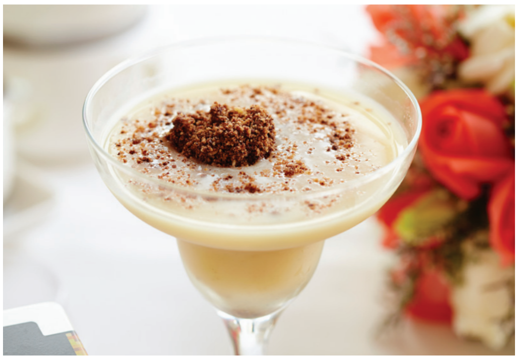
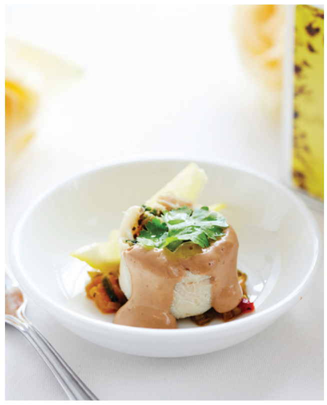
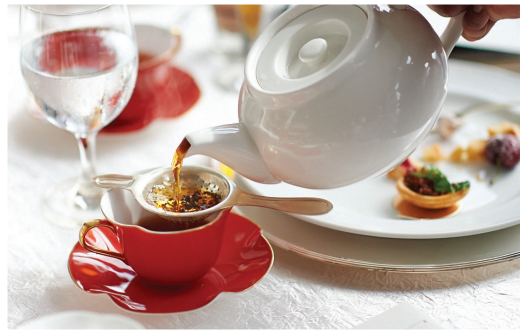
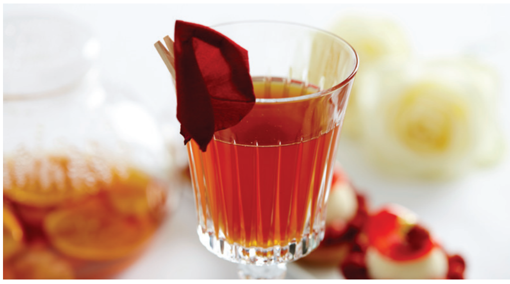
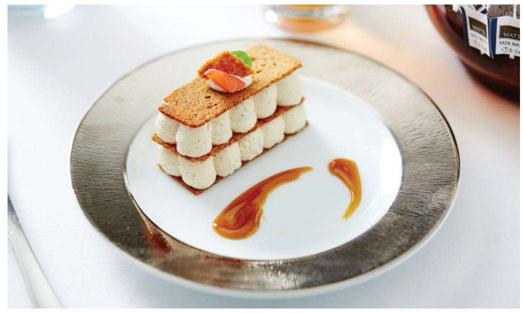








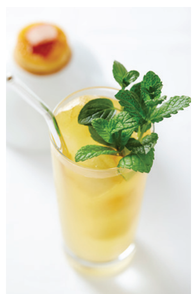
Dilmah
THE SINGLE ORIGIN TEA
100% PURE CEYLON

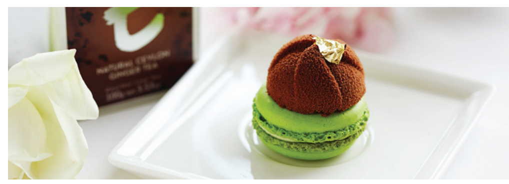


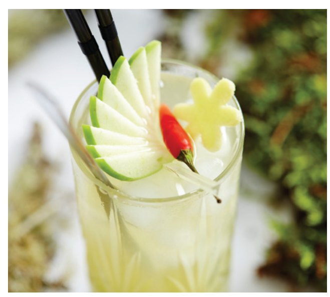
REVOLUTION IN TEA

Dilmah
real high tea
#teainspired Dilmah

Transformation of Traditions in Tea

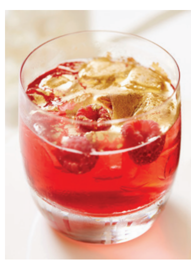




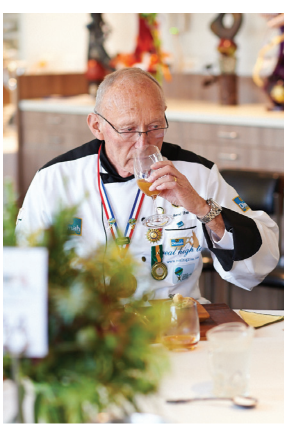


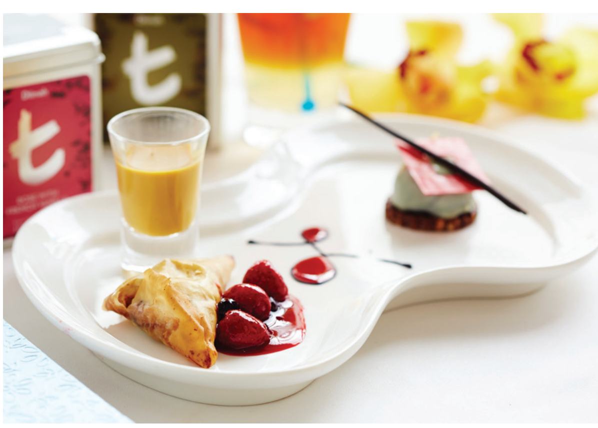
Dilmah Tea Gastronomy is an unique initiative that expresses the luxurious indulgence in fine tea through gastronomy and mixology.

The Dilmah Real High Tea Challenge brings that innovation, rooted in respect for tea and the provenance of each tea, to high tea to present Afternoon Tea for the 21st Century.



CEYLON TEA SERVICES PLC
ANNUAL REPORT 2014/15





Contents

Financial Highlights

CONSOLIDATED	2015 Rs.' 000	2014 Rs.' 000	% CHANGE
For the year ended 31st March			
Turnover	7,357,456	7,487,146	-1.7%
Profit before Income Tax	906,131	959,608	-5.6%
Income Tax on Profits	(104,657)	(109,012)	-4.0%
Profit for the Year	801,474	850,596	-5.8%
Gross Dividends	450,000	450,000	0.0%
As at 31st March			
Shareholders' Funds	8,623,563	8,393,594	2.7%
Non-current Liabilities	196,706	170,884	15.1%
Current Assets	6,982,798	6,990,622	-0.1%
Current Liabilities	431,766	538,515	-19.8%
Property, Plant & Equipment (Incl. Leasehold)	1,224,415	1,370,296	-10.6%
Investment Property	234,064	234,064	0.0%
Intangible Assets	383,598	5,363	7,052.5%
Other Financial Assets	427,160	502,648	-15.0%
Per Ordinary Share			
Earnings (Rs.)	40.07	42.53	-5.8%
Dividends (Rs.)	22.50	22.50	0.0%
Net Current Assets (Rs.)	327.55	322.61	1.5%
Market Value (Rs.)	710.40	660.10	7.6%
Net Assets per Share (Rs.)	431.18	419.68	2.7%
Key Ratios			
Return on Average Shareholder Funds (%)	9.42	10.43	-9.7%
Price Earnings Ratio	17.73	15.52	14.2%
Dividend Cover (times)	1.78	1.89	-5.8%
Liquidity (times)	16.17	12.98	24.6%

Chairman 's Review

I am pleased to present the Annual Report and Audited Financial Statements for the year ended 31st March 2015.

Performance

Revenue declined by 1.7% due to a marginal drop in volume and a serious decline in the value of the Australian dollar. Despite lower revenue, previous year's gross margin was maintained. Operating profits recorded an increase of 29% driven by careful revision of Advertising and Promotional expenses. Nevertheless, profit before taxation dipped by 6% mainly as a result of currency depreciation.

State of Tea

The importance of Russia and other CIS countries to Ceylon tea continues, though on reduced volumes of bulk tea and value added exports. This trend is likely to continue. As I pointed out in several of my previous reports, this misfortune is our exporters own creation; developing importers' own brand names at very cheap price levels which are extremely harmful to long-term interests of our tea industry. My warnings, sounded year after year, on this pending danger were not heeded by tea interests or by the government. Now, we have begun to pay the penalty for this neglect resulting in far less demand for bulk tea resulting in lower prices and negligible demand for value added tea from the very sources that benefited from our exporters' generosity towards establishing their own brand names at low cost. Those brand names now purchase cheaper tea from other sources such as Vietnam, Indonesia, China, causing serious harm to the quality and image of Ceylon tea by supplying under the same brand names and labeling cheap blends as "CEYLON TEA". They inflict even greater harm by re exporting their "CEYLON TEA" to other countries at price levels which are 40% to 50% below the genuine Ceylon Tea exported from Sri Lanka. Such are the rewards reaped by our exporters, who helped build Russian brand names at the expense of our own Ceylon Tea! All exporters, as well as Ceylon tea, are paying the penalty for the folly of a few tea traders. Government and semi government bodies as well as private sector institutions watch helplessly while our most valuable industry is destroyed.

I sincerely hope the new government, we elect in August, will realize the desperate need to salvage Ceylon tea from the deep pit it has been driven into by exploitation, not only by foreign traders but also by our own traders, our own producers and by our own governments too.

Your company is making serious, very costly inroads into new markets to enhance the image of Ceylon Tea which remains tarnished by activities of unscrupulous traders. We will seek government cooperation and understanding of the need to extend assistance to everyone's entrepreneurial efforts and protection from abuse of the industry and the trade. Unless such government cooperation is forthcoming, there is little hope for rescuing the trade from the deep pit it has fallen into.

State of Plantations

Plantations require complete restructuring today following successive governments' failure to monitor their progress although tools for doing so are in place. As a result, while some regional plantation companies have done well by investing in the development of their properties, others have ruthlessly exploited theirs. Several estates have been leased out at high rates, completely disproportionate to the lease rentals paid to government by RPCs. Lease extensions to RPCs should be reviewed, based on performance and on specific terms and conditions which should be monitored by a very experienced, competent management body formed from the private sector.

Tea Authority

Tea, today, functions in several sectors - Plantations, Small Holders, Private Factory Owners, Brokers and Exporters. Each one protecting one's own interests and not the interests and welfare of the Tea Industry in general. If each sector wakes up or is woken up to the reality and understands the plight of the industry, a new dawn may await Ceylon Tea. If all sectors realize that if the industry develops as a single force, Ceylon Tea may rule the world of tea once more! This is possible only if the Industry is placed under a TEA AUTHORITY with full responsibility for the Industry. It will work on a 5 year plan to revive tea, establish a meaningful marketing plan to take Ceylon Tea back to all previously Ceylon Tea dominated nations and take control of all existing institutions geared to the interests of tea (same can be replicated for rubber and coconut industries among others). It would seek approval from government for a 5 year plan and proceed to implement it without fear or favor. There should be no government interference, once the 5 year plan is approved. Political favors towards any particular sector should be avoided at all cost.

Chairman 's Review *(Contd...)*

With a strong and knowledgeable Tea Authority, it should be possible to develop a common marketing strategy with the likes of India, Indonesia and Kenya with the aim of retaining the 'wealth' we export in the form of raw materials to enrich foreign traders within the respective countries themselves. Dilmah undertook this mission 30 years ago and it is now prepared to show the way towards eliminating poverty in our countries by developing value adding industries which will enrich our countries instead of foreign traders.

Outlook - 2015/16

I look forward to reporting good results in the current year. Our marketing strategy has been revitalized to take advantage of improved performance, reduction in operational costs by fully automated production lines resulting from a very substantial investment in new plant and machinery.

The company's growth in sales to Food Service, through 5 star hotels and airlines is outstanding. I highly commend our Food Service Division staff. DILMAH message of freshness and quality is enjoying global recognition now. DILMAH innovations and redefining of quality are respected and admired by tea lovers and tea professionals throughout the world. The company's huge investments in Advertising & Promotion of Ceylon Tea are benefitting the Industry and other exporters in general.

The MJF Charitable Foundation

Your Company is established on the unique philosophy that business is a matter of human service. In embracing the obligation that every business has to the community and environment in which it operates, the MJF Foundation and Dilmah Conservation utilize funds earned from the sale of Dilmah Tea around the world, to implement direct and effective humanitarian and environmental interventions. The MJF Foundation focuses on humanitarian assistance and designs and implements a series of projects in the areas of Women's Development, empowering Children with Disability, supporting people with disability generally, Entrepreneurship Development, Education, Nutrition in all part of Sri Lanka. The Foundation aims to integrate sustainability into its projects by respecting the dignity of beneficiaries and avoiding aid dependence. An example is the recently inaugurated Culinary Training Centre which adds to facilities for children with Down Syndrome, Cerebral Palsy, Autism and ADHD as well as Women's Development and education programs at the Foundation's MJF Centre in Moratuwa. It will offer free training in the vibrant hospitality sector in Sri Lanka, offering landmine victims, and other differently able persons the possibility of participating in the growing tourism industry. More details of the work of the MJF Foundation are available online at www.mjffoundation.org.

Dilmah Conservation

Given the interrelationship of human welfare and the environment as well as the enduring connection your company has with Nature through its tea, Dilmah Conservation maintains a similarly efficient and effective approach to environment initiatives designed to be holistic and sustainable. These span traditional communities, with groundbreaking work amongst the Veddah and Ahikuntika communities, sustainable agriculture, ecosystem restoration, climate change research, species conservation and environmental education. Dilmah Conservation actively promotes greater understanding and affinity with Nature through its publications which include Sri Lankan Butterflies, Snakes, Lichens amongst others. More details of the work of Dilmah Conservation at www.dilmahconservation.org.

Dividends

Your Directors propose to pay a Final Dividend of Rs 10.00 per share making a total payment of Rs. 22.50 for the year, making the ratio consistent with the previous year.

I thank my colleagues on the Board for their invaluable advice and guidance extended at all times. I thank all our staff for their dedication and loyalty, which is a source of comfort to me and my colleagues. I am deeply appreciative of the cooperation and commitment of our Distributors and Consumers worldwide. DILMAH TEA consumers remain a very loyal breed. I thank them all personally every year.

Merrill J Fernando
Chairman
08th July 2015

Board of Directors

Mr. Merrill J. Fernando
Chairman

Merrill J Fernando is the founder of the MJF Group of Companies and the global brand, DILMAH which re-launched Ceylon Tea globally. He developed the first ever tea brand from a tea producing country, which is competing successfully with multinational brands to become the most respected brand name for freshness and quality of tea.

He pioneered value addition, packaging shelf ready tea at origin which, combined with branding and marketing, enabled Sri Lanka to retain profits which enrich foreign traders, while our tea producers remain exploited. Dilmah demonstrated how the colonial trading culture of exploiting producers of raw material, can be broken. Value addition, branding and marketing are the only profitable segments of the tea industry. He showed producers of raw material the way out of the commodity trap.

He drove relentlessly to re-establish the image of Ceylon Tea as the world's finest, by marketing high quality tea at premium prices which would enhance Sri Lanka's foreign exchange earnings, quite substantially, if the rest of the industry followed the example of DILMAH .

In his commitment to care for the poor and share his business success in making this a better world, he established the MJF Charitable Foundation, a charity that works to create better conditions for plantation workers, underprivileged children, elders and society's victims.

His primary objective is to make tea a sustainable industry and to make business a matter of human service.

Mr. Himendra S. Ranaweera
Deputy Chairman/ CEO

Mr. Himendra S Ranaweera worked with the MJF Group of Companies for 24 years and is now its Deputy Chairman. He was appointed to the Board of Ceylon Tea Services PLC in April 1998. Mr. Ranaweera has over 40 years experience in Operations Management in Sri Lanka and overseas.

Mr. Malik J. Fernando
Executive Director

Mr. Malik J. Fernando is Director Operations of the MJF Group. He was appointed to the Board of Ceylon Tea Services PLC in September 1991 as an Executive Director.

Mr. Fernando had his secondary education at Stonyhurst College, England and obtained a B.Sc. in Management from Babson College, Boston.

He joined the MJF Group as a Management Trainee nearly 30 years ago. As the Director Operations he also oversees the tea growing and broking activities of the Group. Mr. Fernando spearheads MJF Leisure which is creating a small luxury resort chain, starting with the award winning Ceylon Tea Trails and next Cape Weligama, a cliff top beach resort.

Mr. Dilhan C. Fernando
Executive Director

Mr. Dilhan C Fernando is Director Marketing of the MJF Group. He was appointed to the Board of Ceylon Tea Services PLC in September 1991 as an Executive Director. Mr. Fernando had his secondary education at Stonyhurst College, England and graduated from the London School of Economics with a BSc (Hons) in Economics. He joined the MJF Group as a Management Trainee nearly 25 years ago. He leads the Marketing Division with a dedicated team.

Mr. Roshan Tissaaratchy
Executive Director

Mr. Roshan Tissaaratchy, is Director Sales of the MJF Group and was appointed to the Board of Ceylon Tea Services PLC in April 2005 as an Executive Director. Mr. Tissaaratchy is a Graduate of the University of Colombo and a Fellow of The Chartered Institute of Marketing of UK. He also has an MBA from the University of Sri Jayawardenapura. He has over 25 years working experience in all aspects of Sales and Marketing and in a number of industries and in advertising.

Board of Directors *(Contd...)*

Ms. Minette Perera
Non Executive Director

Ms. Minette Perera was appointed to the Board of Ceylon Tea Services PLC in September 2000 as an Executive Director. She is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. After serving the Company as the Group Finance Director for over 12 years, Ms. Perera retired from her post on 31st March 2013 and continues on the Board as a non-executive Director.

Ms. Perera has over 35 years working experience as a qualified accountant having worked in leading local and international companies, and she has held board positions before joining the Company.

Mr. Rajan Asirwatham
Non Executive, Independent Director

Mr. Rajan Asirwatham was appointed to the Board of Ceylon Tea Services PLC on 04th September 2008 as a Non Executive Director. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. After a distinguished career at Ford Rhodes, now known as KPMG Ford, Rhodes, Thornton and Co., he retired as its Senior Partner and Country Head on 31st March 2008.

Mr. Asirwatham currently is a member of the Advisory Council of the Ceylon Chamber of Commerce and is on the Council of the Colombo University. He is also a member of the Board of the Post Graduate Institute of Medicine, member of the Advisory Committee - Default Taxes (Special Provisions) Act No. 16 of 2010, appointed by His Excellency the President, in his capacity as the Minister of Finance.

Mr. Gritakumar E. Chitty
Non Executive, Independent Director

Mr. Gritakumar E. Chitty was appointed to the Board of Ceylon Tea Services PLC on 04th August 2010 as a Non Executive Director. Mr. Gritakumar E. Chitty, Attorney-at-Law and Advocate of the Supreme Court since 1968, is a former Assistant Secretary-General and founding Registrar of the UN International Law of the Sea Tribunal, Hamburg, in which capacity he was its Chief Executive and Head of legal affairs (1996 - 2001). He was in law practice in Sri Lanka from 1968, joined the United Nations, New York, in 1975 serving for over 20 years. He was Principal Legal Officer in the UN Office of Legal Affairs.

He has been an Adviser to the Sri Lanka Delegation to the UN. He has served as an adviser to the Inter Ministerial Committee on Oceans and the Law of the Sea, Member of the Appeals Board of the International Sea Bed Authority; a Member of the Editorial Board of the Law Journal "The Law and Practice of International Courts & Tribunals"; a practitioner before the UN Disputes Tribunal and the UN Appeals Tribunal, and a Trustee of the Weeramantry International Centre for Peace Education and Research.

Mr. Chitty is a Life Member of the Bar Association of Sri Lanka and Member, American Society of International Law.

The Board of Directors of Ceylon Tea Services PLC is committed towards attaining highest standards of Corporate Governance and Corporate Ethics with the objective of safeguarding the interest of all stakeholders and ensuring future business sustainability. We resolutely believe the need to balance interests of all stakeholders and endorse the independence of business and society.

The Board of Directors

The Board, recognize that they are responsible for the formulation and implementation of overall business strategies and policies, setting standards on a short, medium and long term basis and adopting good governance in the management of the affairs of the Company.

Composition of the Board

The Board comprises of the Chairman, Deputy Chairman/CEO, three Executive Directors, one Non Executive Director and two Non Executive Independent Directors. The board is made up of members with substantial experience and knowledge concerning the industry and the Executive Directors specialize in their respective functional areas. The names & profiles of the directors are given on pages 5 to 6.

The Board has assessed the independence of Non-Executive Directors and is in the view that two of the board members namely Mr. Rajan Asirwatham & Mr. Gritakumar Chitty are 'Independent' as per Listing Rules of the Colombo Stock Exchange. The Non Executive Directors submit annual declarations of their independence/non-independence as per Listing Rules.

Responsibilities of the Board

The Executive Chairman leads the Board and takes overall responsibility for its effectiveness and efficiency. The Board is overall responsible for the Company's performance, whilst fulfilling the shareholders and other stakeholder expectations. The Board achieves this through Formulation of Business Strategy and Direction, Establishing Corporate Policy, Budgetary Planning and Control over major Capital Investments and Expenses and ensuring sufficient Internal Controls are in place to safeguard Company's Assets. The Board in discharging its duties seeks independent professional advice from external parties when necessary. Formal Board meetings are held once a quarter and special Board meetings are held, when circumstances arise.

Supply of information

The Board has sufficient access to information. Accurate and relevant information relating to the matters referred are made available to them well in advance. This includes profitability reports, Key Performance Indicators, appraisals and cost benefit analysis. Whenever information made available to them is insufficient they call for additional information.

Board Committees

To facilitate focused attention on specific areas of review and in pursuance of the Listing rules of the Colombo Stock Exchange, the board has appointed two sub committees: the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee is made up of two Non Executive Independent Directors, namely Mr. Rajan Asirwatham (Chairman) & Mr. Gritakumar Chitty. The Audit Committee held quarterly meetings during the current financial year and the report of the Audit Committee is given on page 9.

Remuneration Committee

The Remuneration Committee is made up of two Non Executive Independent Directors, namely Mr. Gritakumar Chitty (Chairman) & Mr. Rajan Asirwatham. The Remuneration Committee held one meeting during the current financial year and the report of the Remuneration Committee is given on page 9.

Performance Reviews

Market Review – The individual market performances are evaluated on a monthly and quarterly basis. The actual performance is compared with the budgets, prior year performance, competitor activities, media communications and other marketing activities.

Financial Review – The Chairman and Executive Directors review the monthly financial performance of the company. The review covers profitability, cash flows, budgets and key performance indicators of the Company.

Audit Review – The internal audit function forms an important unit of the Company and the internal auditor carries out a program of financial auditing of various functions and processes. The Company also has a team of ISO trained auditors, who carry out regular system audits and report their findings to the management. Any non compliance is discussed and attended immediately. As required by the certification process, external auditors of ISO and HACCP verify and review the system and procedure of the Company and submit their reports.

HR Review - The Company carries out an appraisal of each and every employee on a bi-annual basis. The review identifies the strengths and weaknesses of the employees, whilst evaluating his/her contribution to the performance of the company. This review also identifies the training needs and external/internal training programs are conducted to meet the identified needs.

Executive Management Team

The CEO and Operational Directors are responsible for the operational management of the company. They are ably supported by senior managers covering all relevant areas of activities. All managers are professionally qualified in their respective fields and the Company has paid emphasis on continuous professional development in their respective functional and cross functional areas.

Systems and Internal Controls

The Board has overall responsibility of the systems of internal control and has put in place sufficient internal controls to protect its assets and to ensure the compliance with statutory requirements. The Company is certified for ISO 9001: 2008 Quality Management System Standard , FSSC 22000 Certification Scheme for Food Safety Systems including ISO 22000: 2005 , ISO/TS 22002-1 and additional FSSC 22000 requirements, BRC Global Standard for Food Safety and ISO 14001:2004 Environmental Management System Standard . The company Food Technology Laboratory is Accredited for ISO/IEC 17025: 2005 Laboratory Accreditation for Chemical and Biological Testing. All systems are well documented with clearly defined processes and responsibilities. The Company has Key Performance Indicators (KPI) covering all operational and functional areas of the organization. These KPI's are monitored periodically and management reviews are held quarterly.

Risk Review

Evaluation of risk is an ongoing process adopted by the Company. The Board reviews and deliberates on the various risks the Company may face and takes proactive decisions to ensure that all reasonable steps are taken to reduce or eliminate such risk.

Financial Reporting

The Company publishes quarterly and annual accounts on time, with sufficient details to evaluate the Company performance. Published financial statements are prepared in accordance with SLFRS/LKAS and Colombo Stock Exchange disclosure requirements. The Directors ensure that confidential and price sensitive information are not made public until published.

Relationship with Shareholders

Shareholders are encouraged to be present, actively participate and vote at the Annual General Meeting and the Directors consider the AGM as an opportunity to constructively communicate with shareholders. The shareholders have the option of raising any question relating to the performance of the Company and whenever possible the Company implements their suggestions.

Report of the Audit Committee

The Audit Committee appointed by the Board of Directors of Ceylon Tea Services PLC, comprises of two Non Executive Directors, both of whom are 'Independent' as per the Listing Rules of the Colombo Stock Exchange.

The members of the Committee during the year under review were Mr. Rajan Asirwatham (Chairman) and Mr. Gritakumar Chitty. The Chairman of the Audit Committee is a qualified Chartered Accountant. The Deputy Chairman /CEO and the CFO attend the meetings of the Audit Committee by invitation. The Committee held quarterly meetings during the financial year under review. Mr. Rajan Asirwatham attended all 4 meetings whilst Mr. Gritakumar Chitty attended 3 meetings and his absence from the meeting held on 3rd December 2014 was excused.

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through overseeing management's conduct of the Company's financial reporting process and systems of internal accounting and financial controls, monitoring the independence and performance of the Company's External Auditors and providing an avenue of communication among the External Auditors, management and the Board.

The committee regularly reviews the scope of the internal audit function and reviews audit programs proposed. The internal audit findings are discussed and follow up reviews of audit findings are undertaken to ensure that audit recommendations are being implemented. The committee also assesses the effectiveness of the internal audit function. The committee is of the view that the internal controls prevalent within the Company are satisfactory and provides reasonable assurance that the financial position of the Company is well monitored and the assets are safeguarded.

The Committee has recommended to the Board of Directors that Messrs Ernst & Young be re-appointed the Auditors for the year ending 31st March 2016 subject to the approval of the shareholders at the Annual General Meeting. The Committee has reviewed the non audit services provided by the External Auditors to ensure that their independence as Auditors has not been compromised. The Audit committee has also made its recommendations to the Board of Directors on the fees payable to the Auditors for approval by the Board.

Sgd.
Rajan Asirwatham
Chairman – Audit Committee
08th July 2015

Report of the Remuneration Committee

The Remuneration Committee, appointed by and responsible to the Board comprises of two Independent Non Executive Directors. The members of the Committee during the year under review were Mr. Gritakumar Chitty (Chairman) and Mr. Rajan Asirwatham. The Committee held one meeting during the year under review and both committee members attended the meeting.

The remuneration policy of the company is formulated to attract and retain high caliber personnel and motivate them to develop and implement the business strategy in order to optimize long term share holder value creation.

The committee is responsible for determining the compensation of the senior management and to lay down guidelines and parameters for the compensation structure of all management staff of the Company. The Deputy Chairman/CEO and the CFO attend the meetings of the Remuneration Committee by invitation and in this decision making process necessary information and recommendations are obtained from the Deputy Chairman / CEO.

The remuneration packages of the Company are aligned to individual performance and to strategic priorities.

Sgd.
Mr. Gritakumar Chitty
Chairman – Remuneration Committee
08th July 2015

Report of the Directors

For the Year Ended 31st March 2015

The Board of Directors of Ceylon Tea Services PLC have pleasure in presenting their 34th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2015, prepared in accordance with Section 152 of the Companies Act no 7 of 2007, the relevant Listing Rules of the Colombo Stock Exchange and recommended best accounting practices.

Principal activities of the Group

The principal activity of the company is to manufacture, export and market tea bags and packets under the brand name "Dilmah". The principal activity of the Subsidiary Company is to manufacture, export and market tea in the form of liquid tea concentrate and ready to drink tea.

Review of the year

A review of the business of the Group and its performance during the year with comments on financial results, future strategies and prospects are contained in the Chairman's review (pages 3 to 4).

This Report together with the Financial Statements, given on pages 15 to 46, reflects the state of affairs of the Company.

Group results and appropriations

For the year ended 31st March	2015 Rs.000s	2014 Rs.000s
Revenue	7,357,456	7,487,146
Profit for the Year	801,474	850,596
Other Comprehensive Income Net of Tax	(71,505)	33,727
Total Comprehensive Income Net of Tax	729,970	884,323
Interim dividend for the current year	(250,000)	(200,000)
Proposed final dividend	200,000	250,000

Dividends

The Directors recommend the payment of a final dividend of Rs. 10.00 per share in respect of the year ended 31st March 2015. In December 2014, the Company after having confirmed the status of solvency paid an interim dividend of Rs. 12.50/- per share. Therefore the total dividend for the year ended 31st March 2015 amounts to Rs.22.50 per share – same as what was paid in the last financial year.

Corporate Donations

We continue with the Company philosophy that business is a matter of human service, which was explained in the last couple of Annual General Meetings. For the current year, the Company made a donation of Rs. 100.0 million (2013/2014 Rs. 100.0 million) to the MJF Charitable Foundation. The activities of the Foundation are given in the Sustainability Report. Other Donations by the Company during the year amounted to Rs. 4,100,903/- (2013/14 - Rs. 600,000/-).

Taxation

According to the Section 59 A of the Inland Revenue Amendment Act No.22 of 2011, effective from the year 2011/12, profits from exports of products with minimum domestic value addition of sixty five per centum and with Sri Lankan brand name is taxed at a concessionary rate of 10%.

Other income is liable to tax at 28%.

Employment

As at 31st March 2015, 858 persons were employed by the Group (31st March 2014 - 1,069)

Statutory Payments

The Directors confirm that, to the best of their knowledge all statutory payments in relation to taxes and duties and in relation to employees have been made promptly on the due dates.

Compliance with Laws & Regulations

To the best of the knowledge and belief of the Directors, the Group has not engaged in any activities contravening the laws & regulations of the country.

Property, Plant & Equipment

The expenditure incurred in the acquisition of Property, Plant & Equipment during the year under review was Rs. 43 million (2013/14 - Rs. 35 million). The details are shown in Note 5.1 of the Notes to the Accounts. The market value of Property, Plant & Equipment is considered not materially different to the values stated.

Investments

Investments made by the company are detailed in Notes 8 and 9 of the Notes to the Accounts.

Stated Capital

The Stated Capital of the Company is Rs. 200,000,000/- divided into 20,000,000 Ordinary Shares. There was no change in the Stated Capital during the year.

Shareholding

As at 31st March 2015, there were 813 (814 as at 31st March 2014) registered shareholders and their distribution is shown on page 48.

The twenty major shareholders as at 31st March 2015 and the number of shares held and their percentage shareholding are given on page 49.

Reserves

The total reserves as at 31st March 2015 stand at Rs. 8,423 million (2013/14 – Rs. 8,193 million) including the Available for Sale Reserve of Rs. 187 million (2013/14 – Rs.263 million).

Going Concern

On the basis of current financial projections and facilities available, the Directors are confident that the Group has adequate resources to continue business operations. Accordingly the Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Events occurring after the Reporting Date

No significant events have occurred after the Reporting date, which require adjustments to or disclosure in the Financial Statements.

Directorate

The Directors of the Group are listed on the rear cover page of the report.

Mr. Merrill J Fernando retires in terms of Section 210 of the Companies Act No.7 of 2007. A resolution is proposed to re-appoint Mr. Merrill J. Fernando in terms of Section 211 (1) of the said Companies Act No.7 of 2007.

Mr. Gritakumar E Chitty retires in terms of Section 210 of the Companies Act No.7 of 2007. A resolution is proposed to re-appoint Mr. Gritakumar E Chitty in terms of Section 211 (1) of the said Companies Act No.7 of 2007.

Mr. Rajanayagam Asirwatham retires in terms of Section 210 of the Companies Act No.7 of 2007. A resolution is proposed to re-appoint Mr. Rajanayagam Asirwatham in terms of Section 211 (1) of the said Companies Act No.7 of 2007.

Mr. Dilhan C Fernando retires by rotation in terms of section 24 of the Articles of Association of the Company and being eligible offers himself for re-election at the Annual General Meeting.

Interests Register

The Group maintains an Interests Register in terms of the Companies Act, No. 7 of 2007. Relevant disclosures made by the Directors on contracts and proposed contracts with the Group/Company appear under Note no 32 in Related Party Disclosure to the Financial Statements on pages 42 to 43 of the Report. These interests have been declared at Directors' meetings.

Directors' Emoluments

During the year under review, total remuneration of the Executive Directors amounted to Rs. 73,277,734/- and Non Executive Directors amounted to Rs. 2,950,000/- (2013/14 – Executive Directors Rs. 77,311,325/-, Non Executive directors Rs. 4,000,000/-)

Directors' Shareholding

The direct shareholdings of Directors together with that of their spouses & dependent children are as follows:

As at 31st March	2015	2014
Mr. Merrill J Fernando	200	200
Mr. Malik J Fernando	24,200	24,200
Mr. Dilhan C Fernando	24,200	24,200
Mr. Himendra S Ranaweera	20,084	20,084
Ms. Minette Perera	200	200
Mr. Roshan Tissaaratchy	4,000	4,000
Mr. Rajanayagam Asirwatham	4,800	4,800
Mr. Gritakumar E Chitty	-	-

The indirect shareholdings of Directors together with that of their spouses & dependent children are as follows:

As at 31st March	2015	2014
Mr. Merrill J Fernando, Mr. Malik J Fernando & Mr. Dilhan C Fernando		
MJF Teas (Private) Limited	13,075,382	13,075,382
MJF Exports (Private) Limited	4,256,712	4,256,712
MJF Sons (Private) Limited	25,300	25,300

Corporate Governance

The Directors are responsible for the formulation and implementation of overall business strategies, policies and setting standards in the short, medium and long term basis adopting good governance in the management of the affairs of the Company. A separate report on Corporate Governance Practices adopted by the Company is given on pages 07 to 08 of the report.

Group Auditors

Ernst & Young, Chartered Accountants, served as the Group Auditors during the year under review and the Auditors' Report is given on page 14 of the report. The Auditors have confirmed that they have no interest in or relationship with the Company or it's Subsidiary other than that of Auditors. They confirm that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Audit Fees payable and fees for other services rendered are noted hereunder:-
Fees payable to Auditors for the current financial year Rs. 830,000/- (2013/14 – Rs. 778,000/-)
Fees payable for other services rendered Rs. 786,780/- (2013/14 – Rs. 864,984/-)

Auditors Ernst & Young have expressed their willingness to continue in office. A resolution to reappoint them as Auditors and to authorize the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at 3.00 p.m. on 03rd September 2015 at No.111, Negombo Road, Peliyagoda. The Notice of the Annual General Meeting appears on page 50.

For and on Behalf of the Board,

Sgd.
Mr. Himendra S. Ranaweera
Deputy Chairman/CEO

Sgd.
Mr. Malik J. Fernando
Director

Sgd.
Ms. Jayanga Wegodapola
Secretary

08th July 2015

Statement of Directors' Responsibilities in Relation to the Preparation of Financial Statements

The following statement sets out the responsibility of Directors, in relation to the Financial Statements. This should be read in conjunction with the Auditors responsibility in relation to the Financial Statements, set out in the report of the Auditors on page 14 of this report.

The Companies Act No. 07 of 2007 requires the Directors to prepare Financial Statements for each year giving a true and fair view of the state of the affairs of the Company as at end of the financial year and the financial performance for the year. The Directors are also responsible to ensure that proper accounting books and records are maintained, to prepare the Financial Statements with reasonable accuracy.

The Board accepts the responsibility for the integrity and objectivity of the Financial Statements and the Directors are responsible to ensure that in preparing the Financial Statements, appropriate accounting policies have been selected and applied in a consistent manner and that material departures, if any, have been disclosed and explained.

It is the responsibility of the Directors to ensure that the Financial Statements have been prepared in conformity with LKAS/SLFRS and that all assumptions and estimates, which have been used in the preparation of the Financial Statements, are based on reasonable and prudent judgment taken with due care and consideration. The Directors are required to prepare these Financial Statements on a going concern basis, unless it is inappropriate to presume that the Company will continue as a going concern.

The Directors are required to take reasonable steps to safeguard the assets of the Company and to ensure the implementation of appropriate and sufficient internal controls to prevent financial and other irregularities.

The Directors are of the opinion that the Financial Statements presented in the report from pages 15 to 46 have been prepared in accordance with the above and that they discharged their duties as set out in this statement.

The Directors confirm that the Auditors of the company, Messrs Ernst & Young were provided every opportunity to undertake whatever inspections they considered necessary to enable them to form their opinion on the Financial Statements.

The Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid, or where relevant provided for.

By Order of the Board,
Ms. Jayanga Wegodapola
Secretary
08th July 2015

Ernst & Young
Chartered Accountants
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Independent Auditor's Report to the Shareholders of Ceylon Tea Services PLC and its Subsidiary

Report on the Financial Statements

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

Board's Responsibility for the financial statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

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

b) In our opinion:

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

08th July 2015
Colombo

Statement of Financial Position

As at 31st March 2015

		Group		Company	
	Note	2015	2014	2015	2014
ASSETS		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non-Current Assets					
Property, Plant and Equipment	5	1,224,415	1,370,296	1,100,433	1,226,207
Investment Property	6	234,064	234,064	234,064	234,064
Intangible Assets	7	383,598	5,363	383,598	5,364
Investment in Subsidiary	8	-	-	99,211	129,821
Other Financial Assets	9	427,160	502,648	427,160	502,648
		2,269,237	2,112,371	2,244,466	2,098,104
Current Assets					
Inventories	10	1,088,747	1,084,972	1,084,621	1,081,103
Trade and Other Receivables	11	2,486,525	2,849,841	2,472,370	2,834,873
Advances & Prepayments	12	246,022	271,924	244,308	271,151
Amounts Due from Related Party	13	-	-	42,429	46,482
Cash and Cash Equivalents	20	3,161,504	2,783,885	3,159,699	2,768,171
		6,982,798	6,990,622	7,003,427	7,001,780
Total Assets		**9,252,035**	**9,102,993**	**9,247,893**	**9,099,884**
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	14	200,000	200,000	200,000	200,000
Available for Sale Reserve	15	187,468	262,956	187,468	262,956
Retained Earnings		8,236,095	7,930,638	8,236,098	7,931,404
Total Equity		8,623,563	8,393,594	8,623,566	8,394,360
Non-Current Liabilities					
Deferred Tax Liabilities	16	78,595	63,838	78,595	63,838
Retirement Benefit Obligations	17	118,111	107,046	115,526	104,912
		196,706	170,884	194,121	168,750
Current Liabilities					
Trade and Other Payables	18	412,415	491,097	410,870	489,326
Advances Received		4,547	40,466	4,547	40,466
Interest Bearing Loans and Borrowings	19	-	578	-	578
Income Tax Liabilities		14,804	6,374	14,789	6,404
		431,766	538,515	430,206	536,774
Total Equity and Liabilities		**9,252,035**	**9,102,993**	**9,247,893**	**9,099,884**

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

Sgd
Darshana Gunasekera
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by;

Sgd
Himendra S Ranaweera
Deputy Chairman/Chief Executive Officer

Sgd
Malik J. Fernando
Director

The accounting policies and notes on pages 19 through 46 form an integral part of these financial statements.

08th July 2015
Colombo

Statement of Comprehensive Income

Year ended 31st March 2015

		Group		Company	
	Note	2015	2014	2015	2014
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	21	7,357,456	7,487,146	7,337,183	7,463,173
Cost of Sales		(4,533,785)	(4,601,599)	(4,486,754)	(4,554,009)
Gross Profit		2,823,671	2,885,547	2,850,429	2,909,164
Other Income and Gains	22	15,268	23,575	15,268	23,575
Administrative Expenses		(827,392)	(750,565)	(855,548)	(766,035)
Selling and Distribution Costs		(1,026,647)	(1,407,009)	(1,026,325)	(1,406,895)
Foreign Exchange Gain/(Loss)		(186,656)	83,484	(186,094)	82,844
Finance Cost	23.1	(162)	(941)	(160)	(940)
Finance Income	23.2	108,049	125,517	107,806	125,350
Profit Before Tax	24	906,131	959,608	905,376	967,063
Income Tax Expense	25	(104,657)	(109,012)	(104,614)	(108,947)
Profit for the Year		801,474	850,596	800,762	858,116
Other Comprehensive Income, Net of Tax					
Net Gain/(Loss) on Available-for-Sale Financial Assets	15	(75,488)	36,865	(75,488)	36,865
Net Other Comprehensive Gain/ (Loss) to be reclassified to Profit and Loss in subsequent periods		(75,488)	36,865	(75,488)	36,865
Actuarial Gains and (Losses) on Defined Benefit Plans	17	4,421	(3,481)	4,369	(3,433)
Income Tax Effect		(437)	343	(437)	343
Net other Comprehensive Income not to be reclassified to Profit and Loss in subsequent periods		3,984	(3,138)	3,932	(3,090)
Total Comprehensive Income, Net of Tax		729,970	884,323	729,206	891,891
Basic Earnings Per Share	26	40.07	42.53		
Dividend Per Share	27	25.00	20.00		

The accounting policies and notes on pages 19 through 46 form an integral part of these financial statements.

Group	Note	Stated Capital Rs.'000	Available for Sale Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
As at 01 April 2013		200,000	226,091	7,483,180	7,909,271
Profit for the Year		-	-	850,596	850,596
Other Comprehensive Income, Net of Tax		-	36,865	(3,138)	33,727
Final Dividend - 2013	27	-	-	(200,000)	(200,000)
Interim Dividend - 2014	27	-	-	(200,000)	(200,000)
As at 31 March 2014		200,000	262,956	7,930,638	8,393,594
Profit for the Year		-	-	801,473	801,473
Other Comprehensive Income, Net of Tax		-	(75,488)	3,984	(71,504)
Final Dividend - 2014	27	-	-	(250,000)	(250,000)
Interim Dividend - 2015	27	-	-	(250,000)	(250,000)
As at 31 March 2015		200,000	187,468	8,236,095	8,623,563

Company	Note	Stated Capital Rs.'000	Available for Sale Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
As at 01 April 2013		200,000	226,091	7,476,378	7,902,469
Profit for the Year		-	-	858,116	858,116
Other Comprehensive Income, Net of Tax		-	36,865	(3,090)	33,775
Final Dividend - 2013	27	-	-	(200,000)	(200,000)
Interim Dividend - 2014	27	-	-	(200,000)	(200,000)
As at 31 March 2014		200,000	262,956	7,931,404	8,394,360
Profit for the Year		-	-	800,762	800,762
Other Comprehensive Income, Net of Tax		-	(75,488)	3,932	(71,556)
Final Dividend - 2014	27	-	-	(250,000)	(250,000)
Interim Dividend - 2015	27	-	-	(250,000)	(250,000)
As at 31 March 2015		200,000	187,468	8,236,098	8,623,566

The accounting policies and notes on pages 19 through 46 form an integral part of these financial statements.

Statement of Cash Flows

As at 31st March 2015

	Note	Group 2015	Group 2014	Company 2015	Company 2014
Cash Flows From / (Used in) Operating Activities		**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Profit before Income Tax Expense		906,131	959,608	905,376	967,063
Adjustments for					
Depreciation and Amortisation		183,656	187,531	163,536	166,833
Unrealised Foreign Exchange (Gain)/Loss		50,276	(126,208)	49,148	(125,915)
Interest Expenses	23.1	162	941	160	940
Dividend Income	22	(82)	(75)	(82)	(75)
Interest Income	23.2	(108,049)	(125,517)	(107,806)	(125,350)
Profit on disposal of Property, Plant and Equipment	22	(6,179)	(9,747)	(6,179)	(9,747)
Provision for Doubtful Debts	24	-	1,476	-	1,476
Provision for fall in value of Investments	24	-	-	30,610	18,406
Provision for Defined Benefit Plans	17	21,436	19,093	20,877	18,615
Operating Profit before Working Capital Changes		1,047,351	907,102	1,055,640	912,245
Increase in Inventories		(3,774)	(66,457)	(3,518)	(65,320)
(Increase)/ Decrease in Trade and Other Receivables		114,942	(220,326)	116,206	(214,350)
(Increase)/ Decrease in Amounts Due from Related Party		-	-	4,052	(19,103)
Decrease in Trade and Other Payables		(114,601)	(167,352)	(114,375)	(167,129)
Cash Generated from Operations		1,043,918	452,967	1,058,005	446,344
Defined Benefit Plan Costs Paid	17	(5,951)	(3,462)	(5,894)	(3,462)
Interest Paid	23	(162)	(941)	(160)	(940)
Income Tax Paid		(80,644)	(90,116)	(80,644)	(90,023)
Net Cash Flows From Operating Activities		957,161	358,447	971,307	351,918
Cash Flows From / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	5	(42,941)	(34,997)	(42,928)	(32,005)
Acquisition of Intangible Assets	7	(184,368)	(5,476)	(184,368)	(5,476)
Proceeds from disposal of Property, Plant and Equipment		14,136	11,131	14,136	11,131
Acquisition of Investment		-	(25)	-	(26)
Dividend Received	22	82	75	82	75
Interest Received		106,785	124,135	106,542	123,968
Net Cash Flows Used in Investing Activities		(106,306)	94,843	(106,536)	97,667
Cash Flows Used in Financing Activities					
Dividend Paid	27	(500,000)	(400,000)	(500,000)	(400,000)
Principal Payment under Finance Lease Liabilities	19.1	(578)	(1,734)	(578)	(1,734)
Net Cash Flows Used in Financing Activities		(500,578)	(401,734)	(500,578)	(401,734)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		27,342	73,667	27,335	73,513
Net Increase in Cash and Cash Equivalents		377,619	125,224	391,528	121,364
Cash and Cash Equivalents at the beginning of the year	20	2,783,885	2,658,661	2,768,171	2,646,807
Cash and Cash Equivalents at the end of the year	20	**3,161,504**	**2,783,885**	**3,159,699**	**2,768,171**

The accounting policies and notes on pages 19 through 46 form an integral part of these financial statements.

1. CORPORATE INFORMATION

1.1 General

Ceylon Tea Services PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company and the principal place of business is situated at No. 111, Negombo Road, Peliyagoda.

1.2 Principal Activities and Nature of Operations

Company

The principal activities of the Company are to manufacture, export and market tea bags and packets under the brand name "Dilmah".

Subsidiary – MJF Beverages (Private) Limited

The principal activities of the subsidiary Company are to manufacture, export, and market tea in the form of liquid tea concentrate and ready to drink tea.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is MJF Teas (Private) Limited. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is MJF Holdings Limited, which is incorporated in Sri Lanka.

1.4 Date of Authorization for Issue

The financial statements of Ceylon Tea Services PLC and its Subsidiary for the year ended 31 March 2015 was authorized for issue in accordance with a resolution of the Board of Directors on 08 July 2015.

2. GENERAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

2.1.1 Statement of Compliance

These Financial Statements, comprising of both the Company's separate financial statements and the consolidated financial statements of the Company and its Subsidiary have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's) promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL), and with the requirements of the Companies Act No. 7 of 2007.

2.1.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except for Available-for-sale financial assets which are measured at fair value.

2.1.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is also the Group's functional currency.

2.1.4 Comparative Information

The accounting policies have been consistently applied by the Group and, are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that effect the reported amounts of assets, liabilities, income and expense and the disclosure of contingent liabilities at the reporting date. The key judgments, estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following key judgments, estimates and assumptions addresses amongst others that require subjective and complex judgment.

a) Estimates

Inventories

The Group reviews the existence and usability of inventories based on a perpetual inventory count. An impairment loss is recognised when management identifies obsolete stock and/or assesses a reduction in recoverable value. There have been no significant impairment losses noted and recognised as at the reporting date.

Allowance for Doubtful Debts

The Group reviews at each reporting date all receivables to assess whether an allowance should be recorded in the statement of comprehensive income for irrecoverable receivables. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability. There have been no significant allowances for doubtful debts noted and recognised as at the reporting date

b) Assumptions

Defined Benefit Plan

The cost of the retirement benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, special premium, retirement age and going concern of the Group. Due to the long term nature of the plan, such estimates are subject to significant uncertainty. Key assumptions used determine the fair value of defined benefits plan and sensitivity analyses are provided in note 2.3.13 and 17.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Basis of Consolidation

The Consolidated Financial Statements (referred to as "Group") comprise the Financial Statements of the Company and its subsidiary.

(a) Subsidiary

Subsidiaries are those enterprises controlled by the parent. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

1) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

2) Exposure, or rights, to variable returns from its involvement with the investee

3) The ability to use its power over the investee to affect its returns

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

(b) Country of Incorporation

The subsidiary is incorporated in Sri Lanka.

2.3.2 Foreign Currency Translations

The consolidated financial statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.3 Taxation

a) Current Taxes

Company

Current income 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 by the reporting date.

According to Section 59A of the Inland Revenue (Amendment) Act No. 22 of 2011, commencing on or after April 1, 2011, profits from export of products having domestic value addition in excess of sixty five per centum and Sri Lankan brand name with patent rights reserved in Sri Lanka are taxed at a concessionary rate of 10%.

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.

Subsidiary

MJF Beverages (Private) Limited has entered into an agreement registered under the terms of section 17 (2) of the Board of Investment Law No. 4 of 1978 with the Board of Investment Sri Lanka, under which the subsidiary's profit and income are exempted from Income Tax for a period of 8 years from the year in which the subsidiary commences to make profits or any year of assessment not later than 2 years reckoned from the date of commencement of commercial operations or production whichever is earlier. Accordingly, the said exemption period commences from the Y/A 2010/2011.

b) Deferred Taxation

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

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

The carrying amount of deferred income 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 income tax asset to be utilised.

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

2.3.4 Intangible Assets

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

The useful lives of intangible assets are assessed as either finite or indefinite. The Group's intangible assets have been assessed to have finite useful lives.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is 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 is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets

2.3.5 Inventories

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

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

Raw Materials	
Purchased Tea Stock	At actual cost on first-in first-out basis
Manufactured Tea Stock	At actual cost on weighted average basis
Packing Material	At actual cost on weighted average basis
Finished Goods and Work-in-Progress	At the cost of direct materials, including appropriate production overheads.
Consumables and Spares	At actual cost on weighted average basis
Goods in Transit	At actual cost

2.3.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of items defined above, net of any outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.7 Property, Plant and Equipment

a) Owned Assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

b) Restoration Costs

Expenditure incurred on repairs or maintenance of Property, Plant and Equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognised as an expense when incurred.

c) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost of all Property, Plant and Equipment other than leasehold land, in order to write off such amounts over the estimated useful lives as follows:

Buildings	Over the lease period
Plant and Machinery	Over 10 to 25 years
Furniture and Fittings	Over 6.67 years
Office and Stores Equipment	Over 5 years
Computer Hardware	Over 3 years
Motor Vehicles	Over 5 years

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

d) Derecognition

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year the asset is derecognised.

2.3.8 Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged reflected in the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described in Note 2.3.7.

2.3.9 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at its cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self- constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Comprehensive Income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.3.10 Impairment of Non Financial Assets

The carrying amounts of the Group's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

2.3.10.1 Recoverable Amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

2.3.10.2 Impairment/ Reversal of Impairment

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.3.11 Financial Instruments – Initial Recognition and Subsequent Measurement

2.3.11.1 Financial Assets

Initial Recognition and Measurement

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

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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

The Group's financial assets include cash and cash equivalents and trade and other receivables which are directly reflected in the statement of financial position and available-for-sale investments classified within other financial assets.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification on initial recognition. The Group's financial assets do not include financial assets at fair value through profit or loss, held-to-maturity investments, or derivatives designated as hedging instruments in an effective hedge.

Available-for-Sale Financial Assets

Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to profit and loss as finance costs.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR) , less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income.

Derecognition

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

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    a) The Group has transferred substantially all the risks and rewards of the asset, or
    b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

Available-for-Sale Financial Investments

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the available for sale reserve – is removed from other comprehensive income and recognised in profit and loss. Impairment losses on equity investments are not reversed through profit and loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

2.3.11.2 Financial liabilities

Initial Recognition and Measurement

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

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities consist of trade and other payables.

Subsequent Measurement

The measurement of financial liabilities depends on their classification on initial recognition. The Group's financial liabilities do not include financial liabilities at fair value through profit or loss and derivatives designated as hedging instruments in an effective hedge.

Loans and Borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition

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

2.3.11.3 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. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 9.

2.3.12 Provisions

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

2.3.13 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every year using "Project Unit Credit Method". An actuarial valuation of the gratuity liability of the Company as at 31 March 2015 was undertaken by Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries. The result of such valuation was incorporated in these Financial Statements.

The Group's accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in Other Comprehensive Income.

Further, this liability is not externally funded.

The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent professional actuary.

The key assumptions used by the Actuary, include the following:

	2015	**2014**
Discount Rate	10%	10%
Future Salary Increase	10%	10%
Retirement Age	55 Years	55 Years

The gratuity liability is not externally funded. This item is grouped under "Other Deferred Liabilities" in the Statement of Financial Position.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

b) 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 the respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.14 Statement of Comprehensive Income

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts, value added taxes, and other sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, with the Group retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

b) Turnover Based Taxes

Turnover based taxes include Value Added Tax, Nation Building Tax and Economic Service Charge. The Company and its subsidiary pay such taxes in accordance with the respective statutes.

c) Interest

Interest income is recognized as it accrues in the Statement of Comprehensive Income.

d) Dividend

Dividend income is recognised when the shareholders' right to receive the payment is established (on net basis).

e) Others

Other income is recognised on an accrual basis.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3. OTHER SIGNIFICANT ACCOUNTING POLICIES

3.1 Business Segment Reporting

A business segment is distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services that is subject to risk and returns that are different from those of other business segments. The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting consolidated financial statements of the Group.

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

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.2 Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3 Fair Value Measurement

The Group measures financial instruments such as investment in equity instruments, and non-financial assets such as Land, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

Disclosures for valuation methods, significant estimates and assumptions	Notes 6.2, 9.3, 9.5
Quantitative disclosures of fair value measurement hierarchy	Note 6.2, 9.5
Investment in unquoted equity shares	Note 9.1
Financial instruments	Note 2.3.11

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as Land. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management presents the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

The Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

In December 2014, the CA Sri Lanka issued the final version of SLFRS 9 Financial Instruments classification and measurement which reflects all phases of the financial instruments project and replaces LKAS 39 - Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

SLFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of SLFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

(ii) SLFRS 15 -Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. This standard is effective for the annual periods beginning on or after 01 January 2018.

None of these new standards and interpretations are expected to have a material effect on the Consolidated Financial Statements of the Group. Pending the detailed review of such standards and interpretations, the extent of the impact has not been determined by the management.

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Group

		As at 31.03.2014	Additions	Disposals/ Write offs	As at 31.03.2015
5.1.1	**Gross Carrying Amounts**				
	At Cost	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
	Buildings on Leasehold Land	67,474	-	-	67,474
	Plant and Machinery	1,999,086	5,842	-	2,004,928
	Factory Equipment	6,912	-	-	6,912
	Furniture and Fittings	6,317	1,476	-	7,793
	Office and Store Equipment	38,696	1,858	(337)	40,217
	Computer Hardware	57,746	9,815	(1,960)	65,601
	Motor Vehicle	269,530	23,950	(17,948)	275,532
		2,445,761	42,941	(20,245)	2,468,457
5.1.2	**Assets on Finance Lease**				
	Motor Vehicles	6,935	-	-	6,935
		6,935	-	-	6,935
	Total Gross Carrying Amount	2,452,696	42,941	(20,245)	2,475,392

		Balance As at 31.03.2014	Charge for the year	Disposals	Balance As at 31.03.2015
5.1.3	**Depreciation**				
	At Cost	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
	Buildings on Leasehold Land	9,565	1,822	-	11,387
	Plant and Machinery	830,367	127,291	-	957,658
	Factory Equipment	5,496	303	-	5,799
	Furniture and Fittings	5,425	429	-	5,854
	Office and Store Equipment	29,522	3,076	(311)	32,287
	Computer Hardware	44,397	7,779	(1,780)	50,396
	Motor Vehicle	153,467	38,779	(10,198)	182,048
		1,078,239	179,479	(12,289)	1,245,429
5.1.4	**Assets on Finance Lease**				
	Motor Vehicles	4,161	1,387	-	5,548
		4,161	1,387	-	5,548
	Total Depreciation	1,082,400	180,866	(12,289)	1,250,977

		2015 Rs.'000	2014 Rs.'000
5.1.5	**Net Book Value**	1,224,415	1,370,296

5.1.6 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 42,941,911/- (2014 - Rs. 34,996,288/-). Cash payments amounting to Rs. 42,941,911/- (2014 - Rs. 34,996,288/-) were made during the year for purchase of Property, Plant and Equipment.

5.1.7 The Group has entered in to a long-term operating lease agreement with Kahawatte Plantations PLC from 01 January 2006 to 14 June 2045 for the use of land situated at Rilhena Estate. Buildings on leasehold land as reflected above represent buildings constructed by the group on the said leased land.

5. PROPERTY, PLANT AND EQUIPMENT (Contd.)

5.2 Company

5.2.1 Gross Carrying Amounts

At Cost	As at 31.03.2014 Rs.'000	Additions Rs.'000	Disposals/ Write offs Rs.'000	As at 31.03.2015 Rs.'000
Plant and Machinery	1,829,610	5,829	-	1,835,439
Furniture and Fittings	5,909	1,476	-	7,385
Office and Stores Equipment	38,083	1,858	(337)	39,604
Computer Hardware	57,490	9,815	(1,960)	65,345
Motor Vehicles	264,649	23,950	(17,948)	270,651
	2,195,741	42,928	(20,245)	2,218,424
5.2.2 Assets on Finance Lease				
Motor Vehicles	6,935	-	-	6,935
	6,935	-	-	6,935
Total Gross Carrying Amount	2,202,676	42,928	(20,245)	2,225,359

5.2.3 Depreciation

At Cost	Balance As at 31.03.2014 Rs.'000	Charge for the year Rs.'000	Disposals Rs.'000	Balance As at 31.03.2015 Rs.'000
Plant and Machinery	742,470	110,343	-	852,833
Furniture and Fittings	5,103	368	-	5,471
Office and Stores Equipment	28,909	3,076	(311)	31,674
Computer Hardware	44,150	7,769	(1,780)	50,139
Motor Vehicles	151,676	37,803	(10,198)	179,281
	972,308	159,359	(12,289)	1,119,378
5.2.4 Assets on Finance Lease				
Motor Vehicles	4,161	1,387	-	5,548
	4,161	1,387	-	5,548
Total Depreciation	976,469	160,746	(12,289)	1,124,926

	2015 Rs.'000	2014 Rs.'000
5.2.5 Net Book Value	1,100,433	1,226,207

5.2.6 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 42,928,893/- (2014 - Rs. 32,004,110/-). Cash payments amounting to Rs. 42,928,893/- (2014 - Rs. 32,004,110/-) were made during the year for purchase of Property, Plant and Equipment.

		Group		Company	
6.	**INVESTMENT PROPERTY**	**2015**	**2014**	**2015**	**2014**
		Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
	Freehold Land	234,064	234,064	234,064	234,064
		234,064	234,064	234,064	234,064

6.1 Investment Property of the Company relates to land acquired by the company in February 2012. The land with an extent of 2 Acres, 3 Roods and 23 Perches is situated at No 480, Handala, Wattala. The land has currently been rented out to Multimodel Container Terminal Limited.

6.2 Level 3 fair values of the Investment Property as at 31 March 2015 is estimated to be Rs. 370,400,000/- , and have been derived by considering the prevailing prices of similar lands in the same locality. Accordingly, price per perch of Rs.800,000/- has been taken to arrive at the said fair value.

		Group		Company	
7.	**INTANGIBLE ASSETS**				
	Computer Software	**2015**	**2014**	**2015**	**2014**
		Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
7.1	**At Cost**				
	As at 1 April	29,542	24,066	28,585	23,109
	Acquired during the year	-	5,476	-	5,476
	Derecognized during the year	-	-	-	-
	Total Gross Carrying Amount as at 31 March	29,542	29,542	28,585	28,585
	In the Course of Work in Progress				
	Transferred/Acquired during the year	381,024	-	381,024	-
	As at 31 March	381,024	-	381,024	-
		410,566	29,542	409,609	28,585
7.2	**Amortisation**				
	As at 1 April	24,178	20,991	23,221	20,059
	Amortisation for the year	2,790	3,188	2,790	3,162
	As at 31 March	26,968	24,179	26,011	23,221
7.3	**Net book value**	383,598	5,363	383,598	5,364

7.4 During the financial year, the Group/Company acquired/transferred Intangible Assets to the aggregate value of Rs. 381,024,225/- (2014- Rs. 5,476,133/-). Cash payments amounting to Rs. 184,368,528/- (2014- Rs. 5,476,133/-) were made by the Group/Company during the year for purchase of Intangible Assets.

7.5 Computer Software are amortised over an estimated useful life of 3 years.

8. INVESTMENT IN SUBSIDIARY

Company

	Holding % 2015	Holding % 2014	Value 2015	Value 2014
Non-quoted			**Rs.'000**	**Rs.'000**
MJF Beverages (Pvt) Ltd.	100	100	300,750	300,750
Less - Provision for fall in value of Investments			(201,539)	(170,929)
			99,211	129,821

9. OTHER FINANCIAL ASSETS

Group/Company	2015	2014
	Rs.'000	Rs.'000
Available for Sale Investments		
Quoted Investments (Note 9.1)	405,910	481,398
Unquoted Investments (Note 9.2)	21,250	21,250
	427,160	502,648

9.1 Quoted Investments

	No. of Shares 2015	No. of Shares 2014	Value 2015 Rs.'000	Value 2014 Rs.'000
Renuka City Hotels PLC	17,500	17,500	5,777	4,608
Maskeliya Plantation PLC	800	800	8	8
Watawala Plantation PLC	6,000	6,000	120	59
Hapugastenna Plantation PLC	100	100	3	3
Kahawatte Plantation PLC	12,571,800	12,571,800	399,783	476,471
John Keells Holdings PLC	1,096	1,096	219	249
			405,910	481,398

The fair value of quoted equity shares is determined by reference to published prices in the Colombo Stock Exchange.

9.2 Unquoted Investments

	No. of Shares 2015 '000	No. of Shares 2014 '000	Value 2015 Rs.'000	Value 2014 Rs.'000
Rainforest Ecolodge (Private) Limited	2,500	2,500	21,250	21,250

9.3 The Company holds a non-controlling interest of 5.67% (2014: 6.6%) in Rainforest Ecolodge (Private) Limited – a Resort Company incorporated in Sri Lanka.

The fair value of unquoted investment in Rainforest Ecolodge (Private) Limited has been estimated using the fair value of consolidated net assets of Rainforest Ecolodge (Private) Limited as at 31 March 2015.

9.4 "Available-for-sale investment — Quoted Equity Shares"

The Company mainly holds a non-controlling interests of 15.74% in Kahawatte Plantations PLC. The fair value of the said investment and other investments is determined by reference to published price quotations in the Colombo Stock Exchange.

9.5 Fair Value Hierarchy

The Group/ Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All quoted investments of the Group as reflected in Note 9.1 have been designated as Level 1 and the Group's unquoted investment in Rainforest Ecolodge (Pvt) Ltd as reflected in Note 9.2 has been designated as Level 3.

During the year ended 31 March 2015, there were no transfers of investments made between the designated levels for fair value measurement and there has been no movement in the fair value of Level 3 designated financial instruments of the Group during the year.

Assets measured at fair value	**31 March 2015**	**Level 1**	**Level 2**	**Level 3**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Available-for-Sale Financial Assets				
Equity Shares	427,160	405,910	-	21,250

	31 March 2014	**Level 1**	**Level 2**	**Level 3**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Available-for-Sale Financial Assets				
Equity Shares	502,648	481,398	-	21,250

10. INVENTORIES

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Raw Materials	722,877	695,338	719,963	692,826
Work-in-progress	89,855	59,556	89,855	59,556
Finished Goods	98,065	135,379	96,853	134,022
Goods in Transit	40,318	74,242	40,318	74,242
Consumables and Spares	137,632	120,457	137,632	120,457
	1,088,747	**1,084,972**	**1,084,621**	**1,081,103**

11. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Trade Debtors	2,374,920	2,743,050	2,365,224	2,732,559
Other Debtors	42,719	37,991	40,475	35,649
Other Non-Financial Assets	68,886	68,800	66,671	66,665
	2,486,525	**2,849,841**	**2,472,370**	**2,834,873**

11.1 As at 31 March, the ageing analysis of trade receivables (stated in Rs. Thousands) is as follows. In preparing the age analysis, past due days relate to debtors outstanding in excess of the granted credit period.

	Neither Past Due nor Impaired **	Past due but not impaired				Total
		< 30 Days	30 - 60 days	61 - 90 days	> 90 days	
2015	1,802,735	181,702	193,866	191,437	5,180	2,374,920
2014	2,081,183	338,217	264,090	51,248	8,312	2,743,050

** These include outstanding trade receivable balances which are within the credit periods given to respective customers, and these credit periods may vary from 30 to 150 days.

See Note 33 on credit risk of trade receivables to understand how the Group manages and measures credit quality on trade receivables that are neither past due nor impaired.

12. ADVANCES AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Advances and Prepayments	246,022	271,924	244,308	271,151
	246,022	**271,924**	**244,308**	**271,151**

13. AMOUNTS DUE FROM RELATED PARTY

Company	2015	2014
	Rs.'000	Rs.'000
MJF Beverages (Pvt) Ltd.	80,771	84,824
Less: Provision for Doubtful Debt	(38,342)	(38,342)
	42,429	**46,482**

14. STATED CAPITAL

Group / Company	2015		2014	
	Number '000	Rs.'000	Number '000	Rs.'000
Fully Paid Ordinary Shares	20,000	200,000	20,000	200,000

15. RESERVES

15.1 Available for Sale Reserve

The available for sale reserve records fair value changes on available for sale financial assets.

Reconciliation of Available for Sale Reserve	Group		Company	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Increase/(decrease) in fair value of investments held	(75,488)	36,865	(75,488)	36,865
Realised gain/(loss) transferred to profit/loss during the year	-	-	-	-
Net gain/(loss) on available-for-sale financial assets	(75,488)	36,865	(75,488)	36,865
Balance as at the beginning of the year	262,956	226,091	262,956	226,091
Balance as at the end of the year	**187,468**	**262,956**	**187,468**	**262,956**

16. DEFERRED TAX LIABILITIES

Group/Company	Statement of Financial Position		Profit or Loss		Other Comprehensive Income	
	2015	2014	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred Tax Liability						
Accelerated depreciation for Tax Purposes	90,148	74,329	15,819	11,230	-	-
Deferred Tax Assets						
Defined Benefit Plans	(11,553)	(10,491)	(1,499)	(1,515)	437	(343)
Deferred Income Tax Charge			14,320	9,715	437	(343)
Net Deferred Tax Liability	**78,595**	**63,838**				

17. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April	107,046	87,934	104,912	86,326
Interest Cost	10,705	8,793	10,491	8,633
Current Service Cost	10,732	10,300	10,386	9,982
Actuarial (Gain)/Loss	(4,421)	3,481	(4,369)	3,433
Benefits Paid	(5,951)	(3,462)	(5,894)	(3,462)
As at 31 March	**118,111**	**107,046**	**115,526**	**104,912**

17.1 The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent professional actuary. Refer Note 2.3.13 for key assumptions used by the Actuary.

17.2 Sensitivity of the principal assumptions used

	Expected Future Salaries		Discount Rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Present value of Defined Benefit Obligation	120,998	110,409	110,938	120,515

17.3 The average future working life of the entitled employees at the end of the reporting period is 5 years.

18. TRADE AND OTHER PAYABLES

	Group 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 2014 Rs.'000
Trade Payables	163,082	142,194	162,289	141,307
Sundry Creditors including Accrued Expenses	249,333	348,903	248,581	348,019
	412,415	**491,097**	**410,870**	**489,326**

19. INTEREST BEARING LOANS AND BORROWINGS

Group/Company	2015 Repayable Within 1 Year Rs.'000	2015 Repayable After 1 Year Rs.'000	2015 Rs.'000	2014 Repayable Within 1 Year Rs.'000	2014 Repayable After 1 Year Rs.'000	2014 Rs.'000
Finance Leases (Note 19.1)	-	-	-	578	-	578
	-	-	-	578	-	578

19.1 Finance Leases

Motor Vehicles	As At 31.03.2014 Rs.'000	New Leases Obtained Rs.'000	Repayment Rs.'000	As At 31.03.2015 Rs.'000
Gross Liability	1,779	-	-	1,779
Finance Charges allocated to future periods	(1,201)	-	(578)	(1,779)
Net liability	**578**	**-**	**(578)**	**-**

20. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	Group 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 2014 Rs.'000
Favorable Cash and Cash Equivalents Balances				
Fixed and Call Deposits	1,800,900	2,026,425	1,800,900	2,026,425
Cash and Bank Balances	1,360,604	757,460	1,358,799	741,746
	3,161,504	**2,783,885**	**3,159,699**	**2,768,171**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

21. REVENUE

	Group 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 2014 Rs.'000
Export Sales	7,354,165	7,484,011	7,337,183	7,463,173
Local Sales	3,291	3,135	-	-
	7,357,456	**7,487,146**	**7,337,183**	**7,463,173**

22. OTHER INCOME AND GAINS

	Group 2015 Rs.'000	Group 2014 Rs.'000	Company 2015 Rs.'000	Company 2014 Rs.'000
Dividend from Equity Securities	82	75	82	75
Rent Income from Investment Property	2,116	6,000	2,116	6,000
Profit on Disposal of Property, Plant and Equipment	6,179	9,747	6,179	9,747
Income on Hire of Vehicles	6,450	7,538	6,450	7,538
Other Income	441	215	441	215
	15,268	**23,575**	**15,268**	**23,575**

		Group		Company	
23.	**FINANCE COST AND INCOME**	**2015**	**2014**	**2015**	**2014**
23.1	**Finance Cost**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
	Interest Expense on Overdraft	24	16	22	15
	Finance Lease and Other Charges	138	925	138	925
		162	**941**	**160**	**940**
23.2	**Finance Income**				
	Income from Investments :				
	-Interest on Deposits and Saving Accounts	106,184	123,690	106,184	123,690
	-Other Interest	1,865	1,827	1,622	1,660
		108,049	**125,517**	**107,806**	**125,350**

		Group		Company	
24.	**PROFIT BEFORE TAX**				
	Stated after Charging	**2015**	**2014**	**2015**	**2014**
		Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
	Included in Cost of Sales				
	Employee Benefits including the following;	359,564	378,734	345,308	365,129
	- Defined Benefit Plan Costs -Gratuity	7,574	6,925	7,015	6,446
	- Defined Contribution Plan Costs - EPF and ETF	28,803	29,827	27,457	28,565
	Depreciation	128,789	129,057	111,538	111,347
	Included in Administrative Expenses		-		
	Employee Benefits including the following;	334,956	282,081	334,956	282,081
	- Defined Benefit Plan Costs -Gratuity	13,829	12,168	13,829	12,168
	- Defined Contribution Plan Costs - EPF and ETF	20,956	18,139	20,956	18,139
	Depreciation	50,255	53,449	49,207	52,322
	Amortisation of Intangible Assets	2,790	3,188	2,790	3,162
	Donations - Approved Charities	100,000	100,000	100,000	100,000
	- Other Donations	4,102	600	4,101	600
	Auditors Remuneration	830	778	760	708
	Provision for Fall in Value of Investments	-	-	30,610	18,406
	Bad Debts Witten Off	-	1,476	-	1,476
	Included in Selling and Distribution Costs				
	Export Promotion	638,537	1,109,648	638,537	1,109,648

25. INCOME TAX EXPENSE

	Group		Company	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year (Note 25.1)	90,980	100,811	90,936	100,780
Over provision of current taxes in respect of prior years	(643)	(1,514)	(643)	(1,548)
Deferred Income Tax				
Deferred Taxation Charge (Note 25.3)	14,320	9,715	14,320	9,715
	104,657	**109,012**	**104,613**	**108,947**

25.1 Reconciliation between Current Tax Expense and the product of Accounting Profit.

	Group		Company	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Accounting Profit (Profit before Tax)	906,132	959,604	905,376	967,063
Aggregate Disallowed Items	346,536	337,905	343,184	335,135
Aggregate Allowable Expenses	(274,553)	(259,157)	(264,569)	(259,633)
Aggregate Allowable Income	(6,261)	(9,822)	(6,261)	(9,822)
Qualifying Payments	(99,514)	(99,514)	(99,514)	(99,514)
Adjustments of Tax Losses in Group Companies	5,876	4,210	-	-
Taxable Profit	878,216	933,226	878,216	933,229
Other Sources of Income				
Interest Income	242	166	-	-
Tax Losses Brought Forward and Utilised	(85)	(58)	-	-
Taxable Income	157	108	-	-
Total Taxable Profit	**878,373**	**933,334**	**878,216**	**933,229**
Statutory Tax Rate 10% (2014 - 10%)	860,916	891,793	860,916	891,793
Statutory Tax Rate 28% (2014 - 28%)	17,457	41,541	17,300	41,436
	878,373	933,334	878,216	933,229
Estimated Current Tax Expense for the Year	90,980	100,811	90,936	100,780

25.2 Tax Losses available for set off in future years;

	Group 2015	Group 2014	Company 2015	Company 2014
Tax Losses brought forward	21,906	17,754	-	-
Tax Losses incurred during the year	5,876	4,210	-	-
Tax Losses Set off for the current year	(85)	(58)	-	-
Tax Losses Carried forward *	27,697	21,906	-	-

*The Group has a carried forward tax loss amounting to Rs. 27,697,641/- (2014 - Rs. 21,906,312/-), pertaining to its Subsidiary MJF Beverages (Pvt) Ltd, that is available indefinitely for offset against future Statutory Income of the Company subject to limitation of 35% of Statutory Income in each year of assessment. A deferred tax asset amounting to Rs. 7,755,339/- (2014 - Rs. 6,133,767/-) has not been recognised in respect of this tax loss and other temporary differences as it is anticipated that the deferred tax asset will not realize in the foreseeable future.

		Group		Company	
25.3	**Deferred Tax Expense**	**2015**	**2014**	**2015**	**2014**
		Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
	Deferred Tax Expense arising due to				
	- Origination and reversal of Timing Differences	14,320	9,715	14,320	9,715

26. EARNINGS PER SHARE

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

26.2 The following reflects the income and share data used in the basic Earnings Per Share computation

	2015	**2014**
Amount Used as the Numerator:	**Rs.'000**	**Rs.'000**
Profit for the year	801,474	850,596

	2015	**2014**
Number of Ordinary Shares Used as the Denominator:	**Number'000**	**Number'000**
Weighted Average number of Ordinary Shares in issue	20,000	20,000

27. DIVIDEND PER SHARE

	2015		2014	
	Dividend		**Dividend**	
Declared and paid during the year	**Per Share**		**Per Share**	
Equity Dividend on Ordinary Shares:	**Rs.**	**Rs.'000**	**Rs.**	**Rs.'000**
Final Dividend - 2013	-	-	10.00	200,000
Interim Dividend - 2014	-	-	10.00	200,000
Final Dividend - 2014	12.50	250,000	-	-
Interim Dividend - 2015	12.50	250,000	-	-
		500,000		400,000

* Dividend per share is computed based on the Dividends declared and paid during the year.

Proposed for approval at AGM (not recognised as a liability as at the statement of financial position date)

Equity Dividend on Ordinary Shares:				
Final Dividend	10.00	200,000	12.50	250,000

28. SEGMENTAL INFORMATION

The Group does not have separately distinguishable components within the enterprise that is engaged in providing individual products or services or a group of related products or services that is subject to risk and returns that are different from those of other business segments.

For management purposes, the Group monitors the sales and the costs associated with the different product types offered in evaluating the profitability of the same as follows;

28.1 Business Segment - Group

	Tea Bags		Tea Packets		Other*		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Revenue	6,187,970	6,208,698	630,234	680,145	539,252	598,303	7,357,456	7,487,146
Cost of Sales	(3,657,162)	(3,529,084)	(453,921)	(552,751)	(422,702)	(519,764)	(4,533,785)	(4,601,599)
Segment Gross Profit	2,530,808	2,679,614	176,313	127,394	116,550	78,539	2,823,671	2,885,547

28.2 Business Segment - Company

	Tea Bags		Tea Packets		Other*		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Revenue	6,187,970	6,208,698	630,234	680,145	518,979	574,330	7,337,183	7,463,173
Cost of Sales	(3,657,160)	(3,529,084)	(453,921)	(552,751)	(375,673)	(472,174)	(4,486,754)	(4,554,009)
Segment Gross Profit	2,530,810	2,679,614	176,313	127,394	143,306	102,156	2,850,429	2,909,164

*Other Sales include Bulk Tea and Other Value Added Teas.

Management considers that there is no suitable basis for allocating assets, related liabilities and operating expenses to business segments. Accordingly, segment assets, segment liabilities, segment operating expenses and other segment information by business segment is not disclosed.

29. COMMITMENTS AND CONTINGENCIES

29.1 Capital Expenditure Commitments

The company has purchase commitments for acquisition of property, plant and equipment to the ordinary course of business as follows

Contracted but not provided for	**2015**	**2014**
	Rs.'000	**Rs.'000**
- Tea Bagging Machines	775,346	-

29.2 Contingencies

	2015	**2014**
	Rs.'000	**Rs.'000**
Letters of Guarantee	34,289	45,792
Letters of Credit	13,106	57,251

30. ASSETS PLEDGED

There are no material assets pledged as at the reporting date.

31. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

32. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

32.1 Group

32.1.1 Transactions with the parent and related entities

	Parent MJF Teas (Pvt) Ltd.		Other *		Total	
	2015	2014	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Export Sales	-	-	2,693,912	2,914,310	2,693,912	2,914,310
Local Sales	-	-	3,291	3,135	3,291	3,135
Transfer of Tea and Packing Material	1,108,570	1,299,956	313,901	300,083	1,422,471	1,600,039
Purchase of Packing Material	-	-	(892,690)	(933,139)	(892,690)	(933,139)
Rent Paid	-	-	(44,388)	(44,389)	(44,388)	(44,389)
Vehicle Hire Income	3,965	3,947	2,127	2,210	6,092	6,157
Donations Paid	-	-	(100,000)	(100,000)	(100,000)	(100,000)

*Transactions carried out with other companies under common control or under significant influence of the Ultimate Parent Enterprise.

The following amounts have been disclosed under Trade Receivables and Payables respectively in the Statement of Financial position.

Company Name	2015 Receivable/ (Payable) Rs.'000	2014 Receivable/ (Payable) Rs.'000
Dilmah Australia (Pty) Limited	1,309,550	1,621,950
Forbes & Walker Tea Brokers (Pvt) Ltd	248	(307)
Packages Lanka (Pvt) Ltd	(16,505)	(17,224)
PCL Solutions (Pvt) Ltd	(2,619)	-
Print Care PLC	(12,317)	(8,802)
Timber Concepts (Pvt) Ltd	(3,512)	(3,095)
Printcare Universal (Pvt) Ltd	(23,702)	(14,997)
	1,251,143	1,577,525

These balances consist of transactions which are carried out at commercial terms.

32.1.2 Transactions with Key Management Personnel of the entity or parent

The Group considers the members of its Board of Directors as key management personnel.

	2015 Rs.'000	2014 Rs.'000
Key Management Personnel Compensation		
Short-term Employee Benefits	76,228	81,311
Post Employment Benefits	10,630	13,688
	86,858	94,999

32. RELATED PARTY DISCLOSURES (Contd.)

32.2 Company

32.2.1 Transactions with the parent and related entities

	Parent		Subsidiary		Other *		Total	
	MJF Teas (Pvt) Ltd.		MJF Beverages (Pvt) Ltd.					
	2015	2014	2015	2014	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Export Sales	-	-	-	-	2,686,190	2,902,606	2,686,190	2,902,606
Transfer of Tea and Packing Material	1,108,570	1,299,956	-	-	313,901	300,083	1,422,471	1,600,039
Fund Transfers made	-	-	(4,890)	(18,655)	-	-	(4,890)	(18,655)
Purchase of Packing Material	-	-	-	-	(892,690)	(933,139)	(892,690)	(933,139)
Rent Paid	-	-	-	-	(42,738)	(42,738)	(42,738)	(42,738)
Vehicle Hire Income	3,965	3,947	52	60	2,127	2,210	6,144	6,217
Donation Paid	-	-	-	-	(100,000)	(100,000)	(100,000)	(100,000)
Reimbursement of Expenses Incurred	-	-	838	447	-	-	838	447

*Transactions carried out with other companies under common control or under significant influence of the Ultimate Parent Enterprise.

Amounts due from Related Party is disclosed under Note 13, whilst the following amounts have been disclosed under Trade Receivables and Payables respectively in the Statement of Financial position.

Company Name	2015 Receivable/ (Payable) Rs.'000	2014 Receivable/ (Payable) Rs.'000
Dilmah Australia (Pty) Limited	1,303,059	1,613,433
Forbes & Walker Tea Brokers (Pvt) Ltd.	248	(307)
Packages Lanka (Pvt) Ltd.	(16,505)	(17,224)
PCL Solutions (Pvt) Ltd	(2,619)	-
Print Care PLC	(12,317)	(8,802)
Timber Concepts (Pvt) Ltd.	(3,512)	(3,095)
Printcare Universal (Pvt) Ltd	(23,702)	(14,997)
MJF Beverages (Pvt) Ltd	42,429	46,482
	1,287,081	1,615,490

These balances consist of transactions which are carried out at commercial terms.

32. RELATED PARTY DISCLOSURES (Contd.)

32.2.2 Transactions with Key Management Personnel of the entity or parent

The Company considers the members of its Board of Directors as the key management personnel.

Key Management Personnel Compensation	**2015**	**2014**
	Rs.'000	**Rs.'000**
Short-term Employee Benefits	76,228	81,311
Post Employment Benefits	10,630	13,688
	86,858	94,999

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets included trade and other receivables, cash and cash equivalent that arrive directly from its operations.

The Group is exposed to Market risk, Interest rate risk, Foreign currency risk, Credit risk and Liquidity risk. The Group continuously evaluates the mentioned risks and appropriate actions are being taken with assistance from the Group's Treasury Department to minimize the adverse impact arising from such risks.

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 risk mainly comprise of two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by the said risks in the Group mainly includes trade and other receivables.

The sensitivity analysis in the following sections relate to the position as at 31 March in 2015 and 2014. The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2015 and 2014.

Interest Rate Risk

Interest rate risk is the risk that the fair value of 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 investments in short term fixed deposits, where a significant finance income is earned from such investments through out the year. Meanwhile, the Group is mostly equity financed and does not contain any significant debt obligations having exposure to interest rate risks.

The Group manages its interest rate risk by constantly monitoring the interest rates and negotiating them with the banks.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales are denominated in a different currency from the Group's presentation currency).

The Group manages its foreign currency risk by closely monitoring the rates with the assistance of Group's Treasury. Transactions are entered in to on carefully chosen dates to maximize the positive impact on exchange variance while caution is practiced to negate and minimize any negative effect.

The Group does not hedge its exposure to fluctuations on the translation in to LKR of its sales collections in foreign currencies. However, care is taken to reduce such liability thus nullifying any impact on exchange variance.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD...)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in LKR and AUD/USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

The movement in the post-tax effect is a result of a change in the monetary assets and liabilities denominated in other currencies such as USD and AUD.

	2015		2014	
	Fluctuation of exchange rate	**"Effect on profit before tax Rs. (Mn)"**	**Fluctuation of exchange rate**	**"Effect on profit before tax Rs. (Mn)"**
Change in USD Exchange Rate	+5.0	117.8	+5.0	83.9
	-5.0	-117.8	-5.0	-83.9
	Fluctuation of exchange rate	**"Effect on profit before tax Rs. (Mn)"**	**Fluctuation of exchange rate**	**"Effect on profit before tax Rs. (Mn)"**
Change in AUD Exchange Rate	+7.0	93.2	+7.0	153.6
	-7.0	-93.2	-7.0	-153.6

Equity Price Risk

The Group's listed equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

Credit Risk

Credit risk is the risk that 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).

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating assessment and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy.

Group limits its credit risk on cash deposits by investing only in short term deposits and repos with selected bankers with Board approval.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's short and medium term fund requirements are regularly reviewed and managed by the Treasury Division. The Group has no interest bearing long term loans as at 31 March 2015.

Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Fair Value of Financial Instruments

Financial assets of the Company include cash and cash equivalents , trade receivables and other receivables, whilst financial liabilities include trade and other payables and interest bearing loans and borrowings .

The management assessed that cash and cash equivalents, trade receivables, other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The management also assessed that long-term variable rate borrowings approximate their carrying amounts largely due to the market based interest rates charged.

	2015	2014	2013	2012	2011
TRADING RESULTS (Rs. 000's)					
Turnover	7,337,183	7,463,173	7,076,291	5,835,114	5,783,664
Operating Expenses	6,554,721	6,726,939	5,801,417	4,829,821	4,881,220
Other Income	123,074	231,769	383,870	879,611	493,361
Interest Expense	160	940	674	1,481	1,860
Profit before Income Tax	905,376	967,063	1,658,070	1,883,423	1,393,945
Income Tax on Profits	104,614	108,947	194,895	234,844	80,062
Profit for the Year	800,762	858,116	1,463,175	1,648,579	1,313,883
SHAREHOLDERS' FUNDS (Rs.000)					
Stated Capital	200,000	200,000	200,000	200,000	200,000
Reserves	8,423,566	8,194,360	7,702,469	6,933,280	6,498,042
NET ASSETS	**8,623,566**	**8,394,360**	**7,902,469**	**7,133,280**	**6,698,042**
ASSETS (Rs.000)					
Property , Plant & Equipment	1,100,433	1,226,207	1,359,256	1,009,458	984,859
Investment Property	234,064	234,064	234,064	234,064	-
Intangible Assets	383,598	5,364	3,050	3,872	3,212
Other Financial Assets / Investments	526,371	632,469	613,984	507,969	705,289
Current Assets	7,003,427	7,001,780	6,532,140	6,245,546	5,727,204
LIABILITIES (Rs.000)					
Non-current Liabilities	194,121	168,750	141,409	116,244	106,762
Current Liabilities	430,206	536,774	698,616	751,385	615,760
NET ASSETS (Rs.000)	**8,623,566**	**8,394,360**	**7,902,469**	**7,133,280**	**6,698,042**
Market Price Per Share (Rs.)	710.40	660.10	651.10	650.00	800.00
Dividend Per Share (Rs.)	22.50	22.50	40.00	40.00	35.00
Total Dividend Rs. 000s (Gross)	450,000	450,000	800,000	800,000	700,000
No of Shares	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
RATIOS					
Return on Average Shareholders Funds (%)	9.41	10.53	19.46	23.84	21.66
Earnings Per Share (Rs)	40.04	42.91	73.16	82.43	65.69
Dividend Cover (times)	1.78	1.91	1.83	2.06	1.88
Liquidity (times)	16.28	13.04	9.35	8.31	9.30

Information to Investors

As at 31st March 2015

1. STOCK EXCHANGE LISTING

The issued ordinary shares of Ceylon Tea Services PLC are listed on the Colombo Stock Exchange.

2. ORDINARY SHAREHOLDERS

Number of Shares	Number of Shareholders	Total Holding	% Holding
1 - 1,000	698	48,959	0.24%
1,001 - 5,000	63	154,709	0.77%
5,001 - 10,000	24	167,227	0.84%
10,001 - 50,000	22	475,064	2.38%
50,001 - 100,000	2	120,383	0.60%
100,001 - 500,000	1	156,020	0.78%
500,001 - 1,000,000	-	-	0.00%
1,000,001 - Over	3	18,877,638	94.39%
Total	**813**	**20,000,000**	**100.00%**

3. ANALYSIS OF SHAREHOLDERS

Number of Shares	Number of Shareholders	Total Holding	% Holding
Individuals	759	910,166	4.55%
Institutions	54	19,089,834	95.45%
Total	**813**	**20,000,000**	**100.00%**

2,564,922 (12.82%) shares were held by the public as at 31st March 2015

4. SHARE TRADING

	2015	2014	2013	2012	2011
No of Transactions	68	1,217	794	251	74
No of Shares Traded	3,105	1,659,911	95,136	76,441	1,466,000
Value of Shares Traded	2,214,875	1,120,998,395	60,177,965	51,652,450	956,821,140

5. DIVIDENDS

	2015	2014	2013	2012	2011
Interim	Rs. 12/50	Rs. 10/00	Rs. 30/00	Rs. 30/00	Rs. 12/50
Final	Rs. 10/00	Rs. 12/50	Rs. 10/00	Rs. 10/00	Rs. 22/50
Amount (Rs.000's) Gross	450,000	450,000	800,000	800,000	700,000

6. EARNINGS - Group

	2015	2014	2013	2012	2011
Earnings/share Rs.	40.07	42.53	71.54	84.35	70.04
P/E Ratio	17.73	15.52	9.10	7.71	11.42

7. MARKET VALUES (Rs.)

	2015	2014	2013	2012	2011
Highest	770.00	720.00	749.00	994.00	1,000.00
Lowest	700.00	550.00	575.00	530.00	650.00
Year End	710.40	660.10	651.10	650.00	800.00

The weighted average trading price for the year was Rs.675.34

8. MARKET CAPITALIZATION (Rs.Million)

	2015	2014	2013	2012	2011
Capital & Reserves	8,624	8,394	7,909	7,172	6,699
Market Capitalization	14,208	13,202	13,022	13,000	16,000

9. TOP 20 SHAREHOLDINGS AS AT 31ST MARCH 2015

SHAREHOLDER NAME	31.03.2015		31.03.2014	
	TOTAL SHARES	%	TOTAL SHARES	%
M.J.F. Teas (Pvt) Ltd	13,075,382	65.38%	13,075,382	65.38%
M.J.F. Exports (Pvt) Ltd	4,256,712	21.28%	4,256,712	21.28%
Employees Provident Fund	1,545,544	7.73%	1,535,114	7.68%
Mrs.S.T.Fernando	156,020	0.78%	156,020	0.78%
GF Capital Global Limited	69,700	0.35%	69,700	0.35%
Mr.H.A.Van Starrex	50,683	0.25%	50,683	0.25%
Mrs.S.T.F.Ortiz	42,854	0.21%	42,854	0.21%
Mr.A.W.Atukorala	36,750	0.18%	36,700	0.18%
Mr.M.W.De Silva	34,830	0.17%	34,830	0.17%
Mr.J.W.Burton	32,270	0.16%	32,270	0.16%
Merrill J Fernando & Sons (Pvt) Ltd	25,300	0.13%	25,300	0.13%
Mrs.A.S.Fernando	24,284	0.12%	24,284	0.12%
Mr.D.C.Fernando	24,200	0.12%	24,200	0.12%
Mr.M.J.Fernando	24,200	0.12%	24,200	0.12%
Dr.K.Poologasundram	23,808	0.12%	23,808	0.12%
Mr.H.R.Peries	21,200	0.11%	21,200	0.11%
Mr.H.S.Ranaweera	20,084	0.10%	20,084	0.10%
Amalgamated Graphite (Pvt) Ltd	20,000	0.10%	20,000	0.10%
Miss.N.Harnam	18,181	0.09%	18,181	0.09%
Miss.L.R.Jayasundera	18,000	0.09%	18,000	0.09%
	19,520,002	**97.60%**	**19,509,522**	**97.55%**

Notice of Meeting

Notice is hereby given that the 34th Annual General Meeting of Ceylon Tea Services PLC will be held at 111, Negombo Road, Peliyagoda on 3rd day of September 2015 at 3.00 p.m for the following purposes:

1. To pass the ordinary resolution set out below to re-elect Mr. Merrill J Fernando who is 85 years of age, as a Director of the Company.

   "IT IS HEREBY RESOLVED that Mr. Merrill J Fernando who is 85 years of age be and is hereby re-elected a Director of the Company and it is hereby declared as provided for in section 211 of the Companies Act. No.7 of 2007 that the age limit of 70 years referred to in section 210 of the said Companies Act shall not apply to Mr. Merrill J Fernando"

2. To pass the ordinary resolution set out below to re-elect Mr. Gritakumar E. Chitty who is 76 years of age, as a Director of the Company.

   "IT IS HEREBY RESOLVED that Mr. Gritakumar E. Chitty who is 76 years of age be and is hereby re-elected a Director of the Company and it is hereby declared as provided for in section 211 of the Companies Act. No.7 of 2007 that the age limit of 70 years referred to in section 210 of the said Companies Act shall not apply to Mr. Gritakumar E. Chitty"

3. To pass the ordinary resolution set out below to re-elect Mr. Rajanayagam N. Asirwatham who is 72 years of age, as a Director of the Company.

   "IT IS HEREBY RESOLVED that Mr. Rajanayagam N. Asirwatham who is 72 years of age be and is hereby re-elected a Director of the Company and it is hereby declared as provided for in section 211 of the Companies Act. No.7 of 2007 that the age limit of 70 years referred to in section 210 of the said Companies Act shall not apply to Mr. Rajanayagam N. Asirwatham"

4. To re-elect as a Director, Mr. Dilhan C Fernando who retires by rotation under section 24 of the Articles of Association.

5. To receive and adopt the Report of the Directors and statement of accounts for the year ended 31st March 2015 along with the Report of the Auditors thereon.

6. To declare a Final Dividend as recommended by Directors.

7. To authorize the Directors to make donations.

8. To re-appoint Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorize the Directors to determine their remuneration.

9. Any other business of which due notice has been given.

By order of the Board,
J.K.K. Wegodapola
Secretary.

Colombo
08th July 2015

Note

A member is entitled to appoint a proxy to attend and vote instead of himself, for which purpose a form of proxy is enclosed with this Annual Report. The instrument appointing a proxy must be registered at the Registered Office not later than 48 hours before the time for the Meeting.

Form of Proxy

Ceylon Tea Services PLC

Registered Office: 111, Negombo Road, Peliyagoda, Sri Lanka

I/We ....

of ....

....

being member/s of CEYLON TEA SERVICES PLC hereby appoint:

....of

....or failing him/her

Mr. Merrill Joseph Fernando	of Colombo or failing him
Mr. Malik Joseph Fernando	of Colombo or failing him
Mr. Dilhan Chrishantha Fernando	of Colombo or failing him
Mr. Himendra Somasiri Ranaweera	of Colombo or failing him
Ms. Minette Delicia Anne Perera	of Colombo or failing her
Mr. Roshan Conrad Tissaaratchy	of Colombo or failing him
Mr. Rajanayagam Nalliah Asirwatham	of Colombo or failing him
Mr. Gritakumar Edmund Chitty	

As my / our Proxy to attend and vote for me / us on my / our behalf at the Thirty Fourth Annual General Meeting of the Company to be held on the 03rd September 2015 at 3.00 p.m. and any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

As witness my hand / our hands this .... day of 2015

Signature: ....

N.B.
1. Please delete the inappropriate words
2. Instructions as to completion are noted on the reverse hereof.
3. A Proxy need not be a member of the Company.

Instructions as to Completion

1. Kindly perfect the Proxy by filling legibly your full name and address and by signing in the space provided and filling in the date of signature.

2. In the case of corporate members, the proxy form must be under the seal or hand of an authorized officer or attorney.

3. If the proxy form is signed by an attorney, the relevant Power of Attorney should accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.

4. The completed proxy form should be deposited at the registered office of the Company at the address given below not less than 48 hours before the time appointed for the Meeting.

CEYLON TEA SERVICES PLC
111, Negombo Road
Peliyagoda

Corporate Information

LEGAL FORM	:	Quoted Public Company with Limited Liability Incorporated in Sri Lanka in 1981
COMPANY REGISTRATION NUMBER	:	PQ 209
REGISTERED OFFICE	:	111, Negombo Road, Peliyagoda, Sri Lanka. Telephone: (94 11) 4 822000 Facsimile: (94 11) 4 822001 E-mail : info@dilmahtea.com Website : www.dilmahtea.com
STOCK EXCHANGE LISTING	:	The Ordinary Shares are listed on the Colombo Stock Exchange
SUBSIDIARY	:	MJF Beverages (Private) Limited
BOARD OF DIRECTORS	:	Chairman Merrill J. Fernando Deputy Chairman / Chief Executive Officer Himendra S. Ranaweera Directors Malik J. Fernando – B.Sc. Dilhan C. Fernando - B.Sc. Minette Perera – FCA, FCMA, FCCA Roshan Tissaaratchy – B.A, MBA, DipM, FCIM Rajan Asirwatham – FCA Gritakumar E. Chitty – Attorney at Law
SECRETARY	:	J.K.K. Wegodapola – Attorney at Law
BANKERS	:	Bank of Ceylon Commercial Bank of Ceylon PLC DFCC Vardhana Bank PLC National Development Bank PLC Nations Trust Bank PLC Standard Chartered Bank The Hongkong & Shanghai Banking Corporation Limited
AUDITORS	:	Ernst & Young 201, De Saram Place, Colombo 10.

Ceylon Tea Services PLC 111 Negombo Road, Peliyagoda, Sri Lanka.
☎ 011 482 2000 info@dilmahtea.com www.dilmahtea.com

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