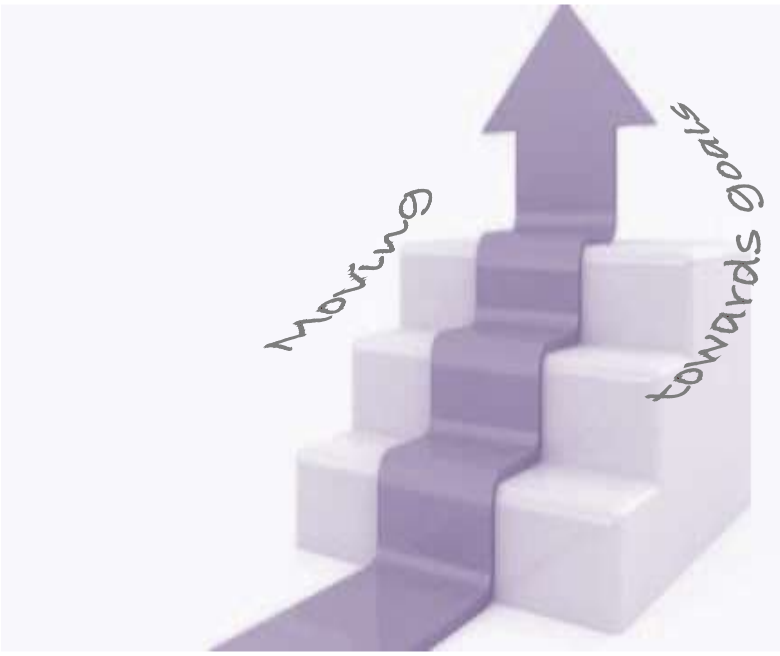
2015

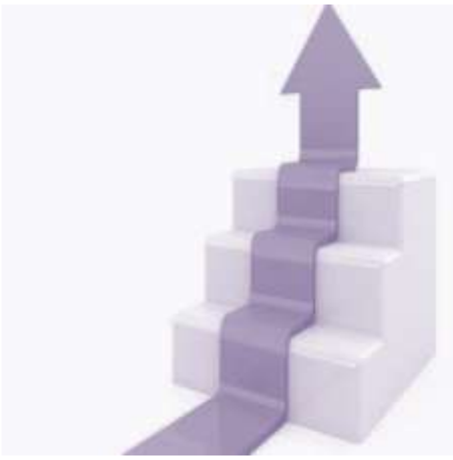
ANNUAL REPORT



LANKA MINERAL SANDS LIMITED

Vision

To be one of the leading
foreign exchange
earners in the country.



Mission

To optimize the worth of
heavy mineral beach
sands and other natural
resources accessible to
the company.

Contents

CORPORATE INFORMATION

Name	:	Lanka Mineral Sands Limited
Legal Form	:	A limited liability company fully owned by the Government of Sri Lanka
Company Registration No	:	PB 587
Registered Office	:	No. 341/21, Sarana Mawatha, Rajagiriya
Competent Authority	:	Mr. T. Asoka Peiris B.A. Hons Economics (Peradeniya) M.S.S.C (Kelaniya)
Management Team	:	Mr. S.Gnaneswaran – Deputy General Manager (Plant/Operations) B.Sc. Eng., Associate Member of the Institute of Engineers
		Mr. I.G.L. Kumara – Acting Deputy General Manager (Human Reso-urces & Administration) B.Sc.
		Mrs. W.K. Thamara – Acting Deputy General Manager (Finance) L.I.C.A., APFA
		Mr. M.A.I.G.Jayathilake – Chief Internal Auditor L.I.C.A.
		Mr.G. Madhuraarachchi – Supplies Manager B.Sc. (Mgt), DPMM
		Mr. P.B.M. Wijebandara – Marketing Manager B.Sc.

CORPORATE INFORMATION

Auditors	:	Cecil Arseculeratne & Co., Chartered Accountants, No. 8/67, Sri Siddhartha Path, Kirulapone, Colombo – 05.
Bankers	:	Bank of Ceylon People's Bank Hatton National Bank
Secretaries	:	P W Corporate Secretarial (Pvt) Ltd., 3/17, Kynsey Road, Colombo – 08

COMPETENT AUTHORITY'S MESSAGE

It is with great pride that I present the Annual Report for the year 2015.

Lanka Mineral Sands Limited is a fully government owned company incorporated in 1992 and is the successor to Ceylon Mineral Sands Corporation, one of the oldest Corporations formed in 1957. The main objective of the company is to mine, process and market heavy mineral sands.

Lanka Mineral Sands Limited is the most successful organization under the purview of the Ministry of Industry and Commerce.

Sales to the value of Rs.1,688 million was made in 2015, resulting in a profit after tax of Rs.457 million.

The Company was able to provide for a dividend of Rs. 158.5 million to the Treasury.

The staff strength at the end of the year was 847. Priority was given to training of staff, not only in their respective fields of work but also in increasing productivity, positive thinking etc. Workshops and training programmes were conducted for the entire staff at all three work stations.

The monthly expenditure of Lanka Mineral Sands Limited is Rs.100 million. It is expected to reduce this amount to Rs. 70 million and increase the cash deposit to Rs.01 billion at end of the year 2016.

A major step forward was the acquiring of land at Kokkilai for the establishment of a new upgrading plant. The much talked of value addition is also on the cards.

The steps were taken to build a new Head Office building in a plot of land obtained from the Urban Development Authority on a long term lease at Sarana Mawatha, Rajagiriya and hope to commence the construction works in near future.

The Hon. Minister, the Secretary and the staff of the Ministry of Industry and Commerce and the General Treasury continued to give assistance and encouragement which are greatly appreciated.

I thank employees of Lanka Mineral Sands Limited at every level, for their contribution to what was achieved.

T. Asoka Peiris,
Competent Authority

CONSTRUCTION WORKS AT PULMODDAI

(i) CONSTRUCTED BUILDING FOR MEDICAL CENTER, AUDITORIUM & CANTEEN.

(ii) CONSTRUCTED 36 UNITS OF BACHELORS QUARTERS

(iii) CONSTRUCTION OF A 12 UNITS STAFF QUARTERS

(iv) LAYING OF PE PIPES FOR SEA WATER TRANSMISSON LINE FROM SEA WATER PUMP TO THE BLOCK “A” WET GRAVITY UPGRADING PLANT

(v) LAYING OF P.E PIPES FOR RAW WATER TRANSMISSION LINE FROM YANOYA WATER INTAKE SITE TO I.R.Z.PLANT, PULMODDAI.

(vi) MOVABLE CONVEYOR FABIRCATED BY THE MECHANICAL WORKSHOP OF L.M.S.LTD TO LOAD BULK ILMENITE TO CONTAINERS

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REPORT OF THE COMPETENT AUTHORITY

The Competent Authority of Lanka Mineral Sands Limited present herewith his report, audited financial statements for the year ended 31st December 2015 and the Auditor's Report.

Principal Activities

The objectives in accordance with the Articles of Association of Lanka Mineral Sands Limited provide;-

1. to do mining, separating, refining and processing of heavy mineral sands.
2. to manufacture and sale of any product of commercial or industrial value from heavy beach sands and any product derived there from
3. to manufacture and sale of any by-product which may be produced as a result of refining and processing heavy beach mineral sands.

Production

Production for the year in M.T was:-

Ilmenite	36,719
Rutile	1,808
Zircon	615
Hi.Ti. Ilmenite	2,889
Non Magnetic Tailings	54,172
Spiral Fine Concentrate	1,953
	98,156

Sales

Rs. 1,688 million was earned from the sale of 113,730 M.T of mineral sands.

	M.T	Rs.Mln.
Ilmenite	39,447	284
Rutile	945	92
Zircon	664	78
Hi.Ti.Ilmenite	6,722	54
Spiral Fine Concentrate	11,780	23
Non-Magnetic Tailings	54,172	1,157
	113,730	1,688

Results and Dividends

The Company's profit after tax was Rs. 457 million. The profit would have been more if not for the unabsorbed overheads of the Plant amounting to Rs.277 million. The limited production and absence of direct shipments from Pulmoddai resulted in the unabsorbed overhead expenditure.

A dividend of Rs.158.5 million was provided.

Rs. Million

	2015	2014
Gross Revenue	1,688	1,220
Gross Profit	821	694
Net Profit	457	329

Property, Plant and Equipment

The written down value of Plant, Machinery and Equipment as at 31st December, 2015 was 44% of the original value, which was Rs. 1,073 million as per details in Note 9. Capital work-in-progress was 303 million. This is a clear indication for replacement and upgrading of plant and machinery.

Additions to fixed assets during the year were Rs. 148 million.

Stated Capital

The Stated Capital remains unchanged at Rs. 800 million comprising of 80 million shares, the sole shareholder being the Secretary to the Treasury. Details as per Note 21.

Reserves and Retained Earnings

There was no change in the reserves. Retained earnings improved from Rs. 164 million in 2014 to Rs. 458 million in 2015 favourably.

Short Term Financial Assets

Short Term Financial Assets decreased from Rs. 361 million to Rs. 209 million.

Taxation

The normal tax in effect during the year was 28%. However, the company enjoyed a concessionary rate of 12% for its exports.

Share Information

Basic earnings per share was Rs.5.71.

Events Occurring After Statement of Financial Position Date

No circumstances have arisen since the Statement of Financial Position date that would require adjustment.

Employment Policies

The number of employees as at 31.12.2015 was 847. The management gave more attention to Human Resource Management during the year under review.

Training of employees through workshops, seminars and training programmes continued in 2015.

Statutory Payments

The Competent Authority to the best of their knowledge and belief are satisfied that all statutory payments in relation to employees and the government have been made up to date.

Directorate

The directorate of the company was changed as follows:-

Mr..D.W.Goonasekara Chairman/ Managing Director (resigned on 26.01.2015)
Mr. H.G. Sirisena - Working Director (resigned on 20.01.2015)
Mr.R. Pandithasekara - Director (resigned on 28.01.2015)
Mr.D.B.E. Coonghe - Director (resigned on 28.01.2015)
Dr.D.M.O.D.K. Dissanayake - Director (resigned on 11.02.2015)
Ms.J.C.Weligamage - Director/ Treasury Representative (resigned on 30.01.2015)

With the line Ministry changing from the Ministry of State Resour-ces and Enterprise Development to Ministry of Industry and Commerce in year 2015 a new Board of Directors were appointed and resigned as follows:-

Dr.G.B.M.M.Moragolle-Chairman/ Managing Director - from 27/01/2015 to 28.08.2015

Mr. M.I. Bathurdeen -Director - from 12/02/2015 to 28/09/2015

Mrs. L.D. Senanayake - Director from 16/03/2015 to 29/09/2015
Mr. H.B. Dayaratne - Director from 25/03/2015 to 28/09/2015

Mr. W.A. Upali Gunawardena - Director from 25/03/2015 to 26/09/2015

Dr.M.M. Hilmy - Working Director from 21/02/2015 (not resigned)

With effect from 29.09.2015 the directorate of the company was changed to Competent Authority.

Future Plans

Future plans of the company include:-

- Modernization and renovation of internal electrical distri-bution system.
- Replacing 3 Nos. Wet High Intensity Magnetic Separators by new ones to increase the Ilmenite production and to improve the quality of Non-magnetic heavy mineral concentrate.
- To complete the P.E pipe laying works of raw water transmission line from Yan Oya water Intake site to I.R.Z Plant, Pulmoddai.
- To complete the construction works of 12 units staff quarters building.
- Construction of new sea water pumping unit to Block “A” Wet Gravity Upgrading Plant.

- Replacing old dryer used in the zircon circuit of the Dry Mill by a fluidized bed dryer and adding 06 roller high tension roller separator to the same.
- Renovation of Rutile Plant by replacing high tension roller separators and high tension plate separators.
- To complete the construction work of the Block "A" Wet Gravity Upgrading Plant building and shifting the old plant to the new building.
- To complete the P.E pipe laying works of sea water transmission line from sea water pump to the Block "A" Wet Gravity Upgrading Plant.
- Construction of Ilmenite go-down.
- Replacing 07 Nos. old wet tables by new ones at Wet Mill for Zircon production.
- Establish of a Wet Gravity Upgrading Plant at Kokkilai.
- Construction of gabion wall to protect coastal land used for coconut cultivation and Southern Housing Scheme.
- Upgrading of Civil, Mechanical and Electrical Workshops and Laboratory Building.
- Expanding to value added products such as Synthetic Rutile, Titanium Dioxide Pigment, and Premium grade Zircon Flour etc.
- Increase the welfare facilities of staff and give training to improve their skills.
- Creating a suitable ICT infrastructure.
- Introducing systematic approach for proper ICT Management.

Competent Authority's Shareholdings

Competent Authority did not hold any shares of the company. 100% of shares are held by the Secretary to the Treasury.

Corporate Social Responsibility

The company spent only Rs.0.3 million to discharge corporate social responsibility. Sponsorship of social welfare activities, religious activities, educational activities etc. were undertaken.

Competent Authority's Interest In Contracts

The Competent Authority has no direct or indirect interest in any contract or proposed contract with the Company.

REPORT OF THE COMPETENT AUTHORITY

Corporate Governance/Internal Control

The Competent Authority acknowledges his responsibility for Company's internal control. The system is designed to give assurance inter alia on the safeguarding the assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time.

The Competent Authority is satisfied with the effectiveness of the systems of internal control for the period up to the date of signing the Financial Statements.

Going Concern

Competent Authority has adopted the going concern basis in preparing the Financial Statements.

Auditors

M/s Cecil Arseculatratne & Co., functioned as external auditors for the year ended 31st December, 2015.

Secretaries

P.W. Corporate Secretarial (Pvt) Ltd., continued as secretaries.

By order of the Board,
P.W.Corporate Secretarial
(Pvt) Ltd.
Secretaries.

FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

		2011	2012	2013	2014	2015
Gross Sales Revenue	– Rs.mln.	1,567	1,985	679	1,220	1,688
Gross Profit	– Rs.mln.	1,304	1,628	500	694	821
Other Income	– Rs.mln.	200	224	56	56	136
Profit before Tax	– Rs.mln.	1,107	1,373	30	328	503
Profit after Tax	– Rs.mln.	950	1,190	20	329	457
Unabsorbed Overheads	– Rs.mln.	248	292	358	259	277
Total Assets	– Rs.mln.	2,611	2,029	2,400	2,829	2,764
Total Liabilities	– Rs.mln.	319	249	715	847	489
Shareholders' Equity	– Rs.mln.	2,292	1,780	1,684	1,981	2,276
Income Tax	– Rs.mln.	155	182	10	(2)	46
Dividend to Treasury and Transfer to Consolidated Fund	– Rs.mln.	500	1,700	43	14	158.5
Number of employees		611	595	629	636	847
Net Profit Before Tax to Equity		48%	77%	2%	17%	22%
Net Profit Before Tax to Total Assets		42%	68%	1%	12%	18%
Current Ratio		10:1	5:1	2:1	2:1	4:1

AUDIT AND MANAGEMENT COMMITTEE REPORT

In accordance with the provisions of the Public Enterprises guidelines for Good Governance, the Audit and Management Committee was appointed with effect from June, 2015. The committee comprised of the following members.

Mrs.L.D. Senanayake – Chairperson

Mr.M.I. Bathurdeen – Member

Mr. W.A. Upali Gunawardane – Member

Mr. H.B. Dayaratne – Member

The committee met once during the period under review and discussed in depth regarding the interim internal audit report Nos. 2015-01. As per the suggestions made by the members, instructions were given to the Management for rectifying the issues highlighted.

Officers representing the Auditor General's Department attended the Audit and Management Committee meeting as observers.

Since there was a delay in appointing Board of Directors, it wasn't possible to hold 04 Audit and Management Committee meetings during the period under review.

Mrs. L.D. Senanayake,
Chairperson,
Audit and Management Committee.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LANKA MINERAL SANDS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Lanka Mineral Sands Limited** which comprise the Statement of Financial Position as at December 31, 2015, and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out in pages 13 to 36.

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 & fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Board determines is necessary to unable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Scope of Audit and Basis of Opinion

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 plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis of our opinion.

Basis of Qualified Opinion

1. Property Plant & Equipment

We could not physically verify the property plant & equipment of the company since management has not given permission for us to visit the factory. Therefore, we are not able to ascertain the existence of the property plant & equipment.

Qualified Opinion

In our opinion, except for the matter referred in the basis for qualified opinion paragraphs so far as appears from our examination, the company maintained proper accounting records for the year ended December 31, 2015 and the financial statements give a true and fair view of the Company's State of affairs as at December 31, 2015, and 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 & scope & limitations of the audit are as stated above.

b) In our opinion,

- We have obtained all the information & explanation 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,comply with the requirement of section 151 of the Companies Act.

CECIL ARSECULERATNE & CO.
CHARTERED ACCOUNTANTS
Colombo
18th May, 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER	NOTE	2015 Rs.	2014 Rs.
Gross Revenue	3	1,688,079,113	1,219,804,738
Value Added Tax		(184,815)	(23,861)
Net Revenue		1,687,894,298	1,219,780,877
Cost of Sales	4	(866,415,748)	(525,602,242)
Gross Profit		821,478,550	694,178,635
Other Operating Income	5	65,927,211	20,576,111
		887,405,761	714,754,746
Distribution Cost		(14,163,023)	(7,105,969)
Administrative Expenses		(163,079,380)	(156,780,929)
Other Operating Expenses		(277,045,734)	(258,805,844)
		(454,288,137)	(422,692,742)
Operating Profit		433,117,624	292,062,004
Finance Income	6	69,636,884	35,547,169
Profit before Income Tax for the year		502,754,508	327,609,174
Income Tax Expenses	7	(45,984,819)	1,882,404
Profit after Income Tax for the year		456,769,689	329,491,578
Net Profit for the year		456,769,689	329,491,578
Basic Earnings Per Share	8	5.71	4.12
Net Profit for the year		456,769,689	329,491,578
Net Actuarial Loss on Retirement Benefit Obligation		(3,873,677)	(18,668,816)
Total Comprehensive Income for the year		452,896,012	310,822,762

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER	NOTE	2015 Rs.	2014 Rs.
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	9	779,562,362	514,148,994
Lease Hold Land	10	22,476,452	22,779,862
Intangible Assets	11	258,250	578,613
Advance	13	554,921,448	552,421,448
TOTAL NON CURRENT ASSETS		1,357,218,512	1,089,928,917
CURRENT ASSETS			
Inventories	15	800,158,127	960,758,388
Short Term Financial Assets	16	208,640,110	360,569,133
Advances and Deposits	17	14,414,611	95,354,664
Prepaid Expenses	18	35,444,787	33,621,382
Income Tax Receivable	24	---------	16,655,430
Other Current Assets	19	330,084,215	239,933,767
Cash & Cash Equivalents	20	18,457,054	31,769,189
TOTAL CURRENT ASSETS		1,407,198,904	1,738,661,953
TOTAL ASSETS		2,764,417,416	2,828,590,870
EQUITY AND LIABILITIES			
EQUITY			
Stated Capital	21	800,000,000	800,000,000
Other Reserves	22	1,017,544,343	1,017,544,343
Retained Earnings /(Loss)	23	458,024,737	163,628,724
Total Equity		2,275,569,080	1,981,173,067
LIABILITIES			
Non-Current Liabilities			
Retirement Benefit Obligations	14	63,551,328	62,582,374
Deferred Taxation	12	32,100,956	14,616,137
Income Tax Payable	24	6,096,184	----------
		101,748,468	77,198,511
CURRENT LIABILITIES			
Trade & Other Creditors	25	306,930,104	662,307,372
Provisions and Accrued Expenses	26	80,169,764	35,114,109
Short Term Loan	27	----------	72,797,811
		387,099,868	770,219,292
TOTAL LIABILITIES		488,848,336	847,417,803
TOTAL EQUITY AND LIABILITIES		2,764,417,416	2,828,590,870

I certify that the financial statements have been prepared in compliance with the requirement of the Companies Act No. 7 of 2007.

Sgd - Mrs. W.K.Thamara - **Chief Financial Officer**

The Competent Authority is responsible for the preparation and presentation of these financial statements. Approved and signed by,

Sgd. Mr. T. Asoka Peiris - **Competent Authority**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December, 2015

Rs.

	STATED CAPITAL	RETAINED EARNINGS	FLOATING CRAFT INSURANCE SINKING FUND RESERVE	REPLACEMENT /UPGRADING PLANT & MACHINERY SINKING FUND RESERVE	HEAD OFFICE BUILDING SINKING FUND RESERVE	TSUNAMI REPAIR SINKING FUND RESERVE	WORKMEN'S COMPENSATION SINKING FUND RESERVE	TOTAL
Balance as at January 01,2014	800,000,000	(133,194,037)	111,000,000	706,346,960	171,149,672	18,801,474	10,246,237	1,684,350,306
Profit for the year	---------	329,491,578	---------	---------	---------	---------	---------	329,491,578
Other Comprehensive Income for the year	---------	(18,668,816)	---------	---------	---------	---------	---------	(18,668,816)
Total Comprehensive Income for the year	---------	310,822,762	---------	---------	---------	---------	---------	310,822,762
Dividend to the Treasury	---------	(14,000,000)	---------	---------	---------	---------	---------	(14,000,000)
Balance as at 31.12.2014	800,000,000	163,628,725	111,000,000	706,346,960	171,149,672	18,801,474	10,246,237	1,981,173,068
Prior year adjustment								
	800,000,000	163,628,725	111,000,000	706,346,960	171,149,672	18,801,474	10,246,237	1,981,173,068
Profit for the year		456,769,689						456,769,689
Other Comprehensive Income for the year	---------	(3,873,677)	---------	---------	---------	---------	---------	(3,873,677)
Total Comprehensive Income for the year	---------	452,896,012	---------	---------	---------	---------	---------	452,896,012
Dividend to the Treasury	---------	(158,500,000)	---------	---------	---------	---------	---------	(158,500,000)
Balance as at December 31, 2015	800,000,000	458,024,737	111,000,000	706,346,960	171,149,672	18,801,474	10,246,237	2,275,569,080

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER	2015 Rs.	2014 Rs.
Profit/ (Loss) before Taxation	**502,754,508**	**327,609,174**
Adjustments:		
Depreciation and Amortization	76,021,455	62,209,097
Interest Income	(69,636,884)	35,547,169
Gratuity	10,517,230	8,985,947
Fair Value of Planned Assets	(234,357)	(231,144)
Actuarial Loss on retirement benefits obligation	----------	------------
Profit on Disposal of Property, Plant & Equipment	(1,977,103)	------------
Operating Profit before working capital changes	**517,444,849**	**434,120,243**
(Increase)/Decrease in Inventories	160,600,261	(28,584,079)
(Increase)/Decrease in Trade & Other Receivables	(13,533,799)	(138,519,368)
Increase/(Decrease) in Trade & Other Payables	(454,821,612)	69,650,053
Increase/(Decrease) in Credit Facility	(72,797,811)	72,797,810
Cash Generated from Operations	**136,891,888**	**409,464,659**
Gratuity Paid	(13,187,595)	(6,798,875)
Income Tax Paid	(5,748,387)	(3,626,841)
Net Cash from Operating Activities	**117,955,906**	**399,038,943**
Cash Flow From Investing Activities		
Deposits placed with Investments	151,929,023	(199,399,257)
Interest Income	69,636,884	(35,547,169)
Capital Work-in Progress	(192,226,654)	(80,545,398)
Acquisition of Property, Plant & Equipment Intangible Assets and Land	(148,648,727)	(9,719,440)
Proceeds from Disposal of Property, Plant & Equip.	2,041,434	10,338
Net Cash flow from Investing Activities	**(117,268,040)**	**(325,200,926)**
Cash Flow From Financing Activities		
Dividend paid	(14,000,000)	(43,000,000)
Net Cash Flow from Financing Activities	(14,000,000)	(43,000,000)
Net Increase/(Decrease)in Cash & Cash Equivalents	**(13,312,134)**	**30,838,017**
Cash & Cash Equivalents at the beginning of the period	31,769,188	931,171
Cash & Cash Equivalent at the end of the period	**18,457,054**	**31,769,188**
Analysis of Cash & Cash Equivalents		
Cash at Banks	18,275,903	31,581,308
Cash in Hand	161,151	167,880
Petty Cash	20,000	20,000
	18,457,054	**31,769,188**

1. CORPORATE INFORMATION

1.1 General

Lanka Mineral Sands Limited is a limited liability company fully owned by the Government of Sri Lanka incorporated and domiciled in Sri Lanka. The registered office of the company is located at No 341/21, Sarana Mawatha, Rajagiriya.

1.2 Nature of Operations and Principal Business Activities

The principal activity of the company is mining, processing and marketing of heavy mineral sands.

The floating craft section at Cod-Bay, Trincomalee was closed down.

1.3 Number of Employees

The number of employees of the company as at the end of the year was 847. (year 2014 was 632)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of Lanka Mineral Sands limited have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRSs) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2A.

2.2 Changes in accounting policies

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

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

Transaction and balances included in the financial statements of the company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Sri Lanka Rupees (LKR), which is the company's presentation currency.

2.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

2.4 Property, plant and equipment

Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as an asset, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:-

Site Development	20 Years	5%
Buildings	20 Years	5%
Plant& Machinery	10 Years	10%
Loose Tools& Equipment	10 Years	10%
Furniture, Fitting& equipment	10 Years	10%
Motor Vehicles	6.5-5 Years	15%-20%

Water Supply	10 Years	10%
Floating craft	10 Years	10%
Slime-pit	4 years	25%
Computer Hardware	4 Years	25%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Revaluation of property, plant equipment for the time being has been ruled out as several attempts made by the company to obtain a valuation from the Government Valuer did not materialize.

2.5 Intangible Assets

Acquired computer software and operating systems are capitalized on the basis of the costs incurred to acquire and bring to use the specific software and systems. Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized over their estimated useful lives, as follows:-

Computer Software	4 Years	25%

Costs associated with maintaining computer software programs are recognized as an expense incurred.

2.6 Impairment of non-financial assets

At each end of reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss(if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company determines the cash-generating unit and estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

2.7 Financial Assets

2.7.1 Classification

The company determines the classification of its financial assets as loans and receivables at initial recognition as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The company's loans and receivables comprise trade and other receivables, repurchase government securities, investment in State Institution Temporary Surplus Fund, prepayments, deposits, loans to employees and cash and cash equivalents at the end of reporting period.

2.7.2 Recognition and Initial Measurement

Financial assets classified as loans and receivables are recognized on the date on which the company originates the transaction. A financial asset is measured initially at fair value plus directly attributable transaction costs.

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

2.7.3 Subsequent Measurement

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment.

2.7.4 Impairment of financial assets

Assets carried at amortized cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables carried at amortized cost, 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial assets is reduced and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

2.8 Inventories

Inventories are stated at lower of cost or net realizable value. Cost is determined on the basis of weighted average cost (WAC).

2.9 Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Collection is expected in the normal operating cycle of the business and they are classified as current assets.

Trade receivables are recognized initially at fair value, which is the invoice amount and subsequently measured at the original invoice amount less provision for impairment as they are expected to be received within short period, such that the time value of money is not significant.

The company assesses at the end of each reporting period whether there is objective evidence that trade receivables is impaired. Objective evidence of impairment for trade receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments. Trade receivables are impaired and impairment losses are incurred, only if there is objective evidence of impairment.

2.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.11 Stated Capital

Stated Capital represents the value of shares that have been issued. Ordinary shares are classified as equity.

2.12 Financial Liabilities

The company classifies financial liabilities into other financial liabilities. The Company's other financial liabilities include trade and other payables. The other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at the original invoice amount as they are expected to be paid within short period, such that the time value of money is not significant.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

2.13 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities as there in the normal operating cycle of the business.

Trade and other payables are recognized initially at fair value, which is the transaction price and subsequently measured at the original invoice amount as they are expected to be paid within short period, such that the time value of money is not significant.

2.14 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting period end applicable for the company and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates that have been enacted at the reporting period end date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority.

2.15 Employee benefits

The company has both defined benefit and defined contribution plans.

2.15.1 Defined Contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expense when they are due.

The company contributes 12% of gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employees to Employee Trust Fund (ETF).

2.15.2 Defined benefit plan

The company obligation in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is measured annually using the projected unit credit method.

The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and the long – term nature, such estimates are subject to significant uncertainty and the obligation is highly sensitive to the changes of these estimates and assumptions. Details of the key assumptions used in the estimates are specified in Note 12 to the Financial Statements.

2.15.3 Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted amount expected to be paid for related services provided by the employees.

2.16 Provisions and Contingent Liabilities

Provisions for operational expenses are recognized when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for sale of goods stated at net of Value Added Taxes (VAT). The company recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

The company applies the revenue recognition criteria set out below to each identifiable major type's revenue generated.

2.17.1 Sale of Goods

Revenue from the sale of goods is recognized at the point that the risks and rewards of the goods have passed to the customer, which is the point of dispatch.

2.17.2 Interest Income

Interest Income is recognized using the effective interest method.

2.17.3 Gain and Losses on Disposal of Property, Plant and Equipment

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income.

2.18 Expenses

All expenditure incurred in the running of the operation has been charged to income in arriving at the profit for the reporting period

2.19 Events Occurring after the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.20 Commitments

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

2A. Significant Accounting Estimates and judgments

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

2A.1 The following are significant judgments in applying the accounting policies that have most significant effect on the financial statements.

2A1.1 Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

2A.2 Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

2A.2.1 Useful life time of depreciable assets

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

2A.2.2 Defined benefit plan

The present value of the defined benefit plan obligations depends on a number of factors that are determined on the basis of projected unit credit method using a number of assumptions. The assumptions are used in determining the net cost and obligation for defined benefit plan including the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit obligation.

FOR THE YEAR ENDED 31ST DECEMBER	2015 Rs.	2014 Rs.

NOTE 03 REVENUE

Rutile	91,792,400	296,626,053
Ilmenite	283,964,199	279,308,542
Zircon	78,393,152	157,739,627
Hi.Ti. Ilmenite	53,901,154	74,802,628
Non Magnetic Tailings	1,157,136,561	---------
Magnetite	----------	40,788
Zircon Crude	----------	411,287,100
Spiral Fine Concentrate	22,891,647	----------
	1,688,079,113	1,219,804,738

NOTE 03A REVENUE

Export Sale	1,444,897,849	1,219,582,032
Local Sale	243,181,264	222,706
	1,688,079,113	1,219,804,738

NOTE 04 COST OF SALES

Rutile	31,842,973	80,719,006
Ilmenite	254,435,525	117,398,360
Zircon	18,880,618	43,241,890
Hi.Ti. Ilmenite	144,202,750	118,027,118
Non Magnetic Tailings	285,263,255	----------
Magnetite	----------	52,963
Zircon Crude	----------	166,162,905
Spiral Fine Concentrate	131,790,627	----------
	866,415,748	525,602,242

NOTE 05 OTHER OPERATING INCOME

Exchange Gain	----------	10,809,563
Demurrage Income	63,950,108	9,766,548
Profit on Sale of Assets	1,977,103	----------
	65,927,211	20,576,111

FOR THE YEAR ENDED 31ST DECEMBER		2015 Rs.	2014 Rs.

NOTE 06 FINANCE INCOME

Interest on Gratuity Fund Investments		260,397	256,827
Interest on General Investments		27,223,468	6,011,587
Interest on Staff Loans and Other Income		6,942,974	15,245,445
Interest on Housing Loan – HDFC		2,371,178	1,750,594
Interest on Foreign Currency Account		249,977	78,826
Interest on S.R.M.C.L. Loan		2,500,000	2,500,000
Forfeited Tender Deposits		30,088,890	9,703,890
		69,636,884	35,547,169

NOTE 7 CURRENT INCOME TAX EXPENSES

Provision for the year	7.1	28,500,000	-------
Adjustments for previous year		--------	-------
Deferred Taxation	7.2	17,484,819	(1,882,404)
		45,984,819	(1,882,404)

NOTE 7.1 RECONCILIATION OF INCOME TAX EXPENSES

Profit before tax		502,754,508	327,609,173
Aggregated Expenses Disallowable for Tax		227,300,745	120,490,554
Aggregated Expenses Allowed for Tax		(203,283,830)	(254,462,044)
Aggregated Income for Other Sources		(39,547,993)	(25,843,279)
Taxable Business Profit/(Loss) for the year		**487,223,430**	**167,794,404**
Other Income Liable for Tax		39,298,017	25,764,453
Total Statutory Income		**526,521,447**	**193,558,857**
Deduction Under Section 32		(118,083,423)	(59,341,234)
Assessable Income		**408,438,024**	**134,217,623**
Qualifying Payments		(171,381,869)	(134,219,688)
Taxable Income		**237,056,155**	**(2,065)**
Current Income Tax Expenses @ 12%		28,446,738	(248)
Round of to the nearest amount		28,500,000	-----
		--------	-----

FOR THE YEAR ENDED 31ST DECEMBER	2015 Rs.	2014 Rs.

NOTE 7.2 DEFERRED TAX EXPENSES

Originating and reversal of temporary difference	17,484,819	(1,882,404)

NOTE 8 BASIC EARNINGS PER SHARE

The calculation of Basic Earnings Per Share is based on the Net Profit attributable to Ordinary Shareholders divided by the Weighted Average Number of Ordinary Shares outstanding during the year.

Net Profit attributable to Ordinary Shareholders	456,769,689	329,491,578
Weighted Average Number of Ordinary Shares	80,000,000	80,000,000
Basic Earnings Per Share (Rs.)	5.71	4.12

NOTE 9 PROPERTY, PLANT & EQUIPMENT

Rs.

Description	As at 01.01.2015	Additions	Disposals/ Adjustments	As at 31.12.2015
COST				
Freehold Land	3,029,245	--------	------	3,029,245
Site Development	41,534,837	--------	------	41,534,837
Buildings	105,906,308	397,300	------	106,303,608
Plants & Machinery	522,820,568	106,793,846	------	629,614,415
Loose Tools & Equipment	43,748,019	1,961,885	728,276	44,981,627
Furniture, Fittings & Equip.	25,376,326	1,986,651	149,092	27,213,885
Motor Vehicles	141,610,782	36,770,889	------	178,381,671
Water Supply Scheme	14,694,456	--------	------	14,694,456
Floating Crafts	10,931,234	--------	------	10,931,234
Computer Hardware	17,468,255	567,122	1,230,728	16,804,649
	927,120,030	148,477,693	2,108,096	1,073,489,627
DEPPRECIATION				
Site Development	6,547,874	2,058,926	------	8,606,800
Building	53,323,970	3,044,505	------	56,368,475
Plants & Machinery	267,184,943	42,949,359	------	310,134,302
Loose Tools & Equipment	25,424,067	3,176,416	669,580	27,930,903
Furniture, Fittings & Equip.	11,226,769	2,137,884	143,473	13,221,180
Motor Vehicles	122,165,395	19,650,540	------	141,815,935
Water Supply Scheme	14,538,854	49,603	------	14,588,457
Floating Crafts	10,005,586	115,105	------	10,120,691
Computer Hardware	13,609,922	2,044,311	1,230,713	14,423,520
	524,027,380	75,226,649	2,043,766	597,210,263
Net Carrying Value	403,092,650	--------	----------	476,279,363
Capital Work-in-Progress	111,056,344	192,226,654	----------	303,282,999
	514,148,994	192,226,654	----------	779,562,362

09.1 During the financial year the company's addition to Property, Plant and Equipment is Rs. 16,256,251/= - (9,215,055 - 2014)

09.2 Details of company land and building are stated below.

Property	Land Extent	Building Extent	Cost
Kokilai Land			2,482,646
Pulmoddai Factory			540,448
			3,023,094

NOTE 10 LEASE HOLD ASSETS

Rs.

Description	As at 01.01.2015	Additions	Disposals/ Adjustments	As at 31.12.2015
COST				
Leasehold Land	24,068,800	153,534	---	24,222,334
AMORTIZATION				
Leasehold land	1,288,938	456,943	---	1,745,882
Net Carrying Value	22,779,862	------	---	22,476,452

10.1 Company acquired land on 5th May 2015 on a 30 years lease from Urban Development Authority is amortized over the period of lease. However, the balance was impaired as of previous reporting date.

NOTE 11 INTANGIBLE ASSETS

Rs.

Description	As at 01.01.2015 Rs.	Additions Rs.	(Disposals)/ Adjustments Rs.	As at 31.12.2015 Rs.
COST				
Computer Software	3,474,719	17,500	---	3,492,219
AMORTIZATION				
Computer Software	2,896,106	337,863	---	3,233,969
Net Carrying Value	578,613	-----	---	258,250

FOR THE YEAR ENDED 31ST DECEMBER

NOTE 12 DEFERRED TAXATION

	2015 Rs.	2014 Rs.
Balance as at 01st January	14,616,137	16,498,541
Charge to Income Statement	17,484,819	(1,882,404)
Assets Recognition during the year	---------	---------
Balance as at 31st December	32,100,956	14,616,137

FOR THE YEAR ENDED 31ST DECEMBER

NOTE 12A DEFERRED TAX LIABILITY

	Carrying Amount	Tax Base	Temporary difference 2015	Temporary Difference 2014
Deferred tax liability on capital allowance on PPE	499,014,066	164,275,557	334,738,508	188,223,230
Deferred tax assets on retirement benefits obligation	(67,657,864)	----------	(67,657,864)	(66,454,553)
			267,080,644	121,768,677

NOTE 12B DEFERRED TAX LIABILITY

	Carrying Amount	Tax Base	Temporary difference 2015	Temporary Difference 2014
Deferred tax liability on capital allowance on PPE	334,738,508	99.88* 12%	40,120,418	22,582,270
	334,738,508	0.12* 28%	112,472	10,541
			40,232,890	22,592,811
Deferred tax assets on retirement benefits obligation	67,657,864	99.88* 12%	8,109,201	7,972,951
	67,757,864	0.12* 28%	22,733	3,721
			8,131,934	7,976,673
Net deferred Tax Liability			32,100,956	14,616,137

FOR THE YEAR ENDED 31ST DECEMBER	2015 Rs.	2014 Rs.

NOTE 13 ADVANCE

	2015	2014
State Resources Management Corporation Ltd.	500,000,000	500,000,000
Loan to State Plantation Corporation	25,000,000	25,000,000
Loan to Janatha Estate Development Board	15,000,000	15,000,000
Loan to National Paper Company Ltd.	5,000,000	5,000,000
Interest Receivable	9,921,448	7,421,448
	554,921,448	552,421,448

FOR THE YEAR ENDED 31[ST] DECEMBER	NOTE	2015 Rs.	2014 Rs.

NOTE 14 INVESTMENT AGAINST RETIREMENT BENEFIT OBLIGATIONS

Balance as at 01 January		66,454,553	45,598,665
Current Service Cost		3,366,720	3,719,301
Interest Cost		7,150,510	5,266,646
		76,971,783	54,584,612
Gratuity paid during the year		(13,187,595)	(6,798,875)
Actuarial (Gain)/Loss		3,873,676	18,668,816
		67,657,864	66,454,553
Fair value of Planned Assets	14 A	(4,106,537)	(3,872,179)
Balance as at 31 December		**63,551,327**	**62,582,374**

NOTE 14 A FAIR VALUE OF PLANNED ASSETS

State Institution Temporary Surplus Fund	4,106,537	3,872,179

NOTE 14 B FAIR VALUE OF PLANNED ASSETS

The principle actuarial assumption used in determining calculating the present value of the defined benefit obligation include.

	2015	2014
Discount Rate	10.76 %	10.00 %
Salary Incremental Rate	------	1.87 %
Retirement Age	60 Years	60 Years
Staff Turnover Rate		
Up to 55	1.00 %	2.00 %
Thereafter	0.00 %	0.00 %

Rates of annual Salary increment were based on Management Circular No. 30(1) issued by the Management Service Department of the General Treasury.

FOR THE YEAR ENDED 31ST DECEMBER	NOTE	2015 Rs.	2014 Rs.

NOTE 15 INVENTORIES

Consumables & spares – Plant		205,816,125	203,198,296
Raw Materials and Intermediary Products		5,245,953	7,519,207
Finished Goods			
– Ilmenite		136,803,434	162,853,095
– Rutile		23,794,882	12,761,387
– Zircon		5,203,489	6,555,211
– Crude Zircon		---------	11,239,707
– High Titanium Ilmenite		13,027,816	118,948,803
– Crude Monazite		7,722,677	7,104,104
– Wet Tabling Middling		228,160,304	80,545,763
– Spiral Fine Concentrate		55,999,529	149,461,452
– Magnetite		3,786,564	971,619
– Non Magnetic Tailing		113,570,689	198,180,125
Sundry Items		1,026,665	1,419,619
		800,158,127	960,758,388

NOTE 16 SHORT TERM FINANCIAL ASSETS

Treasury Bills		205,000,000	359,564,354
Interest Debtors		3,640,110	1,004,779
		208,640.110	360,569,133

NOTE 17 ADVANCES AND DEPOSITS

Advances and Deposits		14,414,611	95,354,664
		14,414,611	95,354,664

NOTE 18 PREPAID EXPENSES

Prepaid Expenses		35,444,787	33,621,383
		35,444,787	33,621,383

NOTE 19 OTHER CURRENT ASSETS

VAT Recoverable		109,489,716	89,461,390
Sundry Debtors		1,000	1,000
Housing Loans – HDFC		81,222,979	72,818,877
Other Debtors		27,025,170	13,795,346
Loans and Advances to Staff		112,570,332	64,082,136
		330,309,197	240,158,749
Less: Impairment	19.1	(224,982)	(224,982)
		330,084,215	239,933,767

FOR THE YEAR ENDED 31ST DECEMBER	2015 Rs.	2014 Rs.

NOTE 19.1 IMPAIRMENT

Movements in the impairments allowance for trade receivable are as follows.

As at 01st of January	224,982	437,482
Recoveries during the year	-------	(212,500)
Recovered during the year	224,982	224,982

NOTE 20 CASH AND CASH EQUIVALENTS

Bank of Ceylon – Foreign Currency – A.C 0073449850	17,221,963	30,318,372
Bank of Ceylon – Corporate Branch– A.C 0000000931	572,561	437,841
Bank of Ceylon – Bazaar Branch, Trincomalee – A.C 00002367534	170,789	311,022
Hatton National Bank, Cinnamon Garden Branch – A.C 076010004078	257,329	281,043
People's Bank, Pulmoddai–A.C 352-1001-5-0000244	53,261	233,030
Cash in hand – Pulmoddai	161,151	167,881
Petty Cash – Head Office	20,000	20,000
	18,457,054	31,769,189

NOTE 21 STATED CAPITAL

Issued and Fully Paid 80,000,000 Ordinary Shares	800,000,000	800,000,000

NOTE 22 OTHER RESERVES

Floating Craft Insurance Sinking Fund Reserve	111,000,000	111,000,000
Replacement/Upgrading of Plant & Machinery Sinking Fund Reserve	706,346,958	706,346,958
Head Office Building Sinking Fund Reserve	171,149,673	171,149,673
Workmen's compensation Sinking Fund Reserve	10,246,238	10,246,238
Tsunami Repair Sinking Fund Reserve	18,801,474	18,801,474
	1,017,544,343	1,017,544,343

FOR THE YEAR ENDED 31ST DECEMBER	2015 Rs.	2014 Rs.

NOTE 23 RETAINED EARNINGS/ (LOSS)

Opening Balance	163,628,725	(133,194,037)
Dividend to the Treasury	(158,500,000)	(14,000,000)
Profit or (Loss) for the year	452,896,012	310,822,761
	458,024,737	163,628,724

NOTE 24 INCOME TAX LIABILITIES

Balance as at 01 January	(16,655,430)	13,028,588
Provision for the Year	28,500,000	---------
Payments made during the year	(3,000,000)	3,626,842
Notional Tax credits	(2,748,386)	---------
Balance as at 31 December	6,096,184	16,655,430

NOTE 25 TRADE AND OTHER CREDITORS

Advance from Buyers	107,569,661	524,673,039
Sundry Creditors	10,054,748	17,159,513
Tender Deposits	2,929,526	85,738,402
Retention Money	17,895,201	13,693,040
Staff Emoluments	8,777,474	5,839,884
W.H.T. payable	163,066	163,066
Gratuity payable	108,728	108,728
Dividend Payable	158,500,000	14,000,000
Trade Creditors	931,700	931,700
	306,930,104	662,307,372

NOTE 26 PROVISIONS AND ACCRUED EXPENSES

Head Office	27,274,867	7,074,464
Pulmoddai	52,894,897	28,039,645
	80,169,764	35,114,109

NOTE 27 SHORT TERM LOAN

Short Term Loan	------	72,644,277
Interest Payable	------	153,534
	------	72,797,811

NOTE 28 RELATED PARTY DISCLOSURES

28.1 Transactions with Key Managerial Persons

According to the Sri Lanka Accounting Standards LKAS 24 "Related Party Disclosures" key Management personnel are those having responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (Including executive and Non-Executive Directors) has been classified as key management personnel.

Transactions with Key Managerial Persons are given below.

	31 December 2015	31 December, 2014
Expenses Incurred to Key Managerial Persons	1,792,384	2,141,250
Loans and advances given to Key Managerial Persons	Nil.	Nil.

28.2 Related Party Transactions

Details of significant related party transactions are as follows:-

Name of the Institution	Relationship	Nature of Transaction	Value	2014
Geological Survey & Mines Bureau	Related Entity	Royalty Paid	118,083,423	59,341,234
Janatha Estate Development Board	Related Entity	Loan Granted	15,000,000	15,000,000
National Paper Co. Ltd.	Related Entity	Loan Granted	5,000,000	5,000,000
Central Bank	Related Entity	Interest Earned	--------	5,851,058
		Withdrawals of Deposits	1,303,300,000	973,305,685

NOTE 29 EVENTS OCCURING AFTER THE REPORTING PERIOD END

There were no events which required adjustments or disclosure in these financial statements, subsequent to the reporting period end.

NOTE 30 COMMITMENTS

An overdraft facility of Rs. 100 million was obtained from Bank of Ceylon pledging stocks of mineral sands as security. This facility was not used as at the Balance Sheet date.

A credit facility of Rs. 550 million/USD 4,200,000 was obtained from Bank of Ceylon for import of machinery and equipment pledging the machinery/equipment imported. The balance of this facility as at 31.12.15 was US$ 562,799.29 which was settled in full on 07th January, 2015 together with interest thereon.

NOTE 31 CONTINGENCIES

There are no contingent liabilities which would required adjustments to or disclosure in the Financial Statements, subsequent to the reporting period end.