd for a value of Rs. 1,294,636,813/-.

	Depreciation					Written down value	
As at 31.03.2019	As at 01.04.2018	Charge for the year	Transferred to related company	On Disposals / Reinstatement	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
214,528,216	-	-	-	-	-	214,528,216	214,528,216
329,289,493	146,064,136	2,835,059	-	-	148,899,195	180,390,298	183,225,357
22,558,795	22,558,795	-	-	-	22,558,795	-	-
538,400,907	445,005,559	42,727,651	57,748,054	-	429,985,156	108,415,751	220,029,437
2,249,908,293	1,086,705,696	39,346,464	-		1,126,052,160	1,123,856,133	1,155,957,530
210,267,852	153,044,274	508,114	-	-	153,552,388	56,715,464	57,223,578
575,067,071	284,485,197	20,973,725	-	-	305,458,922	269,608,149	286,096,962
119,134,864	49,804,207	6,316,515	1,789,037	-	54,331,685	64,803,179	74,539,927
28,105,425	22,279,760	3,846,153	105,503	-	26,020,410	2,085,015	6,900,495
59,162,662	39,414,972	5,511,636	-	-	44,926,608	14,236,054	19,747,690
3,929,015	1,446,344	196,449	-	-	1,642,793	2,286,222	2,482,671
39,504,796	26,024,467	3,936,914	1,803,600	-	28,157,781	11,347,015	6,040,382
627,436,696	1,176,594,488	170,199,482	804,633,358	-	542,160,612	85,276,084	522,237,468
12,637,344	3,141,816	574,424	-	-	3,716,240	8,921,104	9,495,528
530,907,354	200,540,012	3,742,008	-	-	204,282,020	326,625,334	305,045,842
260,175,686	40,023,884	2,679,307	-	-	42,703,191	217,472,495	220,151,802
8,940,227	6,954,598	772,161	-	-	7,726,759	1,213,468	1,985,629
7,263,915	1,694,919	242,131	-	-	1,937,050	5,326,865	5,568,996
24,150,793	1,150,436	383,444	-	-	1,533,880	22,616,913	23,000,357
148,360,247	114,346,283	14,779,615	3,309,042	-	125,816,856	22,543,391	35,072,488
372,654,183	60,280,077	5,024,519	-	-	65,304,596	307,349,587	93,338,397
3,420,579,802	60,787,057	3,491,856	-	-	64,278,913	3,356,300,889	9,050,093
72,731,548	233,214,121	1,300,776	228,387,643	-	6,127,254	66,604,294	947,528,938
457,443,468	359,496,683	84,909,456	-	75,594,193	368,811,946	88,631,522	301,766,631
220,637,920	77,733,632	7,145,220	-	-	84,878,852	135,759,068	142,904,288
2,547,505,018	786,695,528	84,799,140	-	-	871,494,668	1,676,010,350	1,760,809,490
2,192,238,524	1,005,162,445	131,178,024	-	514,490,790	621,849,679	1,570,388,845	2,442,360,541
15,293,520,114	6,404,649,386	637,420,243	1,097,776,237	590,084,983	5,354,208,409	9,939,311,705	9,047,088,733
35,910,000	-	1,463,125	-	-	1,463,125	34,446,875	-
15,329,430,114	6,404,649,386	638,883,368	1,097,776,237	590,084,983	5,355,671,534	9,973,758,580	9,047,088,733

12. Property, Plant and Equipment (Contd...)

12.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	8	1,345,433,594	-
	Elpitiya	Acres	7.50	3	111,344,366	17,906,600
	Colombo	Perches	40.90	-	-	180,982,714
	Negombo land 01-CLC plant	Acres	2.04	1	15,392,901	15,638,902
b) Tokyo Super Cement Company Lanka (Pvt) Ltd	Cod bay, China bay, Trincomalee (leasehold)	Perches	16.89	2	708,484,251	-
	Dambulla	Acres	5.00	2	104,690,457	14,675,000
c) Tokyo Cement Power (Lanka) (Pvt) Ltd	Mahiyanganaya	Acres	19.00	8	706,537,548	13,338,695
d) Tokyo Eastern Cement Company (Pvt) Ltd	Cod bay, China bay, Trincomalee (leasehold)	Hect	4.77	9	1,363,626,885	-
e) Tokyo Super Aggregate (Pvt) Limited	Dompe	Acres	10.5	1	80,956,741	60,531,300
f) Tokyo Supermix (Pvt) Ltd	Jaffna	Acres	6.5	2	6,429,703	8,835,685
	Negombo Land 01 - Batch plant	Acres	1.97	1	13,059,773	32,859,000
	Kandy land	Acres	1.52	-	-	49,933,848
	Weligama land	Acres	12	1	10,867,509	93,682,327
	Meethotamulla land	Acres	2.1	-	-	244,579,102
	Anuradhapura land	Acres	2.31	-	-	45,816,160
	Naula land	Acres	10	-	-	19,469,800
	Rathmalana land	Acres	1	2	41,664,402	249,599,400
	Peliyagoda (leasehold)	Acres	1.90	5	36,574,092	-

13. Capital Work-In-Progress

13.A Group

Description	Balance as at 01.04.2018 Rs.	Expenses incurred during the year Rs.	Capitalized/ charged during the year Rs.	Balance as at 31.03.2019 Rs.	Balance as at 31.03.2018 Rs.
ERP implementation	57,259,659	12,445,134	69,704,793	-	57,259,659
Resource planning project	106,607,244	12,330,381	-	118,937,625	106,607,244
Batching plants	18,708,445	14,023,250	8,414,295	24,317,400	18,708,445
Solar power project	-	46,798,419	-	46,798,419	-
Tile motor plant	3,684,848	11,655,370	15,340,218	-	3,684,848
Cement grinding mill	-	628,603,887	628,603,887	-	-
Bio-mass power plant	-	225,587,288	225,587,288	-	-
Jetty expansion project	1,674,266,052	678,725,584	2,352,991,636	-	1,674,266,052
Unloading system for jetty expansion project	798,553,995	-	798,553,995	-	798,553,995
Material storage yard	3,015,602	85,249	3,100,852	-	3,015,602
Head office building	10,714,286	-	-	10,714,286	10,714,286
New housing scheme	44,708,313	17,955,196	-	62,663,509	44,708,313
New packing plant	129,259,062	89,776,647	219,035,709	-	129,259,062
Technical buildings	105,854,281	211,117,063	-	316,971,344	105,854,281
Cement pumping system for jetty	-	199,197,022	199,197,022	-	-
Cement silos - Colombo port	-	165,763,907	-	165,763,907	-
Peliyagoda yard	-	2,392,206	-	2,392,206	-
Total	2,952,631,787	2,316,456,603	4,520,529,695	748,558,696	2,952,631,787

13.B Company

Description	Balance as at 01.04.2018 Rs.	Expenses incurred during the year Rs.	Capitalized/ charged during the year Rs.	Transfers during the year Rs.	Balance as at 31.03.2019 Rs.	Balance as at 31.03.2018 Rs.
ERP implementation	57,259,659	12,445,134	69,704,793	-	-	57,259,659
Resource planning project	106,607,244	12,330,381	-	-	118,937,625	106,607,244
Jetty expansion project	1,674,266,051	678,725,584	2,352,991,635	-	-	1,674,266,051
Unloading system for jetty expansion project	798,553,995	-	798,553,995	-	-	798,553,995
Aladeniya batching plant	10,294,150	-	-	10,294,150	-	10,294,150
Negombo CLC plant	8,414,295	-	8,414,295	-	-	8,414,295
Head office building	10,714,286	-	-	-	10,714,286	10,714,286
New housing scheme	44,708,312	17,955,196	-	-	62,663,508	44,708,312
New packing plant	129,259,062	89,776,647	219,035,709	-	-	129,259,062
Technical buildings	105,854,281	211,117,063	-	-	316,971,344	105,854,281
Cement pumping system for jetty	-	199,197,022	199,197,022	-	-	-
Cement silos - Colombo port	-	165,763,907	-	-	165,763,907	-
Total	2,945,931,335	1,387,310,934	3,647,897,449	10,294,150	675,050,670	2,945,931,335

14. Intangible Assets

14.A Group

Item	Note	Written down value			
		Group		Company	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
		Rs.	Rs.	Rs.	Rs.
Goodwill		32,995,007	32,995,007	-	-
Accounting and related software	14.1.A / 14.1.B	83,236,661	19,723,425	72,498,597	11,378,578
		116,231,668	52,718,432	72,498,597	11,378,578

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. Unamortised balance of goodwill as at 01st December, 2006 as well as the goodwill generated from the subsequent acquisition which was made up to 01st March, 2014 have been recorded as a permanent asset.

It continues to be recorded in the financial statements after the amalgamation of Tokyo Cement Colombo Terminal (Pvt) Ltd, in accordance with the Statement of Recommended Practice for Merger Accounting for Common Central Combination issue by the Institute of Chartered Accountants of Sri Lanka.

When assessing the impairment, the recoverable amount of the cash generating unit has been determined using the higher of fair value less cost to sell and the value in use. Since the value in use of the cash generating unit is higher than the fair value less cost to sell, it has been considered as the recoverable amount where the value in use is based on the present value of the future cash flows of the forecasted business operations of Tokyo Cement Colombo Terminal (Pvt) Ltd as a separate business unit for the following years, using the key assumptions such as discount rate 26% per annum, inflation and general price rate 10% annum exchange rate considered from Rs. 176.2 to Rs. 188.1 through the period made by considering the past experience and external source of information which has been approved by the Board of Directors.

14.1 Accounting and related software

14.1.A Group

	Cost/Valuation			Amortization			Written down value	
	As at 01.04.2018	Additions/ transfers from CWIP	As at 31.03.2019	As at 01.04.2018	For the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ABAS ERP solution system	75,839,104	69,704,793	145,543,897	59,149,413	16,689,693	75,839,106	69,704,791	16,689,691
H Senid HRM-Payroll enterprise system	3,981,147	1,007,146	4,988,293	947,413	1,247,074	2,194,487	2,793,806	3,033,734
Weigh bridge integration software	562,541	-	562,541	562,541	-	562,541	-	-
Data processing software	-	11,727,972	11,727,972	-	989,908	989,908	10,738,064	-
	80,382,792	82,439,911	162,822,703	60,659,367	18,926,675	79,586,042	83,236,661	19,723,425

14.1.B Company

	Cost/Valuation			Amortization			Written down value	
	As at 01.04.2018	Additions/ transfers from CWIP	As at 31.03.2019	As at 01.04.2018	For the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ABAS ERP solution system	33,379,388	69,704,793	103,084,181	25,034,544	8,344,847	33,379,391	69,704,790	8,344,844
H Senid HRM-Payroll enterprise system	3,981,147	1,007,147	4,988,294	947,413	1,247,074	2,194,487	2,793,807	3,033,734
Weigh bridge integration software	562,541	-	562,541	562,541	-	562,541	-	-
	37,923,076	70,711,940	108,635,016	26,544,498	9,591,921	36,136,419	72,498,597	11,378,578

15. Investments In Subsidiaries

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Tokyo Super Cement Company Lanka (Pvt) Ltd				
Ordinary shares (81,433,493 shares)	-	-	4,865,006,314	4,865,006,314
Tokyo Cement Power (Lanka) (Pvt) Ltd				
Ordinary shares (2,200,000,010 shares)	-	-	2,200,000,010	2,200,000,010
Tokyo Eastern Cement Company (Pvt) Ltd				
Ordinary shares (3,486,803,000 shares)	-	-	3,486,803,000	2,300,001,000
Tokyo Super Aggregate (Pvt) Limited				
Ordinary shares (92,112,245 shares)	-	-	92,112,245	76,500,000
	-			
Tokyo Supermix (Pvt) Ltd				
Ordinary shares (1,812,000,000 shares)	-	-	1,993,696,688	517,599,456
	-	-	12,637,618,257	9,959,106,780

15.1 Partly - owned subsidiaries

	2018/2019	2017/2018
Name of the company		
Tokyo Super Aggregate (Pvt) Limited	51%	51%
Accumulated balances of non-controlling interests:		
Tokyo Super Aggregate (Pvt) Limited (Rs.)	93,577,175	61,968,332

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

15.1.1 Summarized statement of profit or loss and other comprehensive income

	2018/2019	2017/2018
	Rs.	Rs.
Total comprehensive income / (loss) for the year	33,895,598	(30,035,830)

15.1.2 Summarised statement of financial position

	2018/2019	2017/2018
	Rs.	Rs.
Non-current assets	409,733,159	363,710,075
Current assets	125,079,777	103,848,449
Total assets	534,812,936	467,558,524
Capital and reserve	190,973,829	126,465,986
Non-current liabilities	96,111,019	154,315,433
Current liabilities	247,728,088	186,777,105
Total equity and liabilities	534,812,936	467,558,524

15. Investments In Subsidiaries (Contd...)

15.1.3 Summarised statement of cash flow information

	2018/2019 Rs.	2017/2018 Rs.
Cash flows from operating activities	8,338,791	49,722,494
Cash flows used in investing activities	(68,103,702)	(21,711,064)
Cash flows from financing activities	4,194,411	49,990,746
	(55,570,500)	78,002,176

16. Operating Lease Prepayment

	Group		Company	
	31st March 2019 Rs.	31st March 2018 Rs.	31st March 2019 Rs.	31st March 2018 Rs.
At the beginning of the year	436,096,333	63,306,634	436,096,333	63,306,634
Addition during the year	-	377,551,020	-	377,551,020
Amortization during the year	(4,761,322)	(4,761,321)	(4,761,322)	(4,761,321)
At the end of the year	431,335,011	436,096,333	431,335,011	436,096,333
Less: Current portion of pre-payment	(4,761,322)	(4,726,317)	(4,761,322)	(4,726,317)
Non-current portion of pre-payment	426,573,689	431,370,016	426,573,689	431,370,016

16.1 Pre-paid lease rentals to acquire the rights to use have been classified as operating lease prepayments and are amortized over the lease term in accordance with the pattern of benefits provided.

During the year 2017/2018, the Company has made a part payment to acquire a leasehold land in Colombo port for which the effective peaceful handover of possession has occurred with effect from 27th June, 2019.

17. Inventories

	Group		Company	
	31st March 2019 Rs.	31st March 2018 Rs.	31st March 2019 Rs.	31st March 2018 Rs.
Raw material	1,369,209,776	1,020,284,348	741,377,478	358,354,687
Finished goods	737,127,842	809,379,290	616,921,958	534,589,656
Packing materials	761,507,540	260,344,034	476,154,163	158,513,053
Spares and consumables	528,055,779	411,192,812	229,867,697	184,238,600
Goods-in-transit	239,724,427	28,853,410	236,050,292	21,160,464
	3,635,625,364	2,530,053,894	2,300,371,588	1,256,856,460

The inventories have been pledged against borrowings as disclosed in note no 32.

18. Trade and Other Receivables

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Trade debtors - Related parties	Note 18.1	431,656,106	217,898,713	973,158,434	229,014,061
- Others		3,859,020,926	2,466,274,722	1,431,205,973	1,720,000,729
		4,290,677,032	2,684,173,435	2,404,364,407	1,949,014,790
Less: Provision for impairment		(164,244,723)	(8,315,639)	(86,700,734)	(8,315,639)
		4,126,432,309	2,675,857,796	2,317,662,673	1,940,699,151
Deposits, advances and pre-payments		1,238,494,877	458,001,446	590,842,004	280,659,546
Other receivables		628,075,223	1,042,820,241	387,774,189	425,647,733
		5,993,002,409	4,176,679,483	3,296,278,866	2,647,006,430

18.1 Trade debtors - Related parties

		Group		Company	
Name of the related party	Nature of the relationship	31st March 2019 Rs.	31st March 2018 Rs.	31st March 2019 Rs.	31st March 2018 Rs.
Tokyo Super Cement Company Lanka (Pvt) Ltd	Subsidiary	-	-	-	4,832,760
Tokyo Supermix (Pvt) Ltd	Subsidiary	-		515,893,461	
Tokyo Eastern Cement Company (Pvt) Ltd	Sub-Subsidiary	-	-	25,608,867	6,282,588
Rhino Roofing Products Ltd	Common directors (Note 33.1)	168,971,522	87,921,756	168,971,522	87,921,756
Rhino Products Ltd	Common directors (Note 33.1)	262,684,584	123,567,257	262,684,584	123,567,257
El-Toro Roofing Products (Pvt) Ltd	Common directors (Note 33.1)	-	6,408,260	-	6,408,260
St Anthony's Home Mart (Pvt) Ltd	Common directors (Note 33.1)	-	1,440	-	1,440
		431,656,106	217,898,713	973,158,434	229,014,061

18.2 Mitigation of credit risk exposure

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

19. Tax Receivables

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	309,505,423	(274,159,229)	300,762,091	(286,994,103)
Taxation for the year	(288,440,607)	(44,771,766)	-	(2,415,349)
	21,064,816	(318,930,995)	300,762,091	(289,409,452)
Add : ESC paid	269,861,686	96,849,935	120,086,709	60,810,373
WHT paid	19,525,098	1,327,115	384,251	1,327,115
Tax paid	-	573,518,769	-	571,293,456
Set off against WHT	-	(43,259,401)	-	(43,259,401)
At the end of the year	310,451,600	309,505,423	421,233,051	300,762,091

20. Amount Due from Subsidiaries

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Tokyo Supermix (Pvt) Ltd	-	-	518,202,840	11,245,790
Tokyo Cement Power (Lanka) (Pvt) Ltd	-	-	155,054,975	168,932,075
Tokyo Eastern Cement Company (Pvt) Ltd	-	-	2,519,788	658,769,563
Tokyo Super Aggregate (Pvt) Ltd	-	-	3,676,783	5,432,534
	-	-	679,454,386	844,379,962

21. Financial Assets at Amortized Cost

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Investments in treasury bills	7,099,158	6,665,112	-	-
	7,099,158	6,665,112	-	-

22. Cash and Cash Equivalents

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Favourable Balances				
Cash at bank	291,922,967	596,028,256	128,489,170	453,917,121
Money market deposits	86,306	59,645,516	42,395	59,645,516
Call deposits	-	768,551	-	-
Cash in hand	49,121,369	61,198,239	24,816,458	32,241,909
	341,130,642	717,640,562	153,348,023	545,804,546
Unfavourable Balances				
Bank overdraft	1,588,838,697	1,180,884,281	811,329,262	706,199,118

23. Stated Capital

Description	Group			
	At the beginning of the year 01st April, 2018 Rs.	Share issue during the year Rs.	At the end of the year 31st March, 2019 Rs.	At the end of the year 31st March, 2018 Rs.
Value of ordinary shares	4,239,611,750	-	4,239,611,750	4,239,611,750
	4,239,611,750	-	4,239,611,750	4,239,611,750

Description	Company			
	At the beginning of the year 01st April, 2018 Rs.	Share issue during the year Rs.	At the end of the year 31st March, 2019 Rs.	At the end of the year 31st March, 2018 Rs.
Value of ordinary shares	4,239,611,750	-	4,239,611,750	4,239,611,750
	4,239,611,750	-	4,239,611,750	4,239,611,750

23.1 Movement in number of ordinary shares

Description	Group			
	At the beginning of the year 01st April, 2018 Nos.	Share issue during the year Nos.	At the end of the year 31st March, 2019 Nos.	At the end of the year 31st March, 2018 Nos.
Ordinary shares				
- Voting	267,300,000	-	267,300,000	267,300,000
- Non-voting	133,650,000	-	133,650,000	133,650,000
	400,950,000	-	400,950,000	400,950,000

Description	Company			
	At the beginning of the year 01st April, 2018 Nos.	Share issue during the year Nos.	At the end of the year 31st March, 2019 Nos.	At the end of the year 31st March, 2018 Nos.
Ordinary shares				
- Voting	267,300,000	-	267,300,000	267,300,000
- Non-voting	133,650,000	-	133,650,000	133,650,000
	400,950,000	-	400,950,000	400,950,000

The above shares are quoted in the Colombo Stock Exchange. The non-voting shares rank pari passu in respect of all rights with the ordinary voting shares of the company except for the voting rights.

24. Interest Bearing Borrowings

24.1 Long-term interest bearing borrowings

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
At the beginning of the year		7,554,049,983	6,497,785,623	5,964,811,600	4,649,998,800
Add: Loans obtained during the year		1,631,233,000	3,102,000,000	1,144,400,000	2,556,000,000
		9,185,282,983	9,599,785,623	7,109,211,600	7,205,998,800
Less: Settlements during the year		(2,096,960,578)	(2,045,735,640)	(880,359,670)	(1,241,187,200)
At the end of the year		7,088,322,405	7,554,049,983	6,228,851,930	5,964,811,600
Current maturity portion	A	2,235,037,500	1,792,575,200	2,170,401,930	803,826,684
Non-current maturity portion					
- Related parties		-	-	-	788,422,516
- Others		4,853,284,905	5,761,474,783	4,058,450,000	4,372,562,400
		4,853,284,905	5,761,474,783	4,058,450,000	5,160,984,916
		7,088,322,405	7,554,049,983	6,228,851,930	5,964,811,600
Analysis of Long Term Loans by the Year of Repayment					
Repayable between one and five years		6,906,738,500	7,430,789,983	6,113,051,930	5,857,411,600
Repayable after five years		181,583,905	123,260,000	115,800,000	107,400,000
		7,088,322,405	7,554,049,983	6,228,851,930	5,964,811,600

24.2 Short-term borrowings

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Import demand loans	24.2.1	6,927,085,684	4,903,002,721	3,826,244,494	2,566,973,360
Working capital loans	**24.2.2**	50,000,000	500,000,000	-	-
	B	6,977,085,684	5,403,002,721	3,826,244,494	2,566,973,360
Total current Interest bearing borrowings	A+B	9,212,123,184	7,195,577,921	5,996,646,424	3,370,800,044

Note:

a) Current 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.

b) The company has obtained related party loans from its fully owned subsidiary Tokyo Super Cement Company Lanka (Pvt) Ltd to the value of Rs.1 Bn and to be repaid within 6 years including a grace period of three and half years at an interest rate of 10.70%.

24.2.1 Import demand loans

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	4,903,002,720	2,211,643,013	2,566,973,360	1,802,956,012
Add: Loans obtained during the year	21,805,815,067	13,580,968,059	15,177,638,882	8,242,326,157
Less: Settlements during the year	(19,781,732,103)	(10,889,608,351)	(13,918,367,748)	(7,478,308,809)
At the end of the year	6,927,085,684	4,903,002,721	3,826,244,494	2,566,973,360

24.2.2 Working capital loans

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	500,000,000	-	-	-
Add: Loans obtained during the year	-	500,000,000	-	-
Less: Settlements during the year	(450,000,000)	-	-	-
At the end of the year	50,000,000	500,000,000	-	-

25. Deferred Tax Liability

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
At the beginning of the year		2,544,478,122	2,355,308,093	1,512,499,880	1,517,920,066
Charged to statement of profit or loss and other comprehensive income	9.B	181,190,309	189,170,029	(291,630,001)	(5,420,186)
At the end of the year		2,725,668,431	2,544,478,122	1,220,869,879	1,512,499,880

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
		Rs.	Rs.	Rs.	Rs.
25.1	Tax effect on temporary difference on property, plant and equipment	3,500,836,857	2,784,999,742	1,463,456,944	1,750,957,112
	Tax effect on temporary difference on retirement benefit obligations	(215,428,947)	(46,390,468)	(199,679,991)	(44,326,080)
	Tax effect on unused tax losses	(559,739,479)	(194,131,152)	(42,907,074)	(194,131,152)
		2,725,668,431	2,544,478,122	1,220,869,879	1,512,499,880

25.2 Deferred tax for tax holiday companies

For group of 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.

26. Retirement Benefits Obligation

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	181,964,627	130,405,612	158,307,430	121,221,280
Transfer of liability to subsidiary companies	-	-	(30,180,340)	-
	181,964,627	130,405,612	128,127,090	-
Actuarial (gain) or loss from change in financial assumption	18,670,682	27,171,164	13,024,520	17,241,493
Current service cost	22,307,930	17,435,889	11,144,250	13,881,033
Interest cost	21,181,417	16,952,729	18,205,354	15,758,766
Provision for the year	62,160,029	61,559,782	42,374,124	46,881,292
	244,124,656	191,965,394	170,501,214	168,102,572
Payments made during the year	(19,219,787)	(10,000,767)	(17,261,662)	(9,795,142)
At the end of the year	224,904,869	181,964,627	153,239,552	158,307,430

26.1 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to 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 retirement benefit obligation for the year.

Increase/ (decrease) in discount rate	Increase/(decrease) in salary escalation rate	Group effect on employee benefit obligation	Company effect on employee benefit obligation
Rs.	Rs.	Rs.	Rs.
1%	**	210,755,483	145,671,739
-1%	**	241,296,912	161,893,788
**	1%	242,286,910	162,532,072
**	-1%	209,650,442	144,967,704

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 2019	31st March 2018
a) Discount rate	11.0%	11.5%
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.

27. Lease Creditor

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Gross lease creditor				
At the beginning of the year	9,350,747	-	-	-
Add: Facility obtained during the year	28,951,446	11,508,611	28,951,447	-
	38,302,193	11,508,611	28,951,447	-
Less: Payments made during the year	(4,405,216)	(2,157,864)	(1,523,750)	-
At the end of the year	33,896,977	9,350,747	27,427,697	-
Interest in suspense				
At the beginning of the year	1,929,420	-		-
Add: Due to facility obtained during the year	6,801,446	2,814,611	6,801,447	-
Less: Charge to the statement of profit or loss	(1,596,482)	(885,191)	(622,070)	-
At the end of the year	7,134,384	1,929,420	6,179,377	-
Net liability to lease creditors	26,762,594	7,421,327	21,248,320	-
Current maturity portion	7,462,166	2,877,154	4,585,012	-
Non-current maturity portion	19,300,428	4,544,173	16,663,308	-
	26,762,594	7,421,327	21,248,320	-

Note: Current and non-current portion of finance lease obligation over finance charges and capital repayable has been apportioned between the finance lease repayable within one year and repayable after one year.

28. Trade and Other Payables

		Group		Company	
		31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Note	Rs.	Rs.	Rs.	Rs.
Bills payable		1,433,777,199	772,286,971	1,433,777,199	604,254,501
Expense creditors - Related parties	28.1	70,260	2,444,318	105,268,747	32,608,010
- Others		2,565,805,901	1,031,850,724	1,851,391,875	792,149,145
Other creditors		813,731,855	832,696,888	279,475,690	400,947,511
		4,813,385,215	2,639,278,901	3,669,913,511	1,829,959,167

28.1 Payable to related parties

		Group		Company	
Name of the related party	Nature of the relationship	31st March 2019 Rs.	31st March 2018 Rs.	31st March 2019 Rs.	31st March 2018 Rs.
Tokyo Supermix (Pvt) Ltd	Subsidiary	-	-	66,123,427	-
Tokyo Super Aggregate (Pvt) Ltd	Subsidiary	-	-	-	25,431,201
Tokyo Eastern Cement Company (Pvt) Ltd	Sub-Subsidiary	-	-	39,145,320	5,747,888
St Anthony's Home Mart (Pvt) Ltd	Common directors (Note 33.1)	70,260	-	-	-
St Anthony's Hardware (Pvt)Ltd	Common directors (Note 33.1)	-	1,428,921	-	1,428,921
Orion City Ltd	Common directors (Note 33.1)	-	1,015,397	-	-
		70,260	2,444,318	105,268,747	32,608,010

29. Amount Due to Subsidiaries

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Tokyo Super Cement Company Lanka (Pvt) Ltd	-	-	1,001,530,793	468,065,698
	-	-	1,001,530,793	468,065,698

30. Capital and Other Commitments

30.1 Company

30.1.1 Capital commitments

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

a) Investment on a proposed resource planning project in Mannar at an estimated cost of Rs. 91 Mn. Total cost of the project completed as at 31st March, 2019 is Rs. 119 Mn with the additional approval for cost overrun.

b) Investment on a proposed Colombo Cement Terminal Expansion Project at an estimated cost of Rs. 2,200 Mn. Total cost of the project completed as at 31st March, 2019 is Rs. 543 Mn.

c) Establishment of a proposed Technical Building at an estimated cost of Rs. 454 Mn. Total cost of the project completed as at 31st March, 2019 is Rs. 317 Mn.

30.1.2 Other commitments

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

b) The Company has entered into an agreement with the Ceylon Electricity Board (CEB) to purchase Coal Ash from the Norochcholai Power Plant for a period of 5 years commencing from the year 2018.

30.2 Subsidiary companies

30.2.1 Capital commitments

a) Tokyo Cement Power (Lanka) (Pvt) Ltd

The Company has established Solar Energy Harvesting System with a capacity of 600kW at a capital cost of Rs. 108 Mn (Capital cost of Rs. 47 Mn incurred as at 31st March, 2019) to generate 67,200kWh per month for export to the National Grid.

30.2.2 Other commitments

a) Tokyo Cement Power (Lanka) (Pvt) Ltd

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

b) Tokyo Super Cement Company Lanka (Pvt) Ltd

The Company has entered into agreements with the Ceylon Electricity Board (CEB) to purchase Coal Ash from the Norochcholai power plant for a period of 5 years commencing from year 2018.

c) Tokyo Eastern Cement Company (Pvt) Ltd

The Company has entered into an agreement with the Ceylon Electricity Board (CEB) to purchase Coal Ash from the Norochcholai power plant for a period of 5 years commencing from the year 2018.

31. Contingent Liabilities and Contingent Assets

31.1 Contingent liabilities

There were no material contingent liabilities for the Group 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 in the Court of Appeal on the 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 Court of Appeal determinations. The case is yet to be listed.

31.2 Contingent assets

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

32. Assets Pledged

Following assets have been pledged as securities for liabilities

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2019 Rs.	Balance outstanding as at 31.03.2018 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	450,000,000	450,000,000	-	Repayable in 60 equal monthly instalment of Rs.7,500,000/-(A grace period up to June 2019)	(a) Mortgage over machinery located at Trincomalee Jetty
	ii.	Commercial Bank of Ceylon PLC	500,000,000	450,200,000	456,000,000	Repayable in 59 equal monthly instalments of Rs.8,300,000/- and a final instalment of Rs.10,300,000/- (A grace period up to august 2019)	(a) Mortgage Bond for Rs.500,000,000/-to be executed over machinery(3 Units of Liebherr Cargo Cranes and 03 Nos of four Rope Grabs)located at Trincomalee Jetty.
	iii.	Commercial Bank of Ceylon PLC	520,400,000	520,400,000	370,000,000	Repayable in 47 equal monthly instalments of Rs.11,000,000/- and a final instalment of Rs.3,400,000/- (A grace period up to august 2019)	(a) Mortgage over unregistered leasehold rights for Rs. 1,165,000,000/-.
	iv.	Commercial Bank of Ceylon PLC	2,000,000,000	1,100,090,000	1,500,050,000	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).	(a) Mortgage over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd
	v.	Sampath Bank PLC	500,000,000	125,011,930	250,001,600	Repayable in 47 equal monthly instalments of Rs.10,416,600/- a final instalments of Rs.10,419,800/- (A grace period of 1 year at the beginning).	(a) Loan agreement for Rs. 500 Mn. (b) Negative pledge over project assets. (Ready mix plant at Matara and Orugodawaththa)

32. Assets Pledged (Contd...)

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2019 Rs.	Balance outstanding as at 31.03.2018 Rs.	Repayment		Security pledged
	vi.	Commercial Bank of Ceylon PLC	1,100,000,000	1,100,000,000	1,100,000,000	Repayable in 26 equal monthly instalments of Rs.40,800,000/-, a final instalment of Rs.39,200,000/-. (A grace period up to September 2019)	–	
	vii.	National Development Bank PLC	150,000,000	-	37,500,000	Loan amount repayable in 48 monthly instalments of Rs.3,125,000.	(a)	Loan agreement on term loan for Rs.150 Mn.
	viii.	Commercial Bank of Ceylon PLC	1,430,000,000	983,150,000	1,251,260,000	Loan Repayable in 47 equal monthly instalments of Rs.29,790,000/- and Final instalment of Rs.29,870,000/-	(a)	Mortgage the vessel for an amount of 1,430,000,000/- when called upon to do so by the bank.
	ix.	Commercial Bank of Ceylon PLC	500,000,000	500,000,000	-	Repayable in 59 equal monthly instalments of Rs.8,300,000/- and a final instalment of Rs.10,300,000/- (A grace period up to February 2020)		
	b.	Import demand loan						
	i.	Commercial Bank of Ceylon PLC	2,000,000,000	2,520,194,000	1,196,195,000	Each loan to be settled within 120 days from date of grant.	–	
	ii.	Commercial Bank of Ceylon PLC	750,000,000	450,322,708	709,373,673	Each loan to be settled within 120 days from date of grant.	(a)	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 executed by the company in favour of Sampath Bank for Rs.385 Mn and documents relating to goods received duly accepted by the company.
	iii.	Sampath Bank PLC	1,000,000,000	855,727,786	661,404,687	Each loan to be settled within 120 days from date of grant.	(a)	Stock and book debts of the company
	c.	Overdraft facility						
	i.	Commercial Bank of Ceylon PLC	500,000,000	747,798,186	467,951,122	On demand	(a)	General terms and conditions relating to overdraft.

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2019 Rs.	Balance outstanding as at 31.03.2018 Rs.	Repayment	Security pledged
	iii.	Sampath Bank PLC	35,000,000	63,531,076	238,247,996	On demand	(b) Overdraft agreement of Rs. 35Mn Secondary Mortgage over cement, plant and machinery at port premises, Colombo.
Tokyo Super Cement Company Lanka (Pvt) Ltd	a.	Term Loans					
	i.	Commercial Bank of Ceylon PLC	500,000,000	50,000,000	500,000,000	Repayable in 10 equal monthly instalments of Rs.50,000,000/- plus interest	–
	b.	Import demand loan					
	i.	City Bank, N.A.	-	-	93,649,983	Repayable within 90 days from the date of grant.	Unconditional corporate guarantee from Tokyo Cement Company (Lanka) PLC
	ii.	Commercial Bank of Ceylon PLC	800,000,000	1,855,918,666	1,058,279,000	Repayable within 120 days from the date of grant	–
	iii.	Sampath Bank PLC	500,000,000	172,781,525	396,550,375	Repayable within 120 days from the date of grant	(a) Short term Import loan agreement for 500mn. (b) Stocks and book debts of the Company.
Tokyo Eastern Cement Company (Pvt) Ltd	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	2,000,000,000	832,400,000	1,499,600,000	Repayable in 35 equal monthly instalments of Rs.55,600,000/- a final instalment of Rs.54,000,000/- (A grace period of one year at the beginning).	(a) Loan agreement on term loan and corporate guarantee from Tokyo Cement Company (Lanka) PLC for Rs.2Bn.
	b.	Import demand loan					
	i.	Commercial Bank of Ceylon PLC	750,000,000	1,072,141,000	787,550,000	Repayable within 120 days from the date of grant.	(a) Corporate guarantee Bond from Tokyo Cement Company (Lanka) PLC for Rs.750 Mn.
	c.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	75,000,000	346,936,862	-	On demand	(a) General terms and conditions relating to overdraft.

32. Assets Pledged (Contd...)

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2019 Rs.	Balance outstanding as at 31.03.2018 Rs.	Repayment	Security pledged
Tokyo Cement Power (Lanka) (Pvt) Ltd	a.	Capital term loan					
	i.	National Development Bank PLC	1,500,000,000	148,626,510	403,415,050	In 57 monthly equal instalments @ Rs. 25,863,000 & one instalment of Rs. 25,809,000.	(a) Corporate guarantee from Tokyo Cement Company (Lanka) PLC and an agreement to mortgage over plant, machinery and equipment of the Bathalayaya Biomass power project of the borrowers.
	ii.	Sampath Bank PLC	95,000,000	95,000,000	-	Rs.70,000,000 In 144 monthly instalments after a capital grace period of 06 months Rs.25,000,000 In 84 monthly instalments	(b) Corporate guarantee for Tokyo Cement Company (Lanka) PLC.
Tokyo Super Aggregate (Pvt) Ltd	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	40,000,000	25,570,000	38,890,000	Repayable in 35 equal monthly instalments of Rs.1,110,000/- a final instalment of Rs.1,150,000/-	(a) Corporate guarantee for Rs.310 Mn of Tokyo Cement Company (Lanka) PLC.
	ii.	Commercial Bank of Ceylon PLC	50,000,000	9,188,889	30,388,889	Repayable in 8 equal monthly instalments of Rs.1,388,888/-, 6 equal monthly instalments of Rs.1,700,000/-, 6 equal monthly instalments of Rs.1,750,000/-, 6 equal monthly instalments of Rs.1,800,000/-, equal monthly instalments of Rs.1,850,000/- respectively, a final instalment of Rs.1,838,896/-	
	iii.	Commercial Bank of Ceylon PLC	150,000,000	29,266,667	93,166,667	Repayable in 8 equal monthly instalments of Rs.4,166,666/-, 6 equal monthly instalments of Rs.4,700,000/-, 6 equal monthly instalments of Rs.5,200,000/-, 6 equal monthly instalments of Rs.5,600,000/-, 3 equal monthly instalments of Rs.6,000,000/-, a final installment of Rs.5,666,664/-	

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2019 Rs.	Balance outstanding as at 31.03.2018 Rs.	Repayment	Security pledged
	iv.	Commercial Bank of Ceylon PLC	25,000,000	7,727,500	17,777,778	Repayable in 5 equal monthly instalments of Rs.694,500/, 6 equal monthly instalments of Rs.750,000/-, 6 equal monthly instalments of Rs.800,000/-, 6 equal monthly instalments of Rs.900,000/-, equal monthly instalments of Rs.1,000,000/- respectively, a final installment of Rs.827,500/-	(a) Corporate guarantee for Rs.310 Mn of Tokyo Cement Company (Lanka) PLC.
	v.	Commercial Bank of Ceylon PLC	85,000,000	85,000,000	-	Repayable in 59 equal monthly installment of Rs.1,420,000/- a final installment of Rs.1,220,000/-	(b) Mortgage bond for Rs. 50 Mn to be executed over machinery.
Tokyo Supermix (Pvt) Ltd	a.	Short-term loan					
	i	Commercial Bank of Ceylon PLC	36,000,000	-	36,000,000	Term loan repayable within 03 months from the date of grant from the Term Loan facility.	–
	ii	Commercial Bank of Ceylon PLC	450,000,000	-	450,000,000	Term loan repayable within 03 months from the date of grant from the Term Loan facility.	(a) Mortgage over Land marked Lot A in plan No.2332 dated 30/08/2013 situated at Telawala containing in extent Three Roods and Thirty Nine Decimal One Perches.
	b.	Term loans					
	i	Commercial Bank of Ceylon PLC	450,000,000	390,000,000	-	Repayable in 60 equal monthly instalments of Rs.7,500,000/- plus interest .	(a) Primary Mortgage Bond for Rs. 118,000,000/- executed over the property situated at Rathmalana Land owned by Tokyo Supermix (Pvt) Ltd.
	ii	Commercial Bank of Ceylon PLC	20,000,000	17,360,000	20,000,000	Repayable in 59 equal monthly instalments of Rs. 330,000/- a final installment of Rs. 530,000/- plus interest.	(a) Mortgage over Land marked Lot 1 depicted in plan No.2017/119 dated 11/11/2017 situated at Udahaduwa containing in extent Ten Acres, One Rood and Ten Perches.

32. Assets Pledged (Contd...)

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2019 Rs.	Balance outstanding as at 31.03.2018 Rs.	Repayment	Security pledged
	iii	Commercial Bank of Ceylon PLC	250,000,000	185,897,000	-	Repayable in 59 equal monthly instalments of Rs. 4,200,000/- a final installment of Rs. 2,200,000/- plus interest.	(a) Mortgage for Rs. 17,500,000 over property situated in Rathmalana & Naula owned by the Tokyo Supermix (Pvt) Ltd & mortgage for Rs. 36,000,000/- executed over 05 nos. of Truck mixtures .
	iv.	Commercial Bank of Ceylon PLC	350,000,000	33,500,000	-	Repayable in 59 equal monthly instalments of Rs. 5,850,000/- a final installment of Rs. 4,850,000/- plus interest.	(a) Mortgage Bond for Rs.564,000,000/-to be executed over Trucks , Pump Cars & other related vehicles when the vehicles are registered . (b) Corporate Guarantee bond for Rs. 1,445,000,000/- obtained from Tokyo Cement Company (Lanka) PLC.

33. Related Party Transactions

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

	Tokyo Super Cement Co Lanka (Pvt) Ltd	Tokyo Eastern Cement Company (Pvt) Ltd	Tokyo Cement Power (Lanka) (Pvt) Ltd	Tokyo Super Aggregate (Pvt) Ltd	Tokyo Supermix (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	EL - Toro Roofing Products Limited	Providence Network & Solutions (Pvt) Ltd	Orion City Limited
Dr. Harsha Cabral, PC	X	X	X	X	X	-	-	-	-	-	-	-	-
Mr. S.R. Gnanam	X	X	X	X	X	X	X	X	X	X	X	-	X
Mr. A.S.G. Gnanam	X	X	X	-	X	X	X	X	X	X	X	X	X
Mr. E.J. Gnanam	X	X	X	-	X	X	X	X	X	X	X	-	X
Mr. R. Seevaratnam	X	X	X	-	X	-	-	-	-	-	-	-	-
Mr. Ravi Dias	X	X	X	-	X	-	-	-	-	-	-	-	-
Mr. W.C. Fernando	X	X	X	X	X	-	-	-	-	-	-	-	-
Mr. Asite Talwatte	X	X	X	-	X	-	-	-	-	-	-	-	-
Mr. Susumu Ando	-	-	-	-	-	-	-	-	-	-	-	-	-

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

33.1.1 Mr. Asite Talwatte ceased to be a director of the subsidiary companies with effect from 30th August 2018.

33.2 The Company and the Group have entered into the following transactions during the year in the ordinary course of business with related entities at commercial rates.

	Nature of the relationship	Group 2018/2019 Rs.	Group 2017/2018 Rs.	Company 2018/2019 Rs.	Company 2017/2018 Rs.
Subsidiary Companies					
(a) Tokyo Super Cement Company Lanka (Pvt) Ltd	Subsidiary company				
Fund transfers (from)/to		2,372,125,591	1,990,130,000	2,869,226,302	456,097,998
Sale of bio-mass power		162,500,153	137,134,494	162,500,153	137,134,494
Packing plant hiring income		21,198,384	26,574,025	21,198,384	26,574,025
Sale of clinker		2,158,783,444	-	2,158,783,444	-
Dividend paid		-	5,428,434,317	-	5,428,434,317
Expenses incurred on behalf of the Company		126,864,237	263,417,396	94,824,067	29,500,539
Loan interest		107,000,000	107,000,000	107,000,000	107,000,000
Lease rental		105,562	105,562	105,562	105,562
Investment in stated capital		2,414,565,000	1,919,908,164	-	1,919,908,164
Sale of fly ash		-	4,832,760	-	4,832,760
Sale of packing material		123,321,727	-	123,321,727	-
Purchase of raw material		81,205,125	-	-	-
Purchase of ready mix concrete		1,536,014	-	-	-
(b) Tokyo Cement Power (Lanka) (Pvt) Ltd	Subsidiary company				
Fund transfers from/(to)		30,678,900	275,037,547	13,878,900	275,037,547
Expenses incurred on behalf of the Company		-	66,457	-	66,457
Sale of ready mix concrete		-	1,933,578	-	1,933,578
(c) Tokyo Eastern Cement Company (Pvt) Ltd	Sub-subsidiary company				
Fund transfers from/(to)		824,547,630	2,056,933,477	310,646,919	572,700,172
Expenses incurred on behalf of the Company		254,945,556	277,415,130	219,905,386	277,415,130
Sale of raw materials		204,303,031	-	204,303,031	-
Investment in stated capital		3,601,367,000	-	1,186,802,000	-
Purchase of ready mix concrete		30,732,617	218,265,176	-	218,265,176
Purchase of raw materials		327,327,296	254,452,949	152,954,859	254,452,949
Sale of packing material		-	47,969,976	-	47,969,976
Biomass purchases		113,273	-	113,273	-

33. Related Party Transactions (Contd...)

	Nature of the relationship	Group 2018/2019 Rs.	Group 2017/2018 Rs.	Company 2018/2019 Rs.	Company 2017/2018 Rs.
(d) Tokyo Super Aggregate (Pvt) Ltd	Subsidiary company				
Investment in stated capital		15,612,245	25,500,000	15,612,245	25,500,000
Expenses incurred on behalf of the Company		18,853,706	-	-	-
Purchase of sand & metal		318,942,448	317,834,508	-	317,834,508
Fund transfers from/(to)		-	53,400,000	-	53,400,000
Sales of fixed assets		224,250	-	224,250	-
Gratuity liability transfer		1,980,000		1,980,000	
(e) Tokyo Super Mix (Pvt) Ltd	Subsidiary company				
Investment in stated capital		1,476,097,232	456,012,544	1,476,097,232	456,012,544
Expenses incurred on behalf of the Company		235,803,427	11,245,719	216,949,722	11,245,719
Sale of assets		-	475,530,387	-	475,530,387
Fund transfers to		318,207,811	-	318,207,811	-
Investment in share application fund		-	61,586,912	-	61,586,912
Sale of ready mix concrete		36,743,131	-	4,474,501	-
Purchase of sand and metal		318,942,448	-	-	-
Purchase of cement		1,410,809,600	-	1,410,809,600	-
Asset transfer		1,294,636,813	-	1,294,636,813	-
Sale of other raw material and spare parts		272,668,510	-	272,668,510	-
Gratuity liability transfer		28,200,340	-	28,200,340	-
Other Related Companies					
(a) St. Anthony's Consolidated (Pvt) Ltd	Common directors (33.1)				
Sales commission		721,436,308	683,310,299	351,455,653	296,914,919
Bonus for marketing staff		12,500,634	16,196,856	-	16,196,856
(b) St. Anthony's Hardware (Pvt) Ltd	Common directors (33.1)				
Purchase of chemicals		110,535,559	54,686,712	-	54,686,712
Purchase of fixed assets		50,975,000	-	10,875,000	-
Purchase of consumables		603,560	-	182,814	-
(c) South Asian Investment (Pvt) Ltd	Common directors (33.1)				
Sales commission paid		99,080,429	96,110,508	99,080,429	96,110,508
(d) Rhino Roofing Products Ltd	Common directors (33.1)				
Sale of cement		909,510,797	1,199,430,347	909,510,797	1,199,430,347
Sale of concrete		175,000	10,121,612	-	10,121,612

		Nature of the relationship	Group 2018/2019 Rs.	Group 2017/2018 Rs.	Company 2018/2019 Rs.	Company 2017/2018 Rs.
(e)	Rhino Products Ltd	Common directors (33.1)				
	Sale of cement		1,085,130,957	1,070,536,698	1,085,130,957	1,070,536,698
(f)	St. Anthony's Coatings (Pvt) Ltd	Common directors (33.1)				
	Sale of cement		-	1,009,946	-	1,009,946
(g)	St. Anthony's Industries Group (Pvt) Ltd	Common directors (33.1)				
	Purchase of consumables		6,799,107	95,713	6,799,260	95,713
(h)	Orion City Limited	Common directors (33.1)				
	Rent expense		8,234,990	7,803,473	-	-
(i)	St Anthony's Homemart (Pvt) Ltd	Common directors (33.1)				
	Sale of cement		-	960,845	-	664,177
	Purchase of consumables		1,846,590	-	775,350	-
(j)	St. Anthony's Mineral & Coatings (Pvt) Ltd	Common directors (33.1)				
	Sale of cement		-	818,750	-	818,750
(k)	EL - Toro Roofing Products (Pvt) Limited	Common directors (33.1)				
	Sale of cement		36,619,554	45,154,017	36,619,554	45,154,017
(l)	Supermet Building Solutions (Pvt) Limited	Common directors (33.1)				
	Purchase of chemicals		4,142,694	1,056,653	1,445,415	1,056,653

33.3 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 to in note no 32.

33.4 Terms and conditions of transactions with related parties

The sales to, and purchases from, related parties are made on terms equivalent to those that prevail at 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, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018 - Nil, 2017 - Nil). This assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

33.4.1 Amounts due to / from related parties

The amounts due to / from related parties are disclosed in note nos. 18.1, 20, 28.1 and 29.

33. Related Party Transactions (Contd...)

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

33.5.1 Key Management Personnel (KMPs) are defined as those persons such as Directors, Chief Executive Officers and other senior executives etc. who have authority and responsibility for planning, directing and controlling the activities of the company as well as the subsidiaries, directly or indirectly.

a) Compensation of key management personnel

	2018/2019 Rs.	2017/2018 Rs.
Directors' Emoluments and other key management personnel's remuneration	88,111,520	85,257,983
Non-cash benefits	-	-
	88,111,520	85,257,983

33.5.2 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:

	2018/2019 Rs.	2017/2018 Rs.
a) Short-term employee benefits	88,111,520	85,257,983
b) Post-employment benefits	-	-
c) Other long-term benefits	-	-
d) Termination benefits	-	-
e) Share-based payments	-	-
	88,111,520	85,257,983

33.6 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, 2018 audited financial statements, which required additional disclosures in the 2018/19 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and 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 10 % of equity and as a 5% of total assets	Terms and conditions of the related party transactions	The rationale for entering into the transactions
Tokyo Supermix (Pvt) Ltd	Subsidiary	Share issue	1,476,097,232	10.7% and 4.7%	On Demand	In lieu of transfer of assets

The Related Party review committee has reviewed the relevant Related Party Transactions, approved the transactions and directed to make immediate disclosure to Colombo Stock Exchange in respect of the non recurrent transactions above.

33.7 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, 2018 audited financial statements, which required additional disclosures in the 2018/19 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

34. Subsidiary Companies

Company	Effective Holding
Tokyo Super Cement Company Lanka (Pvt) Ltd	100%
Tokyo Cement Power (Lanka) (Pvt) Ltd	100%
Tokyo Eastern Cement Company (Pvt) Ltd	100%
Tokyo Supermix (Pvt) Ltd	100%
Tokyo Super Aggregate (Pvt) Ltd	51%

35. Financial Risk Management Objectives and Policies

35.1 Introduction

Risk is inherent to the Group's business activities, but is managed through a process of ongoing identification measurement and monitoring subject to risk limit and other controls. The Board of Directors places special consideration on the management of such risk. The Group is mainly exposed to :

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices mainly comprise two types of risks: interest rate risks, currency risk. Financial instruments affected by market risk include bank loans, investments and trade payables.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

Company	Increase/ (Decrease) in interest rate	Effect on profit before tax (Rs.)	Effect on profit before tax (Rs.)
2019	1%	(65,161,762)	(11,194,764)
	-1%	65,161,762	11,194,764
2018	1%	(27,485,271)	(11,194,764)
	-1%	27,485,271	11,194,764

35. Financial Risk Management Objectives and Policies (Contd...)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange rate changes is minimized by positive negotiations with banks applying financial risk management techniques.

The following table demonstrates the sensitivity to a reasonably possible change in the LKR/USD exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

Group

		31.03.2019		31.03.2018	
Exchange Rate	Increase/ (Decrease) in Exchange Rate	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		Rs.	Rs.	Rs.	Rs.
USD	1%	(186,128,030)	(186,128,030)	(135,809,681)	(135,809,681)
	-1%	186,128,030	186,128,030	135,809,681	135,809,681

Company

		31.03.2019		31.03.2018	
Exchange Rate	Increase/ (Decrease) in Exchange Rate	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		Rs.	Rs.	Rs.	Rs.
USD	1%	(119,846,268)	(119,846,268)	(82,423,262)	(82,423,262)
	-1%	119,846,268	119,846,268	82,423,262	82,423,262

(d) Credit risk

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

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to seek assurance from the counterparties to ensure that they can fulfil their obligations.

(e) Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the Group's financial liabilities at 31st March, 2019 based on contractual undiscounted payments.

Group

	Within 1 year Rs.	Between 1-2 years Rs.	Between 2-3 years Rs.	Between 3-4 years Rs.	Between 4-5 years Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	2,235,037,500	2,007,266,000	1,647,466,000	644,276,000	372,693,000	181,583,905	7,088,322,405
Lease Creditors	7,462,166	7,175,662	6,754,038	5,370,727	-	-	26,762,593
Short-term borrowings	6,977,085,684	-	-	-	-	-	6,977,085,684
Trade and other payables	4,813,385,215	-	-	-	-	-	4,813,385,215
Bank overdrafts	1,588,838,697	-	-	-	-	-	1,588,838,697
	15,621,809,262	2,015,441,662	1,654,220,038	649,646,727	372,693,000	181,583,905	20,494,394,594

Company

	Within 1 year Rs.	Between 1-2 years Rs.	Between 2-3 years Rs.	Between 3-4 years Rs.	Between 4-5 years Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	2,170,401,930	1,668,240,000	1,485,250,000	480,860,000	308,300,000	115,800,000	6,228,851,930
Lease Creditors	4,585,012	5,259,450	6,033,130	5,370,727	-	-	21,248,319
Amount due to subsidiaries	1,001,530,793	-	-	-	-	-	1,001,530,793
Short-term borrowings	3,826,244,494	-	-	-	-	-	3,826,244,494
Trade and other payables	3,669,913,511	-	-	-	-	-	3,669,913,511
Bank overdrafts	811,329,262	-	-	-	-	-	811,329,262
	11,484,005,002	1,673,499,450	1,491,283,130	486,230,727	308,300,000	115,800,000	15,559,118,310

36. Fair Value of Financial Instruments

36.1 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.

	Group		Company	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Trade receivable	5,993,002,409	5,993,002,409	3,296,278,866	3,296,278,866
Financial investments	7,099,158	7,099,158	-	-
Cash and cash equivalents	341,130,642	341,130,642	153,348,023	153,348,023
Total financial assets	6,341,232,209	6,341,232,209	3,449,626,889	3,449,626,889
Financial liabilities				
Interest bearing borrowings	14,065,408,089	14,065,408,089	10,055,096,424	10,055,096,424
Trade and other payables	4,813,385,215	4,813,385,215	3,669,913,511	3,669,913,511
Bank overdrafts	1,588,838,697	1,588,838,697	811,329,262	811,329,262
Total financial liabilities	20,467,632,001	20,467,632,001	14,536,339,197	14,536,339,197

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.

37. 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 the cost of financing and safeguarding key stakeholders' interests.

38. Events Occurring after the Reporting Date

There were no events that occurred after the reporting period which require adjustments to or disclosures in these financial statements except for those disclosed below:

a) Amalgamation -Tokyo Super Cement Company Lanka (Pvt) Ltd

As per the decision taken by the Board of Directors at the board meeting held on 25th March, 2019, the company would be amalgamated with Tokyo Cement Company (Lanka) PLC with effect from 13th June 2019. This has been approved by the Registar of Companies as pursuant to Section 244 (1) (a) of the Companies Act No 07 of 2007.

b) Dividend declaration

The directors have recommended the payment of a first and final dividend of Rs. 0.30 per share amounting to Rs.80,190,000/- on issued stated capital of Ordinary Voting Shares and Rs. 0.30 per share amounting to Rs. 40,095,000/- on issued stated capital of Non-Voting Ordinary Shares for the year ended 31st March, 2019, which require the approval of the shareholders at the Annual General Meeting to be held on 16th August, 2019. In accordance with Sri Lanka Accounting Standards (LKAS) 10 events after the reporting period, this proposed first and final dividends have 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. 0.30 per ordinary voting shares and Rs. 0.30 per ordinary non-voting shares for the financial year under review.

39. Comparative Information

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

REACHING NEW HEIGHTS

Supplementary Information

SHAREHOLDER & INVESTOR INFORMATION

Distrubution of Voting Ordinary Shares as at 31st March 2019

Category	No of Holders Nos	Share Holdings Shares	Holding %
1 - 250	1,125	86,920	0.03%
251 - 500	319	121,803	0.05%
501 - 1,000	422	333,022	0.12%
1,001 - 2,000	521	822,798	0.31%
2,001 - 5,000	567	1,951,798	0.73%
5,001 - 10,000	307	2,237,713	0.84%
10,001 - 20,000	239	3,544,284	1.32%
20,001 - 30,000	84	2,113,191	0.79%
30,001 - 40,000	58	2,021,292	0.76%
40,001 - 50,000	39	1,826,545	0.68%
50,001 - 100,000	90	6,511,872	2.44%
100,001 - 1,000,000	87	25,907,797	9.69%
1,000,001 - 99,999,999	21	219,820,965	82.24%
Total	3,879	267,300,000	100.00%

Distribution of Non Voting Shares as at 31st March 2019

Category	No of Holders Nos	Share Holdings Shares	Holding %
1 - 250	1019	87,209	0.07%
251 - 500	313	113,443	0.08%
501 - 1,000	390	294,172	0.22%
1,001 - 2,000	440	671,807	0.50%
2,001 - 5,000	426	1,442,477	1.08%
5,001 - 10,000	267	2,000,656	1.50%
10,001 - 20,000	183	2,637,693	1.97%
20,001 - 30,000	92	2,282,933	1.71%
30,001 - 40,000	47	1,667,277	1.25%
40,001 - 50,000	35	1,596,467	1.19%
50,001 - 100,000	81	5,954,504	4.46%
100,001 - 1,000,000	90	25,720,546	19.24%
1,000,001 - 99,999,999	21	89,180,816	66.73%
Total	3,404	133,650,000	100.00%

Chief Executive Officer's Shareholding

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held As at 31/03/19	No of Shares Held As at 31/03/18	No of Shares Held As at 31/03/19	No of Shares Held As at 31/03/18
St Anthony's Consolidated (Pvt) Limited	73,507,172	73,507,172	-	-
South Asian Investment (Pvt) Limited	53,820,756	53,820,756	-	-
Capital City Holdings (Pvt) Limited	8,019,367	8,019,367	-	-
St Anthony's Hardware (Pvt) Limited	545,292	545,292	-	-
Total	135,892,587	135,892,587	-	-

Directors / CEO's Shareholdings

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held As at 31/03/19	No of Shares Held As at 31/03/18	No of Shares Held As at 31/03/19	No of Shares Held As at 31/03/18
St Anthony's Consolidated (Private) Limited	73,507,172	73,507,172	-	-
Mr. Gnanam A S G	14	14	-	-
Mr. Gnanam S R - Managing Director/CEO	14	14	-	-
Mr. Gnanam E J	14	14	-	-
UBE Singapore Holdings Pte. Ltd	26,730,000	26,730,000	-	-
Mr. Susumu Ando (Non Executive and Nominee Director of UBE Singapore Pte. Ltd)	-	-	-	-
Mr. W .C Fernando - Director	-	-	71,280	71,280
Independent Non Executive Directors				
Mr. Ranjeevan Seevaratnam	-	-	-	-
Dr. Harsha Cabral, PC	-	-	-	-
Mr. Ravi Dias	-	-	-	-
Mr. Asite Talwatte	-	-	-	-
	100,237,214	100,237,214	71,280	71,280
Total Shares in Issue	267,300,000	267,300,000	133,650,000	133,650,000

Market Price Per Share

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2019 Rs.	31st March 2018 Rs.	31st March 2019 Rs.	31st March 2018 Rs.
Highest for The Period	59.90	69.90	49.80	71.00
Lowest for The Period	20.00	52.00	17.50	45.20
Last Traded for The Period	20.70	54.00	18.50	46.00

Share Trading from 1st April 2018 to 31st March 2019

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
No of Transactions	10,234	7,391	5,967	6,680
No of Shares Traded	39,485,401	83,716,742	27,794,274	35,523,817
Value of Shares Traded (Rs)	1,146,032,195	5,909,125,395	726,590,796	2,193,500,855

Percentage of Public Shareholding

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
The percentage of shares held by Public	39.16 %	39.16 %	100 %	100 %
No of Public Shareholders	3,820	3,102	3,408	3,144

Market Capitalisation

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
Market Capitalisation (Rs. billion)	**5.5**	14.4	**2.5**	6.1
Total Market Capitalisation of the CSE (Rs. billion)	2,605.9	3,032.7	2,605.9	3,032.7
As a Percentage of total Market Capitalisation (%)	0.21	0.47	0.09	0.20

Total Float Adjusted Market Capitalisation of Voting Ordinary Shares as at 31st March 2019 was Rs. 2,166,765,876 with reference to the rule No. 7.6 (iv) of continuing listing requirements of CSE.

Total Float Adjusted Market Capitalisation of Non-Voting ordinary shares as at 31st March 2019 was Rs. 2,472,525,000 with reference to the rule No. 7.6 (iv) of continuing listing requirements of CSE.

As the Float Adjusted Market Capitalisation is less than Rs. 2.5 billion for both Voting and Non-voting ordinary shares, Tokyo Cement Company (Lanka) PLC complies under option 2 of minimum public holding requirement. (as per the rule no. 7.13.1 (a) of continuing listing requirements of the CSE.)

Twenty Largest Shareholders as at

	31st March 2019 No of Ordinary Shares	%	31st March 2018 No of Ordinary Shares	%
Voting				
St. Anthony's Consolidated (Pvt) Ltd	73,507,172	27%	73,507,172	27%
South Asian Investment (Pvt) Ltd	53,820,756	20%	53,820,756	20%
UBE Singapore Holdings Pte. Ltd	26,730,000	10%	26,730,000	10%
Marina Bay Holding And Investment Pte. Ltd.	16,038,000	6%	16,038,000	6%
Capital City Holdings (Private) Limited	8,019,367	3%	8,019,367	3%
Citibank Newyork S/A Norges Bank Account 2	7,969,395	3%	Not in Top 20 List	-
J.B. Cocoshell (Pvt) Ltd	5,651,912	2%	4,531,646	2%
The Ceylon Guardian Investment Trust Plc A/C # 02	3,527,694	1%	3,983,120	1%
Seylan Bank Plc/W.D.N.H.Perera	4,510,000	2%	Not in Top 20 List	-
Northern Trust Company S/A Apollo Asia Fund Limited	3,245,603	1%	3,245,603	1%
The Ceylon Investment Plc A/C # 02	2,107,374	1%	3,047,374	1%
State Street Luxembourg C/O Ssbt-Goodhart Partners	2,400,000	1%	Not in Top 20 List	-
Seb Ab-Tundra Frontier Opportunities Fund	2,315,592	1%	2,315,592	1%
Hatton National Bank Plc/Capital Trust Holdings Limited	2,008,309	1%	Not in Top 20 List	0%
Thambi Lebbe Mohamed Imtiaz	1,151,158	0.43%	1,377,964	0.52%
Maria Tasneem Moosajee	1,320,000	0.49%	1,320,000	0.49%
Ssbt-Global Macro Capital Opportunities Portfolio	1,143,000	0.43%	Not in Top 20 List	-
Radhakrishnan Maheswaran	1,096,940	0.41%	1,096,940	0.41%
Andal Radhakrishnan	1,096,939	0.41%	1,096,939	0.41%
Meenambigai Priyadarshini Radhakrishnan	1,096,939	0.41%	1,096,939	0.41%
Total	218,756,150	82%	201,227,412	75%

SHAREHOLDER & INVESTOR INFORMATION

Twenty Largest Shareholders as at

	31st March 2019 No of Ordinary Shares	%	31st March 2018 No of Ordinary Shares	%
Non Voting				
Bnymsanv Re-Butterfield Trust (Bermuda) Limited	16,258,204	12%	16,258,204	12%
Northern Trust Company S/A Apollo Asia Fund Limited	10,561,789	8%	10,561,789	8%
Seb Ab-Tundra Sustainable Frontier Fund	8,708,114	7%	Not in Top 20 List	-
Pershing Llc S/A Averbach Grauson & Co.	4,739,667	4%	5,774,775	4%
Employees Provident Fund	5,643,524	4%	5,643,524	4%
State Street Luxembourg C/O Ssbt-Alliancebernstein	6,827,366	5%	Not in Top 20 List	-
Deutsche Bank Ag As Trustee For Jb Vantage Value E	4,914,606	4%	4,914,606	4%
Deutsche Bank Ag-National Equity Fund	3,210,000	2%	3,720,000	3%
Mr. A. Hassenally Rajkotwala	1,223,508	1%	Not in Top 20 List	-
Citibank Newyork S/A Norges Bank Account 2	3,181,610	2%	3,101,811	2%
Amaliya Private Limited	3,466,055	3%	Not in Top 20 List	-
Rubber Investment Trust Limited A/C # 01	1,188,480	1%	Not in Top 20 List	-
Deutsche Bank Ag As Trustee For Namal Acuity Value	2,402,635	2%	2,782,635	2%
Mr. Y.A.H. Rajkotwala	1,093,726	1%	Not in Top 20 List	-
People's Leasing & Finance Plc/Hi Line Trading (Pvt) Ltd	1,852,138	1%	1,852,138	1%
Askold (Private) Limited	1,050,000	1%	Not in Top 20 List	-
J.B. Cocoshell (Pvt) Ltd	3,639,493	3%	1,837,011	1%
Union Assurance Plc/No-01A/C	1,729,956	1%	1,729,956	1%
Gf Capital Global Limited	4,976,000	4%	1,476,000	1%
Dfcc Bank Plc A/C 1	1,472,515	1%	1,472,515	1%
Total	88,139,386	66%	61,124,964	46%

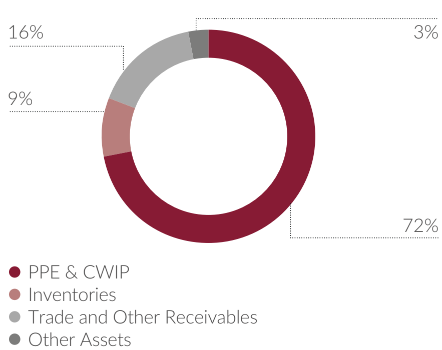
FIVE YEAR SUMMARY

Year ended March 31 Rs. Mn	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
OPERATING RESULTS					
Turnover	38,496	35,633	35,701	30,117	29,674
Gross profit	7,888	8,472	8,941	6,926	6,407
Profit/(Loss) Before Taxation	(1)	2,572	4,078	2,487	2,165
Taxation	(475)	(243)	(677)	(556)	(476)
Profit/(Loss) After Taxation	(476)	2,329	3,401	1,931	1,689
Non-controlling Interest	16	(15)	3	-	(48)
Profit Attributable to Ordinary Shareholder	(483)	2,343	3,398	1,931	1,627
STATEMENT OF FINANCIAL POSITION					
Assets					
Non Current Assets					
Property, Plant & Equipment	26,877	23,820	13,147	12,892	12,426
Capital Work - in - Progress	749	2,952	7,603	4,352	372
Intangible Assets	116	53	68	83	102
Operating Lease Prepayment	427	431	59	63	68
Total Non Current Assets	28,169	27,256	20,877	17,390	12,967
Current Assets					
Inventories	3,636	2,530	2,002	1,542	1,619
Trade & Other Receivable	6,315	4,498	3,036	2,746	4,358
Cash & Cash Equivalent	341	718	2,524	572	787
Total Current Assets	10,292	7,746	7,562	4,860	6,765
Total Assets	38,461	35,002	28,439	22,250	19,732
Equity & Liabilities					
Capital & Reserves					
Stated Capital	4,240	4,240	2,894	2,894	2,894
Retained Earnings	10,682	11,189	11,478	8,528	7,088
	14,922	15,429	14,372	11,422	9,982
Non - controlling interest	94	62	52	49	-
Total Capital & Reserves	15,016	15,491	14,424	11,471	9,982

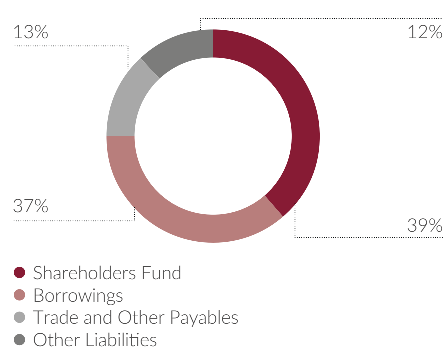
FIVE YEAR SUMMARY

Year ended March 31 Rs. Mn	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Non Current Liabilities					
Interest Bearing Borrowing	4,853	5,761	4,887	2,858	3,061
Deferred Tax	2,726	2,544	2,355	2,207	1,732
Retirement Benefit Obligations	225	182	131	112	108
Lease Creditors	19	5	-	-	-
Total Non Current Liabilities	7,823	8,492	7,373	5,177	4,901
Current Liabilities					
Trade & Other Liabilities	4,814	2,639	2,275	1,850	2,247
Short Term Borrowings	9,212	7,196	3,822	3,328	2,305
Lease Creditors	7	3	-	-	-
Bank Overdraft	1,589	1,181	545	424	297
Total Current Liabilities	15,622	11,019	6,642	5,602	4,849
Total Equity and Liabilities	38,461	35,002	28,439	22,250	19,732
INVESTOR INFORMATION					
Earning Per Share - Voting Ordinary Share (Rs.)	(1.23)	6.01	10.17	5.78	4.91
Earning Per Share - Non Voting Ordinary Share (Rs.)	(1.23)	6.01	10.17	5.78	4.91
Dividend Per Share - Voting Ordinary Share (Rs.)	0.30	1.25	1.87	1.35	1.19
Dividend Per Share - Non Voting Ordinary Share (Rs.)	0.30	1.25	1.87	1.35	1.19
Return on Equity (%)	(0.03)	15.03	23.56	16.94	16.77
Interest Cover (Time)	1.00	3.65	8.65	6.34	5.63
Market Price Per Share (Rs.) - Voting	20.70	54.00	61.00	37.00	54.90
Market Price Per Share (Rs.) - Non Voting	18.50	46.00	53.00	32.30	37.40
Price Earnings Ratio (Times)	-	8.99	6.00	6.40	10.85
Assets Turnover Ratio (Times)	1.00	1.02	1.26	1.35	1.50
Net Asset Per Share (Rs.)	37.22	38.48	43.01	34.18	29.88

Composition Assets

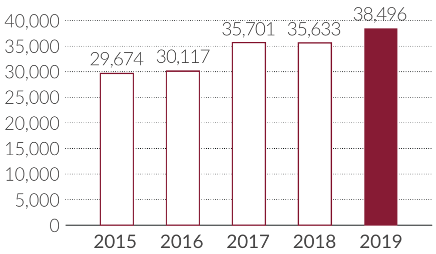


Composition Liabilities

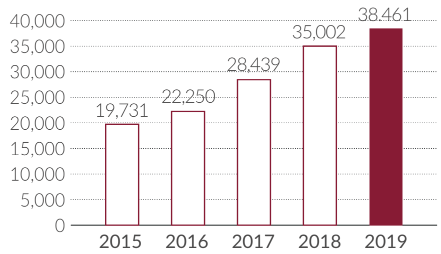


FIVE YEAR SUMMARY GRAPHICAL REVIEW

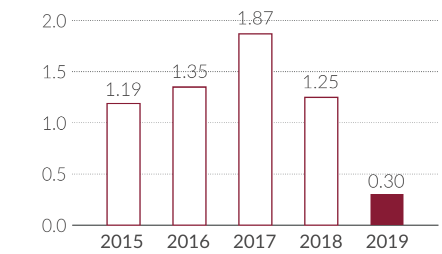
Group Revenue
(Rs. Mn)



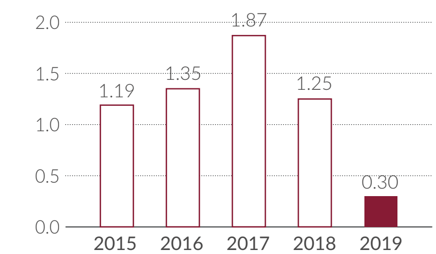
Total Assets
(Rs. Mn)



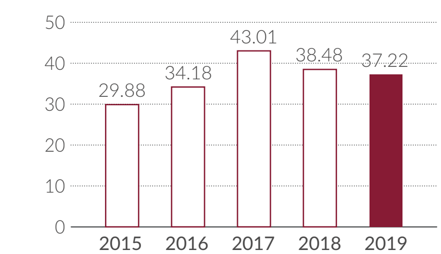
Dividend Per Share - Voting
(Rs.)



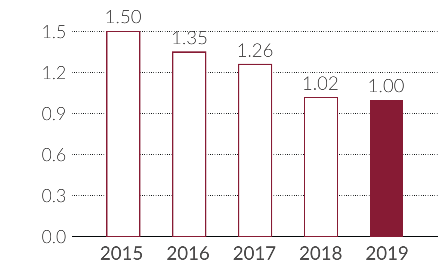
Dividend Per Share - Non Voting
(Rs.)



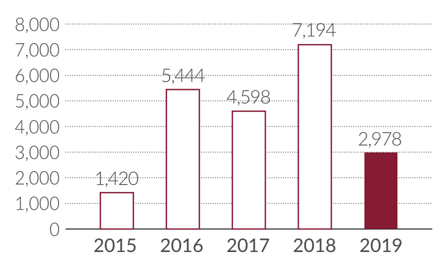
Net Assets Per Share
(Rs.)



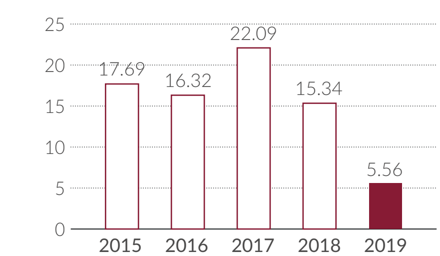
Assets Turnover
(Times)



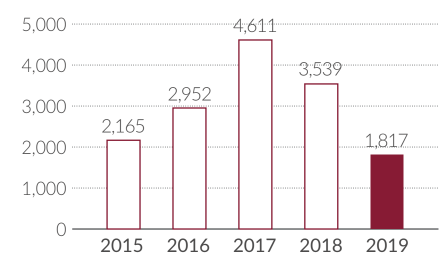
Capital Investments
(Rs. Mn)



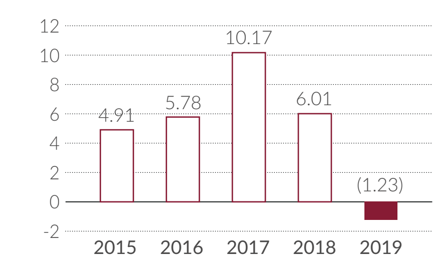
Return on Capital Employed
(%)



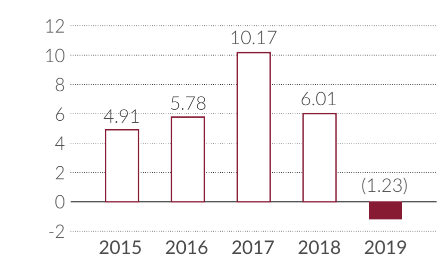
Earnings Before Interest & Tax
(Rs. Mn)



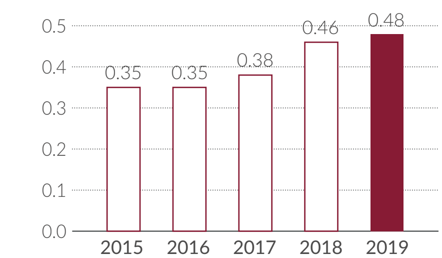
Earning Per Share - Non Voting
(Rs.)



Earning Per Share - Voting
(Rs.)



Gearing Ratio
(Times)



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Seventh Annual General Meeting of the Shareholders of Tokyo Cement Company (Lanka) PLC will be held on Friday 16th August, 2019 at 4.00 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 31st March, 2019 and the Report of the Auditors thereon.

2. To declare a first and final dividend of Rs. 0.30 per share (voting and non voting) in respect of the Financial Year ending 31st March, 2019 as recommended by the directors.

3. To re-elect Mr Ravi Dias 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 180 of the Articles 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

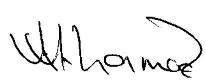
   THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr Ranjeevan Seevaratnam who is over the age of 70 years and that he be re-elected a Director of the Company.

   To re-elect as a director Mr W C Fernando 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 W C Fernando who is over the age of 70 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

17th July 2019

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 31st March 2019 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. 0.30 per share (voting and Non Voting) be declared for the financial year 2018/19 out of profits as recommended by the Directors to those shareholders whose names stand on the Register of Members as on end of trading on 16th August 2019 (Ex-Dividend date 17th August 2019)

Resolution 3 **Re-election of Directors**

RESOLVED that Mr Ravi Dias, Director of the Company, who retires by rotation in terms of Article 114 of the Articles of Association and being eligible for appointment be and is hereby re-appointed as Director of the Company.

Resolution 4 **RE- Appointment of Auditors**

Shareholders noting Article 180 of the Articles of Association which states that At each Annual General Meeting the retiring Auditor or Auditors shall, without any resolution being passed, be deemed to have been re-appointed until the conclusion of the next ensuing Annual General Meeting : RESOLVED that Directors are hereby 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**

RESOLVED 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 over the age of 70 years and that he be re-elected a Director of the Company.

Resolution 7 **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 W.C. Fernando who is over the age of 70 years and that he be re-elected a Director of the Company.

NOTES

FORM OF PROXY

VOTING ORDINARY SHARES

For Thirty Seventh Annual General Meeting of

TOKYO CEMENT COMPANY (LANKA) PLC

I/We ....

(ID No : ....) of ....

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

of (ID No : ....) ....or failing him

any one of the following directors

Dr Harsha Cabral, PC
Mr Simon Rajaseelan Gnanam
Mr Arul S Gunaseelan Gnanam
Mr Ranjeevan Seevaratnam
Mr Elijah Jeyaseelan Gnanam
Mr Ravi Dias
Mr W.C. Fernando
Mr Asite Talwatte
Mr Susumu Ando

as my /our Proxy to represent me/us and * .... / to vote for me/us on my/our behalf at the Thirty Seventh Annual General Meeting of the Company to be held on Friday 16th August 2019 at 4.00 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 31st March 2019 and the Report of the Auditors thereon.		
2	RESOLVED THAT a first and final dividend of Rs. 0.30 per share (voting and Non Voting) be paid for the year 2018/19 as recommended by the Directors.		
3	To re-elect Mr Ravi Dias 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.		
7	To re-elect as a director Mr W C Fernando 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 : ....

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 Seventh Annual General Meeting of

TOKYO CEMENT COMPANY (LANKA) PLC

I/We ....

(ID No : ....) of ....

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

of (ID No : ....) ....or failing him

any one of the following directors

Dr Harsha Cabral, PC	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 Ranjeevan Seevaratnam	of Colombo	or failing him
Mr Ravi Dias	of Colombo	or failing him
Mr W.C. Fernando	of Colombo	or failing him
Mr Asite Talwatte	of Colombo	or failing him
Mr Susumu Ando	of Singapore	

as my /our Proxy to represent me/us and * .... on my/our behalf at the Thirty Seventh Annual General Meeting of the Company to be held on Friday 16th August 2019 at 4.00 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 : ....

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.
4 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.

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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.

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, PC - Chairman and Non Executive Independent Director Mr S. R. Gnanam - Managing Director Mr W.C. Fernando - Director Mr A.S.G. Gnanam - Non Executive Director Mr E. J. Gnanam - Non Executive Director Mr R. Seevaratnam - Non Executive Independent Director Mr Ravi Dias - Non Executive Independent Director Mr Asite Talwatte - Non Executive Independent Director Mr Susumu Ando - Non Executive Director (Nominee Director of UBE Singapore Pte. Ltd)
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: 2500 466 / Fax: 2500 897 Web Site: www.tokyocement.com
SUBSIDIARY COMPANIES	:	Tokyo Super Cement Company Lanka (Private) Limited Tokyo Cement Power (Lanka) (Private) Limited Tokyo Eastern Cement Company (Private) Limited Tokyo Super Aggregate (Private Limited Tokyo Supermix (Private Limited
AUDITORS	:	BDO Partners, (Chartered Accountants) Chittampalam A Gardiner Mawatha, Colombo 2
LEGAL ADVISORS	:	Julius & Creasy (Attorney at Law and Notaries Public) Julius & Creasy Building No. 371, R.A. de Mel Mawatha Colombo 3
BANKERS	:	Commercial Bank of Ceylon PLC Sampath Bank PLC Bank of Ceylon National Development Bank PLC

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Tokyo Cement Company (Lanka) PLC
469 - 1/1, Galle Road, Colombo 3, Sri Lanka

www.tokyocement.com