







Swisstek (Ceylon) PLC has a rich legacy of 50 years in wooden flooring and interior solutions. With this significant milestone in our corporate history, we recognize our legacy of creating exemplar impressions of quality.

We have over the years, evolved with modern and diversified products, which have enhanced your living spaces with refined elegance. As we step forward to the future we believe that we will continue to create an indelible impression of quality and redefine the way you live.

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50 Years of Excellence

Incorporated in 1967 as a limited liability company, Parquet (Ceylon) now known as Swisstek (Ceylon) will celebrate 50 years on 12 July 2017.

The initial objective of the Company was to add value to Teak off cuts available in the local market, by manufacturing mosaic wooden flooring for the local market. With a technical collaboration with Bauwerk AG of Switzerland, the company ventured out to Exporting mosaic flooring in 1972. With the growth of the Export business, the Company added boarded and strip flooring as well as engineered flooring, unfinished as well as factory pre-finished, to its range of manufacture, in meeting overseas and local demand.

Wooden flooring was exported to countries such as UK, USA, Australia, Germany, Netherlands, Belgium, Spain, Switzerland, Norway, Greece, India, Pakistan, Korea etc and the company was awarded the prestigious Presidential Export award for excellence in the wood sector, on no less than 5 occasions. SWISSPARKETT became a household name for wooden flooring in the local market.

In 1983 the company was listed in the Colombo Stock Exchange and in 2003 became a member of the Lanka Walltile Group of companies. In 2010 the main line of business was changed from wooden flooring to the manufacture and supply of Tile Mortar and Tile Grout under the SWISSTEK brand name. Other products such as Decorative Pebbles, Fibre Cement Roofing & Ceiling sheets, Skim Coat have been added to the SWISSTEK range of products whilst continuing to supply and install wooden flooring in the local market under the SWISSPARKETT brand name.

The company has grown from strength to strength over the years and strict quality controls are carried out to ensure all products are of international quality standards.

Significant increases in both Turnover and Profits have been recorded in the past few years and the management is confident of further rapid growth in the years ahead.

Chairman's Review

Dear Shareholder,

The year 2016/17 at Swisstek (Ceylon) PLC (SCPLC) has been one marked by significant changes. We overcame challenges that emerged from the external environment in a manner that has made us more future-ready than ever before. It tested our resolve and our organisational capability to counter headwinds. Ultimately our resilience made us even more confident that we will always continue to contribute positively to our stakeholders and to Sri Lanka's long-term progress.

At SCPLC, we look beyond challenges at the opportunities they present and apply our abilities with focus and foresight. That is exactly what we did during the year. We optimised raw material consumption through best-in-class technology intervention; improved cost competitiveness; managed cash flows; focused on value-added products to attract new customers and aligned long-term business strategies with diverse stakeholder expectations.

Our Performance

The Group showed a substantial improvement in its performance for this financial year. At SCPLC, our principal objective is to create a more valuable company. We believe that this reality will be achieved by strengthening our entire eco-system. This means that we will need to create a better or pioneering product, we will need to maximise production, we will need to moderate costs and we will need to market at the highest realisations.

SCPLC Group performed with exemplary grit. We recorded a 28% growth in the top line and 33% in the bottom-line owing to enhanced scale and growing markets. Our Group gross profit rose to 32% compared to the 30% last year. Both Companies in the Group namely Swisstek (Ceylon) PLC and Swisstek Aluminium Ltd. performed better than last year and added value to the entire Lanka Ceramic and Royal Ceramic Group.

We have been a consistent value creator for the nation ever since inception, and our experience, expertise and assets represent our growing ambition to emerge as a global industry frontrunner. We are confident that our enhanced capacities and capabilities will continue to create long-term value for all stakeholders. Our products have assisted 'LANKATILES' and 'ROCELL' brands as a complementary product. Our major customer markets have been the upper-middle and middle-class segment of the population on domestic usage.

Fixed Assets

State of the art machinery and human capital is the driving force of any organisation, conscious of the need to invest for continuity of progress and development; SCPLC and SAL made significant investments totalling Rs. 35 Mn and Rs. 243 Mn respectively in upgrading machinery, technology, systems and procedures facilitating long term operational excellence.

Appropriations

An interim dividend of Rs. 1.50 per share for the year ended 31 March 2017 was made to the shareholders of Swisstek (Ceylon) PLC in March 2017.

“To bring about dynamic growth & diversification you have to start from the roots”

Corporate Social Responsibilities

At SCPLC, we are reinforcing the ecosystem for long-term value creation through community engagements to create better social opportunities in our operative geographies. We remain committed to the conservation and protection of our environment and are consistently reducing environmental footprints in our operations. We have made monetary donations, sponsorships, training and offered community support around the factory.

Way Forward

At SCPLC, we stand at the forefront of opportunities and are well poised to overcome all upstream challenges with alacrity, by leveraging our domestic, as well as global raw material sourcing options. Going forward, we will continue to partner in nation building by focusing on developing new markets and expanding our existing markets within the country. We are focusing on increasing mortar production, flooring business and new business roofing sheets. Additionally, we are looking at implementing a new grinding plant process upgrade.

In summary, a key part of my job is to channel the efforts of our employees such that we can seize the opportunities, grow and prosper. As we build customer confidence and gain traction with an increased focus on organic growth, I hope that shareholders will see progress on creating value in the form of prosperity.

Acknowledgements

I am grateful to all our stakeholders for their continued support and co-operation; together we will strive to work in pursuit of greater value and socio-economic development for us, our communities and our nation.

In closing, I would like to thank our dedicated management team and Board members for working tirelessly to ensure Swisstek (Ceylon) PLC sustained success. I look forward to continuing this journey together in 2017/18.



A M Weerasinghe
Chairman

25 May 2017

Managing Director's Review

Primarily, let me start with fundamentals that are enduring in nature: the market size within the Sri Lankan population, the large number of consumers graduating from one economic orbit into another, the growing proportion of young earners, rising incidence of home pride and small quantum of wooden flooring spending as a proportion of home acquisition. We believe that these factors will be long-lasting, providing forward-looking manufacturers with adequate traction to build their businesses.

The Global & Sri Lankan Economy

The global economy suffered another lacklustre year in 2016 due to many reasons such as Brexit, the Chinese economic slowdown and changes in US policy. As a result, global GDP growth slowed down in 2016 and is expected to improve only modestly in 2017. Despite the global setbacks and the proliferation of geopolitical risks in various parts of the world, the Sri Lankan economy achieved a moderate growth during the first nine months of 2016. Credit and deposit growth have moderated, and interest rates have remained high throughout the year, reflecting the macroeconomic environment that prevailed.

Growth slowed in 2016 with a marked fall in agricultural production, but a pickup in construction and investment helped to sustain growth. Inflation was highly variable over the year but moderated in general, as was the current account deficit. The outlook is for a modest recovery in growth as the government implements an economic program of fiscal reform to tackle persistent macroeconomic imbalances and a large public debt.

GDP growth slowed in 2016 to 4.4% compared to 4.8% in 2015, impacted by negative growth in agriculture and declining growth in transportation and real estate segments. Adverse global environments, higher taxes on motor vehicles imports, increase in interest rates and supply disruptions in agricultural output negatively impacted the sectoral growth rates. The credit growth slowed in the latter part of 2016 in response to monetary tightening measures adopted by the Central Bank of Sri Lanka (the CBSL).

Inflation is predicted to remain intact at mid-single digit levels for the fourth consecutive year, while per-capita income reached USD 3,870 all clear signs that Sri Lanka is on track to reach its goal of becoming a middle-income economy by 2020. Inflation, measured by the NCPI (The base year 2013) reflected an upward trend of 4.2% in December 2016. The increase in inflation in the latter part of the year was mainly attributed to the impact of tax adjustments and the supply disruptions due to adverse weather conditions. However, the inflation has been within the CBSL mid-single digit targets of 4%-6%.

“We are building a great company on the basis of a strong operating architecture and a high performing culture that celebrates excellence”

Our Performance

We are leading the change as we are empowered by the passion for design and innovation; we create exceptional values and experiences that enrich the lives and homes for our discerning customers. We faced challenges where we had a shortage of silica sand and economic slowness. SCPLC responded to the external challenges with exemplary fortitude in FY 2016/17. We grew our revenue by 20% compared to 2015/16. We strengthened our relationships with existing customers and forayed into new markets. Investing in new plant infrastructure to increase mortar capacity will allow us to cater to the increasing demand for our products.

Performance of the Subsidiary Company

The subsidiary company Swisstek Aluminium Limited performed very commendably this year too. Its turnover grew by 29% to Rs 2.8 Bn and profit after tax grew 30% to 325 Million. Swisstek Aluminium Limited and its brand “Swisstek Aluminium” with its enhanced capacity and strong brand development is expected to perform better in the current financial year.

Financial Performance

Our strong operational performance despite adverse circumstances was our greatest achievement in the fiscal. Our Cash flows were positive and our financial statements show strength and stability to grow further next year. Our Top line revenue reached Rs 608 Mn, up by 20% from the Rs 505 Mn registered in 2015/16. The Net Profit rose to 24% against 14% compared to last year. The increase in the net profit to Rs 143 Mn helped to record an improved Return on Assets (ROA) of 10% and Return on Equity (ROE) of 27%.

Operational Excellence

SCPLC has always been the most cost efficient producers of its products, owing to our technical excellence, continuous process

Managing Director's Review

improvements and optimum raw material mix. This year we developed our distribution channels adding support to increase reach to a larger market audience. We stand at the forefront of manufacturing and technology leadership with the capacity increase, diversification, and process upgrade. We will continue to enhance our cost efficiencies through process reengineering. We have put in place dedicated raw material sourcing teams to ensure steady supply arrangements. With the introduction of our new products Skim Coat and Timber flooring, we are making inroads into new market segments.

Our subsidiary Company also continues to excel in its operation in the current year with enhancement of capacity by 75%, new product development, process improvement and brand development. We expect it to significantly contribute to group top line and bottom line.

Human Resources

HR plays an instrumental role in securing the future success of SCPLC. In doing so, the function is guided by its long-term vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organisational performance. SCPLC is developing workforce management solutions to optimise the balance between supply and demand for capabilities, and to manage the cost and employee base more efficiently and effectively in the long term. One of the key aspects is enabling employees to develop the skills necessary to take up new roles within the organisation, with SCPLC supporting internal, cross-divisional career mobility by identifying redeployment opportunities and offering training and development.

Share Performance

With no change to the total number of issued shares, the company's shares continued to trade well during the year. Underpinned by the pick-up in trading activity seen in the Colombo Stock Exchange in the second half of the year, your company's shares traded strongly ending the year trading at Rs. 65.60 per share as at 31 March 2017. The highest traded price for the year was Rs. 76.00 with the lowest recorded price per share being Rs. 55.00.

Way Ahead

Our success will increasingly depend on our agile response to market opportunities to grow sustainably. As we enter a new fiscal, we are optimistic and will focus on sustaining the renewed momentum and press home our operating advantages. We also plan to selectively divest non-core assets to enhance shareholder value. Focusing on more diversification with the support of our sister company Lanka Tiles has allowed us to penetrate new customer segments. Therefore, despite short-term challenges and macro headwinds, we will continue to contribute to nation-building, and align ourselves to India's long-term socio-economic priorities.

Acknowledgements

I would like to take this opportunity to express its appreciation to everyone in both the management and operational level who have dedicated and contributed positively to the success of the Company. We would also like to thank all suppliers and customers for the continued loyalty to the products and services. We also recognise the important roles of the financial institutions and others that enable us to make important attainments throughout the concluded financial year. I am grateful to all our shareholders for their encouragement and support in making us a resilient and future-ready enterprise.



J A P M Jayasekera
Managing Director

25 May 2017

Directors' Profiles

Mr. A M Weerasinghe

Chairman

Founder of Royal Ceramics Lanka PLC in 1990. A Gem Merchant by profession. Mr. Weerasinghe has been in the business field for more than 35 years, involved in Real Estate, Construction, Transportation, Hospital Industry and a Landed Proprietor. In addition to the above, he is also the Chairman of Singhe Hospitals Ltd. and Weerasinghe Property Development (Pvt) Ltd.

Mr. J A P M Jayasekera

Managing Director

Mr. Mahendra Jayasekera is the Managing Director of Lanka Walltiles PLC, Lanka Tiles PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium Limited and a Director of Lanka Ceramics PLC. He is also a Director of HNB Assurance PLC, Uni Dil Packaging Limited and Uni Dil Packaging Solutions Limited and the Chairman of Centre for Technical Excellence in Ceramics (CENTEC).

Mr. Jayasekera holds a BSc Special (Hons) degree in Business Administration from the University of Sri Jayawardenapura and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

Mr. K Y Choi

Director

Mr. Kwang Yong Choi is the Managing Director of Heung In Enterprise Co. Ltd in Korea. Heung In Enterprise Co Ltd has been actively involved in the Aluminum Extrusion and construction fields over the last 26 years. He is also a Director of Swisstek Aluminium Limited.

Mr. J K A Sirinatha

Director

Mr. Aravinda Sirinatha holds a Master's Degree in Business Administration, a Bachelor's Degree in Management and has also completed the Intermediate level exams held by the Institute of Chartered Accountants of Sri Lanka. He holds 25 years' experience in the fields of finance, Manufacturing, Supply Chain Management and Sales and Marketing. He is a Director of Everpaint and Chemical Industries (Pvt) Ltd. He currently serves as the Head of Sales and Administration of Royal Ceramics Lanka PLC and on the board of LB Managements Services (Private) Ltd. Delmege Freight Services (Private) Ltd and Delmege Air Services Ltd.

Mr. Tilak de Zoysa

Director

A well-known figure in the Sri Lankan business community, Tilak de Zoysa, FCMI (UK) FPRI (SL), Honorary Consul for Croatia and Global Ambassador for HelpAge International was conferred the title of "Deshabandu" by His Excellency the President of Sri Lanka in recognition of his services to the country and was the recipient of "The Order of the Rising Sun. Gold Rays with Neck Ribbon" conferred by His Majesty the Emperor of Japan.

In addition to being the Chairman of the Supervisory Board and Advisor to the Al-Futtaim Group of Companies in Sri Lanka, he Chairs Carsons Cumberbatch PLC, Associated CEAT (Pvt) Ltd., Amaya Hotels and Resorts USA (Radisson), AMW Capital Leasing and Finance PLC, Jetwing Zinc Journey Lanka (Pvt) Ltd and HelpAge Sri Lanka, Trinity Steel (Pvt) Ltd., CG Corp Global Sri Lanka.

He is also the Vice Chairman of Ceat Kelani Holdings (Pvt) Ltd., Orient Insurance Ltd. and serves on the boards of several listed and private companies which include John Keells PLC, Taj Lanka Hotels PLC, TAL Hotels and Resorts Ltd, Lanka Walltiles PLC, Nawaloka Hospitals PLC, Dutch Lanka Trailer Manufacturers (Tata Group), Associated Electrical Corporation Ltd., Inoac Polymer Lanka (Pvt) Ltd., Cinnovation INC., GVR Lanka (Pvt) Ltd and Varun Beverages Lanka (Pvt) Ltd (Pepsi).

Mr. Tilak de Zoysa is a past Chairman of the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka, HelpAge International (UK) and served as Member of the Monetary Board of Sri Lanka (2003-2009).

Dr. Sivakumar Selliah (MB BS, M.Phil)

Director

Dr. Selliah holds an MBBS degree and a Master's Degree (M.Phil). He has over two decades of diverse experience in various fields which include areas of manufacturing, healthcare, plantations, packaging, logistics and retail.

He currently holds the position of Deputy Chairman of Asiri Hospitals Holdings PLC, Deputy Chairman of Asiri Surgical Hospital PLC and Central Hospitals Pvt Ltd. He is a Director of Lanka Tiles PLC, Softlogic Holdings PLC, ODEL PLC, Lanka Walltiles PLC, HNB Assurance PLC, ACL Cables PLC, Horana Plantation PLC, Lanka Ceramic PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium Limited. Dr. Selliah is the Chairman of JAT Holdings Pvt Ltd, Cleanco Lanka Pvt Ltd. Dr. Selliah serves on the Audit Committee, Investment committee, Risk committee, Strategic planning committee, Related Party Transaction committee and Remuneration Committee of some of the companies listed above.

Management Discussion and Analysis

About Us

Swisstek (Ceylon) PLC formerly known as Parquet (Ceylon) PLC was established in 1967 and is a member of Lanka Walltiles Group of Companies since 2003. It is a rapidly growing company with its factory in Belummahara, Gampaha and employed approximately 100 people. The Company's main line of business shifted from manufacture and sale of wooden flooring under the "SWISSPARKETT" brand name to the manufacture and sale of Tile Grout and Tile Mortar. The Company also manufactures Decorative Pebbles and continues to import and supply wooden flooring for the local market. All products are manufactured to the highest quality standards and are distributed under new brand name "SWISSTEK". The Company has been awarded the prestigious Presidential Export Award for excellence in the export of wooden flooring on 5 occasions and we are an ISO 9001 certified company.

Swisstek Aluminum Ltd a subsidiary of SCPLC which is in the business of manufacturing Aluminium extrusions and pre-fabricated windows. Aluminium extrusions come in a range of finishes which include Mill finished, Anodised and Powder Coated finishes. The demand for Aluminium remains strongly linked to the prospects of the domestic construction and housing market. As a result of the construction boom experienced in the country in the recent past, an upsurge in the demand for Aluminium is evident. This, in turn, has had a positive impact on our market segment with sales volumes booming. Moreover, the country's recent growth spurt has also bolstered the tourism industry, where robust tourist arrivals continue to drive more and more refurbishments and expansions in the hotel industry, signalling an encouraging prospect for the Company in the coming years.

We identify the environmental, social, and governance aspects which have the greatest impact on our business and the greatest level of concern to stakeholders along our value chain. These direct or indirect aspects may represent opportunities and risks and influence our ability to create, preserve or erode economic, environmental and social value for our stakeholders and us. Assessing these aspects enables us to prioritise and focus on the most material issues and effectively address these in our policies and programs as well as measure and understand their implications in financial and non-financial terms.

Financial Review

In a challenging environment, the revenue expanded by 20% to Rs. 608 Mn, whilst the Net profit after tax expanded by 99% to Rs. 143 Mn. The Improved revenue was mainly supported by increased demand and continues improvements in tailor made value added product categories. Swisstek (Ceylon) PLC group was to post a very healthy performance for the year ended 31 March 2017. Group turnover stood at Rs. 3.4 Bn, a YoY increase of 28%, compared to Rs. 2.7 Bn in 2016, whilst the post-tax profits also grew by 33% from in the previous year to Rs. 429 Mn for the current year.

Operational Review

We were able to increase our flooring product range and diversify our product portfolio. By working closely with the government bodies like ITI, EDB, CEA & SL Ceramics Council has given our organisation more credibility. All our stakeholder's Customers, Government, Investors, Employees, financial institutions are managed and represented. Technological and Infrastructure developments include new plant, increase in warehouse capacity and new product supply chain.

Marketing Review

At SCPLC, we are happy to communicate that we are a competitive and quality-driven manufacturer. Over the years, we strengthened our brand through the periodic introduction of our products of different sizes, textures and finishes. We introduced our new product range that is roofing sheets which have shown good responsiveness from the marketplace. We are a leading supplier of wooden flooring, Tile Grout and Tile Mortar in the local market and all our products manufactured to international quality standards cannot be compared with low-cost substitutes available in the market. The company's primary Brand under which the products Grout, Mortar, Tile Cleaner, Skim Coat and Decorative Pebbles is SWISSTEK, whilst the timber flooring is marketed under the SWISSPARKETT Brand, communications and special promotions done during the year were through Social Media, Dealer Convention, Tiler Club Meeting & Press Advertising.

Our Customers

At SCPLC we support our customers both before and after they buy our products that helps them have an easy and enjoyable experience with us. It's more than just providing answers; it's an important part of the promise our home brands impart to our customers. And it's critical to the success of our business. Focusing on the customer experience is the latest trend, it's also smart business. It turns out that making every touch point great doesn't just make customers loyal; it can also increase our profits.

Our Suppliers

Our Supply Chain integrates our trading partners key business processes from initial raw material extraction to the final or end customer, including all intermediate processing, transportation and storage activities ensuring a quality finished product to our customers. In order to cater to the market requirements, we have a sound supply chain as a result, we have empowered our purchasing division to take decisions when needed and we have also adopted more flexible financial procedures for local purchasing activities. Regular meeting with our suppliers to discuss on business improvements have ensured that we get the best out of our suppliers. Furthermore, our integrated supply chain enables to reduce inventory and costs, adds product value, extends resources, accelerates time to market and retains customers. Therefore, in today's dynamic and complex business environment,

inter-firm business relationships are regarded as having huge implications for the firm's business and competitiveness.

Future Outlook

SCPLC is looking forward aggressive growth in the future that is not only externally focused in terms of expansion of customer and asset base, but also enriching the company internally.

The Company is mining its wealth of resources and knowledge base in a way that expands internal efficiencies and creates streamlined systems and processes. SCPLC possesses one of the most cutting-edge teams in the industry and is ensuring that it continues to offer bright career advancement opportunities and a workplace that challenges them daily in order to keep them engaged. One of its key pillars for growth will be to grow its market share over the next few years by leveraging on its diversified portfolio. SCPLC has strongly differentiated its offerings through its superlative customer service and it continues to fine-tune and develop its customer care services to cater to evolving trends strongly backed by advanced technology platforms, which are driving profits for SCPLC. In response to the macroeconomic volatilities and trends, the company is planning to continue diversification of its product mix and strives to bring innovations by offering new services and capitalising on emerging market trends.

Sustainability Report

Our efforts are continuously evolving, informed by proactive, broad and deep stakeholder engagement. This year's report builds on productive discussions and suggestions from investors, customers, and advocates.

Swisstek (Ceylon) PLC continues to have a clear ambition to provide exceptional customer experience, engagement, trust and advocacy in our chosen business area. Delivery of this ambition will not be straightforward and depends in large part on our ability to demonstrate beyond question that we are becoming a responsible company doing business in a sustainable way. And we have been dealt a great hand when it comes to our dedicated and high-spirited employees. That is why we work diligently to create an environment they are proud to be a part of. We understand that our business success is contingent upon their job satisfaction and that is why we continue to invest in our people by offering training and continuing education opportunities to encourage employee excellence and achievement.

It is great when things come together. Around here, our due diligence to Operational Excellence has paid off through principles and practices that ensure SCPLC is operated in an efficient, secure and ethical manner. We carefully consider the impact of our business activities. We hold this responsibility well beyond mere obligation, as we strive to enrich the quality of life for our customers, employees, suppliers and stakeholders, as well as for our community, the environment and society at large.

This report highlights the Swisstek (Ceylon) PLC's (SCPLC) efforts to cultivate corporate sustainability as a key driver of corporate growth and corporate citizenship for the financial year 2016/17. The Board and the Management of SCPLC are fully aware and take full responsibility for corporate sustainability. Reports of the Chairman, Managing Director and the Management Discussion also refer to corporate sustainability and this report is synonymous to those reports. The corporate sustainability reporting principles for SCPLC is derived from the code of best practice on corporate governance 2013 issued by Institute of Chartered Accountants of Sri Lanka (ICASL) and Securities Exchange Commission (SEC). The details are given below;

Our Stakeholders

Proactive stakeholder engagement forms our sustainability journey. Stakeholder relationships reflect the company's historical and current business practices and emerging forms of engagement. Our stakeholders include:

- Shareholders, Investors, Customers, both individual and institutional
- Suppliers, vendors, contractors and business partners
- Employees

- Community leaders and neighbours
- Local government officials and entities

We are committed to sustaining a level of performance that distinguishes us from our competitors. We are confident that the strengths we have acquired with experience will enable us to succeed in the long term as our objective is to achieve sustainable operating and financial performance with integrity to deliver long-term value for our stakeholders.

Economic & Financial Sustainability

For SCPLC, business isn't just about making money now; it's about financial sustainability, about operating our business in such a way that it can always prosper. So we use a value-driven decision-making process, investing in the people, assets and technologies that will drive incremental increases in sales and sales growth, market profit contribution, operating profit and free cash flow. And we've put in place a set of checks and balances, everything from supply chain management policies and programs to financial and accounting standards. External audits, risk mitigation, quality control, strategic alliances with suppliers, redundant manufacturing capabilities, business continuation plans these are some of the tools and safeguards we use to ensure financial sustainability. Most important, we make sure our customers benefit financially from our products, services and support. There's no better way to ensure the economic sustainability of our own operation.

- Compliance with all statutes, engaged with the government and ensure good corporate citizenship is established.
- Commitment towards augmenting the bottom line through operational proficiency and long-term value creation.
- Manufacturing versatile products that engage in customer needs and wants and which is supported by brand communication and marketing presence.
- Creating new employment and business opportunities in the economy.
- Conveying new knowledge and training skills to the country's economy.

Environmental Sustainability

SCPLC makes responsible decisions that will reduce your business' negative impact on the environment. We strive to minimise the environmental impact of our operations and supply chain, which increases the energy and resource efficiency of our processes. We seek to enhance habitats, biodiversity and local environments across all of our developments. This year we worked to minimise the environmental

impact of our operations by using resources efficiently and reducing waste in our manufacturing processes.

- Creating an Eco-friendly environment - SCPLC intent is focused on not creating harm to the environment, and to prevent as much harm from occurring in the environment through their interactions with it. It goes beyond an idea and extends to actual practices that influence how communities, businesses and individuals conduct themselves in preserving and protecting the natural environment, preventing air, water and land pollution in the process of conserving energy.
- Waste Management - A solid waste disposal system is also in force where we carry out composting and recycling through external agencies in a way that there will not be any adverse social or environmental impact.
- Promoting the use of resources efficiently through sustainable operations whilst improving energy efficiency at all levels of the business model and exploring attractive energy option.
- Improving environmental compliance through the integration of day to day operations.

Corporate Social Responsibility

The company will strengthen its contribution as a responsible corporate citizen. CSR strategy will be executed on its core pillars of Environment, Education and Community.

The company will work on community involvement shown below to ensure its sustainable relationship with society. This community engagement can be used to create internal strengths/resources as a result of capitalising on external relationships which we identify as external resource availability. Initially, internal strength can be used to use external availability to create external opportunity and, in turn, such opportunity will again create internal strength.

- Responsible participation in public sector initiatives and industry activities.
- Community investment in the local area around the factory premises.
- Ensuring that the products provide fair competition while engaging and developing the community at large.

Employee Sustainability

One of our key strengths is our people. Despite the current economic environment, it is important to continue to develop their expertise. Accordingly, we have continued to invest in our vocational and leadership training programs as well as employee development, engagement and recognition. We recognise the important role our employees play in developing good business practices and building lasting customer relationships. We deeply value our people and strive to create an innovative, supportive and engaging workplace to show our appreciation for their many contributions.

Staff development objectives:

- Create and promote career and employment opportunities.
- Continue to advance workforce planning and talent management programs, quality recruitment and retention initiatives, leadership development and succession planning and continuous learning.
- Ensure our employees are empowered and celebrated for their achievements.
- Ensure our employees continue to be aware and informed.
- Directing employees to training programs.
- Job rotation, new assignments, short term target settings and setting up of cross-functional teams inclusive of Engineering, Marketing and Finance Divisions for special projects as well as interdepartmental collaboration and coordination in decision making has resulted in well-rounded employees.
- Compliance with all statutory regulating requirements such as employee tax, EPF and ETF.

Well designed job descriptions, clearly defined reporting channels and performance-based incentive schemes with good physical working conditions have helped in improving the work environment. At SCPLC we have always maintained an open door policy and employee suggestions and concerns are addressed in a timely manner. This has resulted in employee confidence, has created a pleasant work environment and has contributed to the dynamism of SCPLC as a Company. As an employer, we ensure that the remuneration is commensurated with qualifications and experience of staff and we also see to it that salary revisions are carried out on a regular basis.

Product Responsibility

Product Responsibility Performance Indicators address the aspects of a reporting organisation's products and services that directly affect customers, namely, health and safety, information and

Sustainability Report

labelling, marketing, and privacy. To achieve this goal, we depend on environmentally compatible product development and innovative concepts.

Our measures for environmentally compatible and energy efficient product design take into account the entire product lifecycle spanning development production and product use, as well as disposal and recycling.

- Ensure products comply with relevant product standards while ensuring clear communication in necessary instructions via proper labelling.
- Ensuring a versatile, ergonomic product offering.
- A transparent communication channel with the end user, in solving queries.
- Sustainable business practices targeted at improving product performances.

Corporate Governance Report

The Directors are responsible in promoting the rights and interests of the shareholders and are accountable for the overall Management of the Company.

The Board of Directors of Swisstek (Ceylon) PLC is committed to uphold the highest standards of integrity and transparency in its governance of the Company. It is guided by the code of best practices of the Institute of Chartered Accountants of Sri Lanka, the requirements of the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange.

Corporate Governance Principles (as per code of best practices 2013)		Swisstek (Ceylon) Adherence
A	Directors	
A 1	The Board	
	Frequency of Board Meeting	The Board met five times in the year under review.
	Responsibility of the Board	<p>The Board is responsible for:</p> <p>The formulation and implementation of a sound business strategy.</p> <p>Monitoring compliance of governance laws and regulations.</p> <p>Overseeing systems of internal control and risk management.</p> <p>Approving Annual Budgets and Strategic Plans.</p> <p>Appointing and reviewing the performance of the Managing Director.</p> <p>Ensuring the effective remuneration, reward and recognition policies are in place to assist employees in giving their best.</p> <p>Submitting themselves for re-election at regular intervals as requested by the Articles of Association.</p>
	Compliance with applicable law	The Board ensured in the year under review that the Company adhered to all applicable laws, rules and regulations in instances where professional opinions were required the Board got independent professional advice.
	Company Secretary	The services and advice of the Company Secretaries M/s PW Corporate Secretarial (Pvt) Ltd., are made available to the Directors when necessary. The Company Secretary keeps the Board informed of new laws, regulations and requirements coming into effect which are relevant individually as Directors' and collectively to the Board.
	Independent Judgement	The Board Members are required to divulge all functions with the Company, refrain from matters of self-interest and bring independent judgement to the decision making process.

Corporate Governance Report

Corporate Governance Principles (as per code of best practices 2013)		Swisstek (Ceylon) Adherence	
Dedication of adequate time and effort		Board Directors attend all Board Meetings in person and should be prepared to engage in the decision making matters which could entail adequate amount of time and effort spent.	
Appropriate training for Directors		All Directors have considerable experience in managing companies. Relevant opportunities are made available internationally to all Directors to further their knowledge and expertise.	
A2	Chairman and CEO		
Divisions and responsibility between the Chairman and the CEO		There is a clear division of responsibility at the head of the Company. This is between running of the Board (Chairman) and the Executive responsibility of overseeing the Company's business (Managing Director). No single individual has liberal powers with regard to the decision making.	
A3	Role of the Chairman		
Prepare good Corporate Governance and facilitate effective discharge of Board functions.		The Chairman is responsible for the efficient conduct of the Board Meetings. The Chairman maintains close contact with all Directors' and holds informal meetings with Non-Executive Directors whenever necessary.	
A4	Financial Acumen		
Availability of sufficient Financial acumen and knowledge.		The Board has a senior Chartered Accountant who serves as the Managing Director of the Company and he possesses the necessary knowledge and competence to offer guidance on financial matters.	
A5	Board Balance		
The Board should have an adequate number of Directors with a balance of Executive and Non-Executive Directors of sufficient caliber along with Independent Directors.		The Board comprises six (6) members, five (5) of who including the Chairman are non-Executive Directors. The Board has determined that three of the non-Executive Directors are Independent as per the Listings Rules of the Colombo Stock Exchange.	
Each Non-Executive Director should submit a signed and dated declaration annually of his independence or non-independence against specified criteria set out.		<p>The Directors' status is as follows:-</p> <p>Mr. A M Weerasinghe (Chairman) Appointed w.e.f.15/03/2017</p> <p>Mr. J A P M Jayasekera (Managing Director)</p> <p>Mr. K Y Choi (Non-Executive Director- Independent)</p> <p>Mr. J K A Sirinatha (Non-Executive Director)</p> <p>Mr. Tilak de Zoysa (Non-Executive Director - Independent)</p> <p>Dr. S Selliah - Appointed w.e.f 28/03/2017 - (Non-Executive Director - Independent)</p> <p>Ms. K C Silva - (Director) Resigned w.e.f (27/04/2017)</p> <p>Mr. S A D M Ratnayake - Resigned w.e.f (27/04/2017) (Non-Executive Director)</p>	

Corporate Governance Principles (as per code of best practices 2013)		Swisstek (Ceylon) Adherence	
The Board should make a determination annually as to the independence or non-independence of each Non-Executive Director based on such a declaration made of decided criteria and other information available to the board. The Annual Report should set out the names of Directors determined to be "Independent".		<p>Mr. A M Weerasinghe (Chairman)</p> <p>Mr. J A P M Jayasekera (Managing Director)</p> <p>Mr. K Y Choi (Non-Executive Director- Independent)</p> <p>Mr. J K A Sirinatha (Non-Executive Director)</p> <p>Mr. Tilak de Zoysa (Non-Executive Director - Independent)</p> <p>Dr. S Selliah - Appointed w.e.f 28/03/2017 - (Non-Executive Director - Independent)</p>	
The Chairman should hold meetings with the Non-Executive Directors without the presence of the Executive Directors as and when necessary. They should meet at least once per year.		The Chairman communicates with the non-Executive Directors regularly without the Executive Directors being present.	
Directors' concerns on matters of the Company which cannot be resolved unanimously are recorded in the board minutes.		The Board ensures that all concerns are minuted appropriately.	
A6	Supply of Information		
The relevant information and agenda to be circulated in a timely manner to the Board.		The Board Papers are circulated a week prior to the Board Meeting with an adequate briefing on relevant information.	
A7	Appointment to the Board		
Procedure for the appointment and disclosure of the new Directors/Assessment of Board composition.		The appointment to the Board is undertaken by the Board itself, taking into consideration the Board composition required and the strategic input required. All board appointments are informed to the CSE as per the existing regulations.	
A8	Re-election		
The election of Directors at regular intervals.		As per Articles of Association one-third Director is offered for re-election each year by the shareholders. The Managing Director does not retire by rotation.	
A9	Appraisal of Board Performance		
The Board should periodically appraise their own performance in order to ensure that responsibilities are discharged in a satisfactory manner.		The Board regularly evaluates its performance based on achievements of results, implementation of strategy, risk management, internal controls, compliance with laws and stakeholder requirements.	
A10	Disclosure of Information with respect to Directors		
Shareholders at all times should be aware relevant details with respect to Directors.		All Directors have declared their details in the section "Directors' Profile".	
A11	Appraisal of Chief Executive Officer		
The Board should be required to assess the performance.		The CEO is evaluated each year as per the yearly targets that have been agreed with the Annual Budget.	

Corporate Governance Report

Corporate Governance Principles (as per code of best practices 2013)		Swisstek (Ceylon) Adherence
B	Directors' Remuneration	
B1	Remuneration Procedure	
	Formal and transparent procedures for developing policies on remuneration.	The Board has implemented a formal and transparent procedure for developing policies on remuneration by setting up a remuneration committee. Its purpose is to assist the Board of Directors in matters relating to the Executive Officers and such other employees as determined by the Committee.
	Remuneration of Non-Executive Director	The remuneration of a non-Executive Director is renewed by the market requirement annually as per the Articles of Association of the Company.
	Composition and disclosures of the members of the Remuneration Committee.	The Remuneration Committee Report on Page 28 addresses all related matters.
B2	The level and make up of Remuneration	
	Levels of Remuneration	Remuneration levels have been designed to attract and motivate Directors and Senior Management required to run the Company successfully while remaining within the Industry's remuneration standards.
B3	Disclosure of Remuneration	
	Disclosure of Remuneration in Annual Report	The aggregate remuneration paid to both Executive and non-Executive Directors are disclosed on page 75 of this report.
C	Relations with Shareholders	
C1	Constructive use of the Annual General Meeting	
	Boards should use the Annual General Meeting to communicate with the shareholders and encourage their participation.	The active participation of shareholders at the AGM is encouraged. The Board believes the AGM is a meeting of continuing effective dialogue with Shareholders.
C2	Major Transactions	
	Disclosure of major corporate transactions that will materially affect the net asset base.	There have been no transactions during the year under review which fall within the definition.
D	Accountability and Audit	
D1	Financial Reporting	
	The Board should present a balance and understandable assessment of the Company's financial position, performance and prospects.	The Annual Report of the Company provides a balanced and understandable assessment of the Company in addition to the accounts the management and financial reviews Directors report and responsibility structure.
	The Directors report which forms part of the Annual Report should contain declaration by the Directors with regard to compliance to law, material interest in contracts, equitable treatment of shareholders and effective risk management process.	Annual Report of the Board of Directors pages 22 to 25 And Risk Management Report on pages 19 to 21 addresses these issues adequately.

**Corporate Governance Principles
(as per code of best practices 2013)**

Swisstek (Ceylon) Adherence

The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements together with a Statement from the Auditors about their reporting responsibilities.

Refer Statement of Directors' Responsibilities on page 26.

D2 Internal Control

The Board should maintain a sound system of internal control to safeguard shareholders investments and the Company's assets.

The Board has taken necessary steps to ensure the integrity of the Groups Accounting Financial Reporting and Internal Control Systems. These systems are reviewed and monitored periodically.

D3 Audit Committee

The Board should establish formal transparent arrangements in the manner in which they select and apply accounting policies, financial reporting, internal control principles and maintaining of appropriate relationships with the Company's Auditors.

The Audit Committee Report on page 29 of the Annual report addresses this section in full.

D4 Code of Business Conduct and Ethics

Companies must adopt a Code of Business Conduct and Ethics for Directors and Members of the Senior Management Team and promptly disclose any waivers of the code for Directors or others.

The code of best practices issued by the Institute of Chartered Accountants of Sri Lanka and other Securities and Exchange Commission is adopted by the Director who then ensure that the Company and its employees behave ethically.

D5 Corporate Governance Disclosures

Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.

Adhered to as per the Corporate Governance Report pages 13 to 18.

E Shareholders

E1 Shareholder Voting

Institutional shareholders should be encouraged to ensure their voting intentions are translated into practice.

All Institutional Shareholders are encouraged to participate and their views are communicated to all concerned.

E2 Evaluation of Governance Disclosures

Institutional Investors should be encouraged to give due weight to all relevant factors drawn to their attention.

The report contains sufficient information to make an informed decision.

Corporate Governance Report

Corporate Governance Principles (as per code of best practices 2013)		Swisstek (Ceylon) Adherence
F	Other Investors	
F1	Investing/Divesting Decision	
	Individual shareholders should be encouraged to carry out adequate analysis in investing or divesting decisions.	The Annual Reports contains sufficient information to make an informed decision.
F2	Shareholder Voting	
	Individual Shareholders should be encouraged to participate at the Annual General Meeting/Extra Ordinary General Meeting and cast their vote.	All shareholders are encouraged to participate at the Annual General Meeting/Extra Ordinary General Meeting and cast their votes.

Risk Management

Risk Management is a critical requirement for any Company operating in a competitive market and a changing Economy such as Sri Lanka. Swisstek (Ceylon) PLC henceforth has taken a strategic initiative to identify the areas relevant to the organization and respond to potential risks the Company may be exposed to. The Risk Management process will enable the administration to evaluate the strategies existing within the organization to mitigate the risk factors identified, gain comfort over the continuation of the business and ensure the required returns to

shareholders. The process additionally assists the group in managing sustainability of growth and profitability. The objective is to improve performance and decision making through identification, evaluation and management of key risks. The process is supervised by the Company's Executive Committee and Board of Directors and reviewed by the Audit Committee. A review of the risks of Swisstek (Ceylon) PLC and the action taken to mitigate these risks are described below.

Risk Management Process	Action taken to mitigate Risks taken by the Company
Risk Identification	The Board of Directors have applied standard procedures to ensure timely identification of risks, financial and operational risks relating to the business and deviations from required best practices. The set procedures are continuously reviewed and modified in order to improve the accuracy of the process.
Risk Assessment and Evaluation	Risks are measured on an appropriate basis giving due significance to probability an impact. Risk Tolerance levels are set to identify materiality of the effect from each risk on the company, Any significant risk tolerances are discussed at the Board Meetings and attended to immediately.
Risk Responses and Mitigation Action Plans	Based on the significance of the risk to the sector in which the Company operates, appropriate risks responses and collaborative risk mitigating actions are taken to manage the risks. Action plans are formulated for accepting and managing risks. Transferring risks to a third party, elimination of risks by adopting an exit strategy, building controls into a process to reduce risks, sharing the risks with another party and insuring against risks and for feasibility of achieving the planned mitigation monthly through board meeting. A competent Management Team is also in place to support the board and to translate the above plan into daily basis management.
Risk Communication Mechanism	The risks faced by Swisstek (Ceylon) PLC and its subsidiary are communicated to the employees of the respective entities and to the relevant Audit Committee and Board of Directors to increase awareness of risks in each Company and for action and direction. The above are documented and reported by the Board on requirement and adequacy.
Risk Monitoring Process	The Board of Directors of the Company is responsible for overseeing the implementation and effectiveness of risk management in the Company. They ensure that the risk management system as a whole is operational and that the standards and process remain current.

Risk Management

Swisstek (Ceylon) PLC as the holding Company primarily faces internal and external risks that are described in the following schemes.

Business Environment Risk

Environment risks arise where there are external forces that may affect the liability of the enterprises business model, including the fundamentals that drive the overall objectives and strategies that define it. Adverse political actions and changing laws may be harmful to the firm's resources and future cash flows in the country in which the firm has invested significantly and is dependent on a significant volume of business.

To counter political and regulatory risk the Company brings the relevant risks to the notice of the Government Institutions, presently monitors them and maintains a close relationship with the relevant government institutions, industry associations and chambers. The Company also assists the Government Institutions, persistently monitors them and maintains a close relationship with relevant government institutions, industry associations and chambers. The Company also assists the Government Institutions in formulating new laws and regulations pertaining to the industry and provides information on relevant issues to the Government Institutions. In addition a legal feasibility evaluation has been made a standard process in order to approve capital projects.

Operations Risks

Operations risks is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events that hinder the firm's business model. Unproductive operations threaten the Company's capacity to produce goods at or below cost levels incurred by competitors.

To counter operational risks the Company has a strong operational control mechanism where production quality costs and efficiency are monitored on a daily basis and improvement projects are undertaken to increase efficiency. Plant upgrades with new plants and machinery are done annually to be on par with world class manufacturers. In addition a five year strategic plan has been implemented to enhance capacity and to ensure operations run smoothly.

Capacity Risks

Insufficient capacity will pose a hindrance to the Company's ability to generate competitive profit margins.

The Company forecasts its own demand and supply position at the beginning of each year which is in line with the market. Thereafter monthly capacity utilization is monitored to ensure capacity is utilized. The necessary investments and expenses are incurred to ensure plants run at required capacity.

Integrity Risk

Integrity Risk is the risk of management fraud, illegal acts, unauthorized acts and any or all of which could lead to loss of reputation in the market place.

To mitigate the risks the Company conducts a monthly review of transactions undertaken by the Senior Management to detect and reduce fraud and detailed approval processes for official transactions which mitigate the above risk in addition. In addition quarterly audit committee meetings are held to monitor the reporting status coupled with monthly board meetings which supervise the financial status of the company and the integrity of the employee.

Financial Risks

Exposure to lower returns or the necessity to borrow due to shortfalls in cash or expected cash flows or variances in timing or significant movements in interest rates expose the firm to a number of negative factors. These include higher borrowing costs, lower investment yields or decreased asset values that result in financial risks. Movements in prices, rates, indices and such affect the value of the Company's financial assets and stock price, which may additionally impact its costs of capital and its ability to raise capital.

Credit limits and given credit is reviewed through a detailed approval process reducing risk of debt exports under DA terms are issued using the SLECI and monthly overdue debtors are reported to the Board for necessary action. These actions reduce cash flow risk and all capital projects are financially evaluated to ensure that inflows are matched with borrowings. Both floating and fixed rate debt is maintained and structured using loans share capital and internal fund management to reduce borrowings.

Human Resource Management

A comprehensive employee document is being practiced throughout the Company to help the employees to achieve their optimum potential. Swisstek (Ceylon) PLC lays great emphasis on training and development of staff providing them with know-how and avenues for personal development so as to improve the productivity of the Company as a whole.

Legal, Regulatory and Political Environment

Swisstek (Ceylon) PLC gets required legal and professional advice from lawyers, EFC and regulatory to provide guidance, review and direction to safeguard the Company against exposure to material unexpected losses arising from the legal consequences of transactions it enters into. Mechanisms are in place for continuous monitoring of change in the legal environment that would contribute to the risk of non-compliance.

Health and Safety Risks

The safety provided to entities, staff and customers are vital to the Company's sustainable growth. Measures are taken to ensure a healthy and safe working environment to both employees and customers. Workmen compensations and medical insurance schemes ensure that employees are compensated adequately. These measures are reviewed and audited on an annual basis.

Competitive Environment

This relates to the loss of business to compensate from other rivalry companies. In order to improve the competitive position, the Company focuses on areas such as price, product range quality and service. Performance is monitored against a range of yardsticks including customer satisfaction, perception and experience. Competitive analysis is done internally to benchmarked standards and to design competitive and growth strategies for the Company.

The above mentioned risks are reviewed monthly in the Management meeting and Board Meeting and if necessary minuted in the respective meeting minutes.

Conclusion

Hence the Board and Management is of the view that an effective risk management framework and an effective risk management process is in place to minimize all potential risks and its probability of impact to the company.

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Swisstek (Ceylon) PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31 March 2017.

This Annual Report of the Board on the affairs of the Company contains the information required in terms of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and is guided by recommended best practices.

General

Swisstek (Ceylon) PLC is a public limited liability company which was incorporated under the Companies Ordinance No.51 of 1938 as a public company on 12th day of July 1967. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 6 June 2008 and bears registration number PQ155.

Principal activities of the Company and review of performance during the year

The main activity of Swisstek (Ceylon) PLC, which remained unchanged during the year, is the manufacture and sale of Tile Grout and Mortar. The Chairman's Review describes the Company's affairs and mentions important events, which took place during the year under review.

This Report together with the Financial Statements, reflect the state of affairs of the Company.

Financial Statements

The Financial Statements of the Company duly signed by two Directors, on behalf of the Board, and the Auditors are given on pages 34 to 76.

Summarised Financial Results

Year ended 31 March	GROUP		COMPANY	
	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
Revenue	3,433,741	2,689,529	607,948	505,406
Profit for the year	428,722	323,284	143,285	72,603

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on page 34.

Accounting Policies

The Accounting Policies adopted by the Company in the preparation of the Financial Statements are given on pages 40 to 76 which are consistent with those of the previous period.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on page 7.

Executive Directors

Mr. J A P M Jayaskera - Managing Director

Non - Executive Directors

Mr. A M Weerasinghe - Chairman

*Mr. K Y Choi

Mr. S A D M Ratnayake (resigned w.e.f. 02/05/2017)

Mr. J K A Sirinatha

Ms. K C Silva (resigned w.e.f. 27/04/2017)

*Mr. Tilak de Zoysa

*Dr. S Selliah

*Independent Non-Executive Directors

Mr. W D N H Perera resigned as a Director and the Chairman on 8 March 2017

Mr. A M Weerasinghe was appointed as a Director and the Chairman on 15 March 2017

Dr. S Selliah was appointed a Director of the Company on 28 March 2017

Mr. S R Fernando, Ms. K C Silva and Mr. S A D M Ratnayake resigned from the Board on 7 March 2017, 27 April 2017 and 2 May 2017 respectively.

Mr. A M Weerasinghe and Dr. S Selliah who were appointed Directors on 15 March 2017 and 28 March 2017 respectively, are due to retire at the forthcoming Annual General Meeting in terms of Article 110 of the Articles of Association of the Company and being eligible are recommended for re-election.

Directors of Subsidiary Companies

Swisstek Aluminium Limited

Mr. A M Weerasinghe Appointed w.e.f. 15/03/2017
 Mr. J A P M Jayasekera
 Mr. A S Mahendra
 Mr. B T T Roche
 Mr. K Y Choi
 Dr. S Selliah
 Mr. T G Thoradeniya

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31 March 2017 as recorded in the Interests Register are given in this Report under Directors' shareholding.

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31 March 2017.

Directors' Remuneration

The Directors' remuneration is disclosed in Note 10 to the Financial Statements on page 51

Directors' Interests in Contracts

The Directors' interest in contracts are included with the related party disclosures in Note 29.3 to the Financial Statements.

The Company carried out transactions in the ordinary course of its business at commercial rates with related entities.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with requirements of the Sri Lanka Accounting Standards, the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Auditors

Messrs KPMG, Chartered Accountants served as the Auditors during the year under review. Based on the written representations made by the Auditors, they do not have any interest in the Company other than as Auditors and Tax Consultants.

The Audit fee payable to the Auditors for the year under review is Rs. 385,000/- (2016 – Rs.360,000/-)

A fee of Rs. 255,000/- (2016 Rs.147,000/-) is also payable to the Auditors for tax compliance and the audit related services provided during the year.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 24 May, 2017 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Stated Capital

The Stated Capital of the Company is Rs. 368,256,000/-.

The number of shares issued by the Company stood at 27,372,000 fully paid ordinary shares as at 31 March 2017.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31 March 2017 and 31 March 2016 are as follows.

	Shareholding as at 31/03/2017	Shareholding as at 31/03/2016
Mr. A M Weerasinghe	-	-
Mr. J A P M Jayasekera	25,557	25,557
Mr. K Y Choi	-	-
Mr. J K A Sirinatha	-	-
Mr. T de Zoysa	-	-
Dr. S Selliah	-	-

Major Shareholders, Distribution Schedule and other information

Information on the twenty largest shareholders of the Company distribution schedule of the number of shareholders, percentage of shares held by the public, market values per share as per the Listing Rules of the Colombo Stock Exchange are given on page 77 to 78 under Investor Information.

Annual Report of the Board of Directors on the Affairs of the Company

Reserves

The movement of reserves during the year are given under the Statement of Changes in Equity on page 38 (Statement of Changes in Equity).

Land holdings

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 767 Mn (2016 – Rs.745Mn)

The extents, locations, valuations and the number of buildings of the Company's land holdings are given below:

Location	No of Building	Land in extent (perches)	Valuation Rs. '000
Factory at Belummahara	14	1000	697,535

The movement of fixed assets during the year is given in Note 13 to 15 the financial statements.

Property, Plant and Equipment

Details and movements of property, plant and equipment are given under Note 13 to 15 the Financial Statements on page 54 to 58.

Capital Expenditure

The total capital expenditure during the year amounted to Rs. 35 Mn compared to Rs.31 Mn incurred in the previous year. Details of movement in property, plant and equipment and capital work-in-progress are given under Note 13 to the financial statements.

Donations

The Company has not made donations during the year under review.

Dividends

An interim dividend of Rs.1/50 per share for the year ending 31 March 2017 was paid on 30 March 2017.

Corporate Governance

Corporate Governance practices and principles with respect to the Management and Operations of the Company are set out on pages 13 to 18.

An Audit Committee, Remuneration Committee and a Related Party Transaction Review Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience. The composition of the said committees is as follows.

Audit Committee

Up to 30 August 2016

- Mr. M D S Goonatilleke - Chairman (Resigned on 12/05/2016)
- Mr. L T Samarawickrama
- Mr. R N Asirwatham
- Mr. S H Amarasekera - Appointed Chairman on 27/05/2016

With effect from 1 September 2016

- Mr. J D N Kekulawala - Chairman
- Dr. S Selliah
- Mr. T de Zoysa
- Mr. T G Thoradeniya

Remuneration Committee

Up to 30 August 2016

- Mr. W D N H Perera - Chairman
- Mr. M D S Goonatilleke
- Mr. A M Weerasinghe

With effect from 1 September 2016

- Mr. W D N H Perera - Chairman (Resigned on 08/03/2017)
- Mr. A M Weerasinghe - Chairman (Appointed on 25/04/2017)
- Mr. K D G Gunaratne
- Mr. T de Zoysa

Related Party Transaction Review Committee

Up to 30 August 2016

- Mr. R N Asirwatham - Chairman
- Mr. M D S Goonatilleke
- Mr. A M Weerasinghe

With effect from 1 September 2016

- Dr. S Selliah - Chairman
- Mr. T de Zoysa
- Mr. J D N Kekulawala
- Mr. T G Thoradeniya

The Report on Corporate Governance is given on pages 13 to 18 of the Annual Report.

Events Occurring After the Reporting Date

No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the Financial Statements.

Annual General Meeting

The Annual General Meeting will be held on 29 June 2017 at the Sri Lanka Foundation Institute No:100, Sri Lanka Foundation Avenue, Colombo 07, at 2.15 p.m.

The Notice of the Annual General Meeting appears on page 82.

By Order of the Board

Swisstek (Ceylon) PLC



Mr. A M Weerasinghe
Chairman



J A P M Jayasekera
Managing Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

25 May 2017
Colombo

Statement of Directors' Responsibilities

The Directors are required by the Companies Act No. 7 of 2007 to prepare Financial Statements for each financial year, which give a true and fair view of the statement and affairs of the Company as at the end of the financial year and the income and expenditure of the Company for the financial year.

The Directors are also responsible to ensure that the Financial Statements comply with any regulations made under the Companies Act which specified the form and content of Financial Statements and any other requirement which apply to the Company's Financial Statements under any other law.

The Directors consider that the Financial Statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and in compliance with the Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The Directors are responsible for ensuring that the Company keep sufficient accounting records which disclose the financial position of the Company with reasonable accuracy and enable them to ensure that the financial statements have been prepared and presented as aforesaid. They are also responsible for taking measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors' continue to adopt the going concern basis in preparing the financial statements. The Directors' are making inquiries and reviews of the Company's business plan for the Financial Year 2017/2018 including Cash Flows and borrowing facilities and consider the Company has adequate resources to continue in operation.

By Order of the Boards
SWISSTEK (CEYLON) PLC



P W CORPORATE SECRETARIAL (PVT) LTD
Secretaries

25 May 2017

Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The Financial Statements are prepared in compliance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the requirement of the Companies Act No. 7 of 2007 and any other applicable statutes to the extent applicable to the Company. There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, except where otherwise stated in the notes accompanying the financial statements.

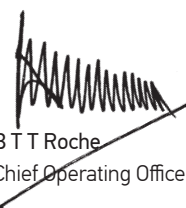
The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. To ensure this the Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. However there are inherent limitations that should be recognized in weighing the insurances provided by any system of internal controls and accounting.

The financial statements were audited by M/s KPMG, Chartered Accountants, the Independent Auditors. The responsibility of the Auditors with regard to the financial statements, which differ from that of the Directors', is set out in the Audit report on Page 34.

The Audit Committee of the Company meets periodically to discuss internal control and financial reporting issues. To ensure complete independence the independent auditors have full and free access to the Members of the Audit Committee to discuss any matter of substance. It is also declared and confirmed that the Company has complied with and ensured compliance by the auditors with the guidelines for the audit of the listed companies where mandatory compliance is required.



J A P M Jayasekera
Managing Director



B T T Roche
Chief Operating Officer

25 May 2017

Remuneration Committee Report

The remuneration committee is a subcommittee of the main Board, to which it is accountable. It comprises of the following members.

Remuneration Committee

Up to 30 August 2016

1. Mr. W D N H Perera - Chairman
2. Mr. M D S Goonatileke - Committee Member
3. Mr. A M Weerasinghe - Committee Member

With effect from 1 September 2016

1. Mr. W D N H Perera - Chairman (Resigned on 08/03/2017)
2. Mr. A M Weerasinghe - Chairman (Appointed on 25/04/2017)
3. Mr. K D G Gunaratne
4. Mr. T de Zoysa

The Committee reviews the performance of the Executive Staff against the set objectives and goals and determines the compensation policy of the Company for all levels of employees.

The Remuneration Committee met twice during the year. The Managing Director attends the Committee Meeting by invitation. The Managing Director serves as the Secretary of the Committee.

The Committee ensures that the Board complies with Companies Act in relation to Director Remunerations, especially the requirements of section 216 and it also ensures that the employees are adequately compensated based on their performance and contribution for the period under review and future potential.

The Committee is satisfied that it has completed the primary function that was delegated to it by the Board for the year under review.



A M Weerasinghe
Chairman – Remuneration Committee

25 May 2017

Audit Committee Report

Role of the Audit Committee

The Audit Committee is a subcommittee of the main Board to which it is accountable. The primary function of the Audit Committee is to assist the Board in its oversight of the integrity of the Financial Statements of the Company, to assess the qualifications, the independence and performance of the Company's internal audit function and review compliance of the Company with legal and regulatory requirements.

Composition of the Audit Committee

With effect from 1 April 2016 to 30 August 2016

The Audit Committee comprised of the following four independent, Non-Executive Directors of Royal Ceramics Lanka PLC.

Mr. M D S Goonatilleke	- Chairman (Resigned on 12/05/2016)
Mr. L T Samarawickrama	- Committee Member
Mr. R N Asirwatham	- Committee Member
Mr. S H Amarasekera	- Appointed Chairman on 27/05/2016

With effect from 1 September 2016

The Audit Committee comprises of the following four independent, Non-Executive Directors of Lanka Walliles PLC.

Mr. J D N Kekulawala	- Chairman
Dr. S Selliah	- Committee Member
Mr. T de Zoysa	- Committee Member
Mr. T G Thoradeniya	- Committee Member

The Managing Director and the Chief Operating Officer attend the meeting on the invitation of the Audit Committee. The Board Secretary functions as the Secretary to the Audit Committee. Representatives of external auditors and internal auditors also attend Audit Committee meetings by invitation.

The Audit Committee has the required expertise in finance and business management to deliberate Audit Committee matters and recommend necessary actions to be taken.

Meetings

The Audit Committee met four times during the year. All members attended the meetings.

Functions performed by the Audit Committee:

- The Committee reviewed the provisional Financial Statements for the four quarters that were published for the financial year 2016/2017 and the Annual Report of 2016/2017.

It oversaw the preparation, presentation and adequacy of disclosures in the financial statements of the Company in accordance with Sri Lankan Accounting standards. It also reviewed the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting relating regulations and requirements.

- The Committee reviewed internal controls and other issues relating to the management control and risk minimization function of the Company.
- The Committee reviewed the external auditors' report and management letter for the last year. All recommendations proposed by the external auditors were discussed with the engagement partner and recommendations proposed were duly carried out by the management. In addition the Audit Committee reviewed the engagement partner's relationship with the Company and assessed that the external Auditors are independent.
- The Audit Committee in conjunction with the Managing Director and Chief Operating Officer of the Company reviewed the Company's disclosure controls and procedures and internal control over financial reporting.
- The Audit Committee reviewed the Company's policies and practices with respect to risk assessment and risk management, including discussing with management the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures.

Conclusion

The Audit Committee is satisfied with the Company's Accounting Policies, independence of the Auditors and risk management are adequate for the Company's Operations. The Audit Committee has also accomplished responsibilities and functions that are delegated to it by the Board.



Mr. J D N Kekulawala
Chairman – Audit Committee

25 May 2017

Related Party Transactions Review Committee Report

Adoption of the Code of Best Practices on Related Party Transactions

The Board of Directors of Swisstek (Ceylon) PLC (SCPLC) adopted the Code of Best Practices on related party transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and established the Related Party Transactions Review Committee (RPTRC) in March 2016.

Purpose of the Committee

The purpose of the RPTRC of SCPLC is to conduct an independent review approval and oversight of all related party transactions of SCPLC and to ensure that the Company complies with the rules set out in the Code. The primary objectives of the said rules are to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions, and to prevent Directors, key management personnel or substantial shareholders from taking advantage of their positions. To exercise this purpose the Committee has adopted the related party transaction Policy which contains the company's Policy governing the review, approval and oversight of related party transactions.

Composition of the Committee

Upto 30 August 2016 the Committee consisted of three (03) Directors of Royal Ceramics Lanka PLC (Parent Company). The members of the Committee during the period were:

Mr. R N Asiriwatham - Chairman (Independent Non-Executive Director)
Mr. A M Weerasinghe - Member (Non- Executive Director)
Mr. M D S Goonatilleke - Member (Independent Non- Executive Director)

With effect from 1 September 2016 the Committee consisted of four (4) Director of Lanka Walltiles PLC The members of Committee are;

Dr. S Selliah - Chairman (Independent Non-Executive Director)
Mr. T de Zoysa - Member (Independent Non-Executive Director)
Mr. J D N Kekulawala - Member (Independent Non-Executive Director)
Mr. T G Thoradeniya - Member (Independent Non-Executive Director)

PW Corporate Secretarial (Pvt) Ltd, the Company Secretary functions as the Secretary to the Committee.

The Managing Director and the Chief Operating Officer attend meetings by invitation.

Meetings

The Committee held one meeting during the year under review. All the members attended the meeting and the minutes of the Committee meeting were tabled at Board meeting, for the review of the Board.

Charter of the Related Party Transaction Review Committee

The Charter of the Related Party Transaction Review Committee clearly sets out the purpose, membership, authority and the duties and responsibilities of the Committee. In order to discharge the duties and responsibilities effectively and efficiently, the Committee has been authorised to:

- Receive regular reports from the management, and be provided with any information it requests relating to its responsibilities
- Establish policies and procedures that provide general pre-approvals to certain classes or types of related party transactions
- Review and evaluate the terms, conditions, and the advisability of, any related party transaction
- Determine whether the relevant related party transaction is fair, and in the best interest of the Company and its shareholders as a whole
- Recommend to the Board what action, if any, should be taken by the Board with respect to any related party transaction
- Obtain advice and assistance from legal, technical, financial and other advisors from within or outside the Company as deemed necessary by the Committee in order to carry out its duties

Responsibilities of the Related Party Transactions Review Committee

The following are key responsibilities have been set out in the Charter for RPTRC;

- Ensure that the Company complies with the rules set out in the Code
- Subject to the exceptions given under Rule 27 of the Code, review, in advance all proposed related party transactions
- Perform other activities related to the Charter as requested by the Board
- Have meetings every fiscal quarter and report to the Board on the Committee's activities

- e) Share information with the Audit Committee as necessary and appropriate, to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard to related party transactions
- f) Review the Charter and Policy at least annually and recommend amendments to the Charter and Policy to the Board as and when determined to be appropriate by the Committee.

Procedures for Reporting RPT'S

The Managing Director (MD) is responsible for reporting to the Committee, for its review and approval the information set out under Rule 30 of the Code at the minimum, in respect of each related party transaction proposed to be entered into other than the exceptions given in Rule 27 of the code. Moreover, on a quarterly basis, the MD is required to report to the Committee on the approved related party transactions actually entered into by the Company.

The Committee has approved the Related Party Transactions Declaration Form required to be filled by the Directors and key management personnel of the Company. The Company uses this form to capture the related party transactions at the end of every quarter.

Review of Related Party Transactions

The Committee reviewed all related party transactions of the Company for the financial year 2016/17. It was observed that all related party transactions entered during the year were of a recurrent, trading nature and were necessary for the day-to-day operations of the Company.

In the opinion of the Committee, the terms of these transactions were not more favourable to the related parties than those generally available to the public. The details of related party transactions entered into during the year are given in Note 29 to the Financial Statements, on pages 73 to 75 of this Annual Report.

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to the Related Party Transactions appears on the Report of the Board of Directors on page 23 of this Annual Report.



Dr. S Selliah

Chairman - Related Party Transactions Review Committee

25 May 2017



Group Financial Highlights

Profit Growth

32.6%

Revenue Growth

27.7%

Net Assets

2.0 Bn

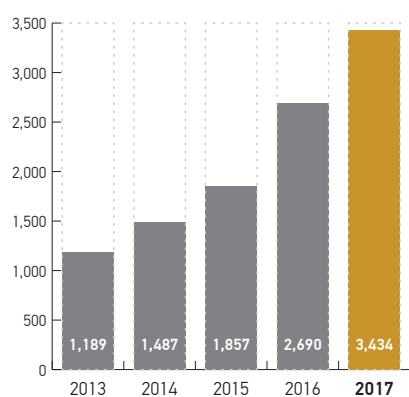
A) Summary of Operations

Year ended 31 March		2017	2016	Change %
Revenue	(Rs.'000)	3,433,741	2,689,529	27.7
Gross profit	(Rs.'000)	1,099,112	808,020	36.0
Operating profit	(Rs.'000)	608,346	434,583	40.0
Profit for the year	(Rs.'000)	428,722	323,284	32.6

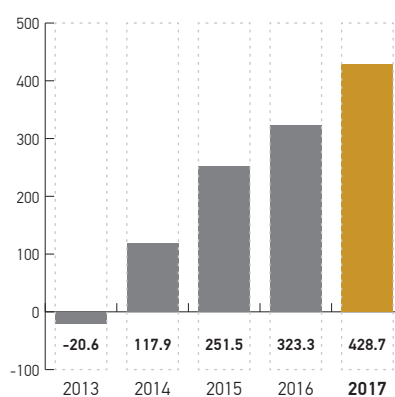
B) Summary of Financial Position

As at 31 March		2017	2016	Change %
Working capital	(Rs.'000)	515,902	245,839	109.9
Net assets	(Rs.'000)	2,014,350	1,656,587	21.6
Borrowings	(Rs.'000)	1,328,312	677,476	96.1
Current ratio	(Times)	1.35	1.31	3.2

Revenue Growth



Profit Growth



Independent Auditors' Report



KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF SWISSTEK (CEYLON) PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Swisstek (Ceylon) 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 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 35 to 76 of the annual report.

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.

Auditors' 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 auditors' 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 2017, 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 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo
25 May 2017

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA
Ms. C.T.K.N. Perera ACMA (UK)

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March,	Note	Group		Company	
		2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000
Revenue	6.	3,433,741	2,689,529	607,948	505,406
Cost of sales		(2,334,629)	(1,881,509)	(451,062)	(387,474)
Gross profit		1,099,112	808,020	156,886	117,932
Other income	7.	78,186	84,987	110,153	82,982
Administrative expenses		(185,351)	(188,508)	(30,061)	(30,837)
Selling and distribution expenses		(382,600)	(266,090)	(44,074)	(33,980)
Other expenses	8.	(1,001)	(3,826)	(1,021)	(738)
Results from operating activities		608,346	434,583	191,883	135,359
Net finance cost	9.	(106,821)	(61,913)	(18,813)	(12,189)
Profit before tax	10.	501,525	372,670	173,070	123,170
Income tax	11.	(72,803)	(49,386)	(29,785)	(50,567)
Profit for the year		428,722	323,284	143,285	72,603
Other comprehensive income :					
Gain on revaluation of land and buildings		-	234,464	-	151,747
Defined benefit plan actuarial gains / (losses)		4,184	(1,726)	575	(215)
Deferred tax on other comprehensive income		(883)	(17,246)	(161)	(4,364)
Other comprehensive income for the period		3,301	215,492	414	147,168
Total comprehensive income for the period		432,023	538,776	143,699	219,771
Profit Attributable to;					
Owners of the company		387,624	291,655	143,285	72,603
Non controlling interest		41,098	31,629	-	-
Profit for the year		428,722	323,284	143,285	72,603
Total comprehensive income attributable to:					
Owners of the company		390,560	498,525	143,699	219,771
Non controlling interest		41,463	40,251	-	-
Total comprehensive income for the year		432,023	538,776	143,699	219,771
Basic earnings per share	12.	14.16	10.66	5.23	2.65

The notes on pages 40 to 76 are an integral part of these financial statements.

Statement of Financial Position


As at 31 March,	Note	Group		Company	
		2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000
Assets					
Property, Plant and Equipment	13	1,631,600	1,431,514	767,638	745,337
Capital work-in-progress	13.1	136,711	51,526	37,699	-
Investment in subsidiary	14	-	-	229,784	229,784
Deferred tax assets	11.2	-	1,992	-	1,992
Loan - Related party	18.1	-	-	-	4,430
Investment property	15	117,483	103,824	117,483	103,824
Non current assets		1,885,795	1,588,856	1,152,605	1,085,367
Inventories	16.	812,332	400,865	100,977	41,150
Trade and other receivables	17	1,092,619	623,153	115,340	111,531
Loan - Related party	18.1	-	-	-	18,000
Amounts due from related parties	18	4,828	3,030	5,150	4,004
Cash and cash equivalents	19	75,202	12,950	14,860	3,690
Current assets		1,984,980	1,039,998	236,327	178,375
Total assets		3,870,775	2,628,854	1,388,931	1,263,742
Equity					
Stated capital	20	368,256	368,256	368,256	368,256
Reserves	21	760,262	760,262	669,356	669,356
Retained Earnings /(Losses)		741,511	419,381	62,933	(12,336)
Equity attributable to owners of the company		1,870,029	1,547,899	1,100,545	1,025,276
Non controlling interest		144,320	108,688	-	-
Total equity		2,014,350	1,656,587	1,100,545	1,025,276
Liabilities					
Retirement Benefits Obligation	22	17,170	18,987	5,501	6,846
Borrowings - Related party	26.2	21,797	46,536	21,797	46,536
Lease liability	26.3	-	-	-	-
Deferred tax liability	11.2	46,828	21,093	6,544	-
Loans and borrowings	26.4	301,553	91,492	28,562	2,203
Non current liabilities		387,347	178,108	62,403	55,585
Trade and other payables	24	431,583	227,449	87,791	70,040
Loans & borrowings	26.4	79,764	59,472	5,376	3,000
Short term loans	25	772,496	414,726	65,863	30,000
Amounts due to related parties	26.1	4,958	14,597	4,958	14,597
Borrowings - Related party	26.2	30,835	36,930	30,835	36,930
Lease liability	26.3	-	-	-	-
Tax payable		27,575	12,665	7,068	12,665
Bank overdrafts	19	121,867	28,320	24,091	15,649
Current liabilities		1,469,078	794,159	225,982	182,881
Total liabilities		1,856,425	972,267	288,385	238,466
Total equity and liabilities		3,870,775	2,628,854	1,388,931	1,263,742

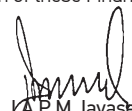
The notes on pages 40 to 76 are an integral part of these financial statements.

It is certified that the financial statements have been prepared in compliance with the requirements of Companies Act No.7 of 2007.


B.T. Tyrell Roche
Chief Operating Officer

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.
Approved for and on behalf of the Board of Directors :


A.M. Weerasinhe
Chairman


J.A.P.M. Jayasekara
Managing Director

Statement of Changes in Equity

For the year ended 31 March 2017

	Stated capital Rs.000	Revaluation reserve Rs.000	Capital redemption reserve Rs.000	General reserve Rs.000	Retained earnings/(losses) Rs.000	Total Rs.000	Non-controlling interest Rs.000	Total equity Rs.000
Group								
Balance as at 1 April 2015	368,256	531,954	121	19,842	146,516	1,066,689	68,437	1,135,126
Total comprehensive income								
- Super gain tax *	-	-	-	-	(3,629)	(3,629)	-	(3,629)
- Profit for the year	-	-	-	-	291,655	291,655	31,629	323,284
Other comprehensive income								
- Defined benefit plan actuarial gains/(losses)	-	-	-	-	(1,535)	(1,535)	(191)	(1,726)
- Gain on revaluation of land	-	224,025	-	-	-	224,025	10,439	234,464
- Deferred tax on other comprehensive income	-	(15,680)	-	-	60	(15,620)	(1,626)	(17,246)
	-	208,345	-	-	(1,475)	206,870	8,622	215,492
- Dividend paid	-	-	-	-	(13,686)	(13,686)	-	(13,686)
Balance as at 31 March 2016	368,256	740,299	121	19,842	419,381	1,547,899	108,688	1,656,587
- Profit for the year	-	-	-	-	387,624	387,624	41,098	428,722
Other comprehensive income								
- Defined benefit plan actuarial gains/(losses)	-	-	-	-	3,729	3,729	455	4,184
- Gain on revaluation of land	-	-	-	-	-	-	-	-
- Deferred tax on other comprehensive income	-	-	-	-	(792)	(792)	(91)	(883)
	-	-	-	-	2,937	2,937	364	3,301
- Dividend paid	-	-	-	-	(68,430)	(68,430)	(5,831)	(74,261)
Balance as at 31 March 2017	368,256	740,299	121	19,842	741,511	1,870,029	144,320	2,014,350

Statement of Changes in Equity

For the year ended 31 March 2017

	Stated capital Rs.000	Revaluation reserve Rs.000	Capital redemption reserve Rs.000	General reserve Rs.000	Retained earnings/ (losses) Rs.000	Total equity Rs.000
Company						
Balance as at 1 April 2015	368,256	502,070	121	19,842	(67,469)	822,820
- Super gain tax *	-	-	-	-	(3,629)	(3,629)
- Profit for the year	-	-	-	-	72,603	72,603
Other comprehensive income						
- Defined benefit plan actuarial gains/(losses)	-	-	-	-	(215)	(215)
- Gain on revaluation of land and buildings	-	151,747	-	-	-	151,747
- Deferred tax on other comprehensive income	-	(4,424)	-	-	60	(4,364)
	-	147,323	-	-	(155)	147,168
- Dividend paid	-	-	-	-	(13,686)	(13,686)
Balance as at 31 March 2016	368,256	649,393	121	19,842	(12,336)	1,025,276
- Profit for the year	-	-	-	-	143,285	143,285
Other comprehensive income						
- Defined benefit plan actuarial gains/(losses)	-	-	-	-	575	575
- Gain on revaluation of land and buildings	-	-	-	-	-	-
- Deferred tax on other comprehensive income	-	-	-	-	(161)	(161)
	-	-	-	-	414	414
- Dividend paid	-	-	-	-	(68,430)	(68,430)
Balance as at 31 March 2017	368,256	649,393	121	19,842	62,933	1,100,546

The notes on pages 40 to 76 are an integral part of these financial statements.

*As per the Provisions of Part III of the Finance Act No. 10 of 2015 which was certified on 30 October 2015, the Company was liable for Super Gain tax of Rs. 3.6 Mn. According to the Act, the super gain tax was deemed to be an expenditure in the Financial Statements relating to the year of assessment which commenced on 1 April 2013. The Act superseded the requirements of the Sri Lanka Accounting Standards, hence the expense of Super gain tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by The Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015.

Statement of Cash Flows

For the year ended 31 March,	Group		Company	
	2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000
Profit before taxation	501,525	372,670	173,070	123,170
Adjustments For;				
Depreciation	74,822	65,299	10,633	7,817
Inventory write off	(680)	(38)	(680)	(38)
Inventory provision	(155)	470	(155)	470
Interest income	-	-	(1,184)	(2,785)
Provision on retirement benefit obligation	4,793	5,279	1,270	1,212
Dividend Income	-	-	(36,335)	-
Interest expense	105,439	54,969	19,997	14,974
(Profit)/Loss on sale of property, plant & equipment	967	3,088	987	-
(Gain)/ Loss on revaluation of investment property	(13,659)	(21,823)	(13,659)	(21,823)
Provision for impairment of trade receivables	189	4,571	189	69
Exchange loss / (gain)	1,382	6,944	-	-
Changes in;				
- Trade and other payables	196,752	(152,407)	17,384	17,970
- Short term loans	357,770	262,249	35,862	13,882
- Amounts due to related parties	(9,639)	(47,112)	(9,639)	(30,075)
- Inventories	(410,632)	(55,913)	(58,992)	(10,280)
- Trade and other receivables	(469,656)	(132,118)	(3,999)	(17,400)
- Amounts due from related parties	(1,799)	4,083	(1,146)	13,414
Cash generated from/(used in) operating activities	337,418	370,211	133,605	110,577
Interest paid	(99,440)	(53,890)	(19,631)	(14,937)
Income tax paid	(31,046)	(16,370)	(27,007)	(16,370)
Gratuity payment	(2,425)	(1,327)	(2,040)	(1,105)
Net cash generated from/(used in) operating activities	204,507	298,624	84,927	78,165
Cash flows from investing activities				
Acquisition of property, plant and equipment	(362,627)	(137,564)	(73,141)	(30,737)
Proceeds on disposal of property, plant & equipment	1,567	3,191	1,522	-
Loans settled by related parties	-	-	22,430	18,000
Dividend received	-	-	36,335	-
Construction of investment property	-	(11,067)	-	(11,067)
Net cash generated from/(used in) investing activities	(361,060)	(145,440)	(12,855)	(23,804)
Cash flows from financing activities				
Dividend paid	(68,430)	(13,686)	(68,430)	(13,686)
Dividend paid to NCI	(5,831)	-	-	-
Interest income from related party loan	-	-	1,184	2,785
Loan repayment to related party	(30,834)	(36,930)	(30,834)	(36,930)
Repayment of finance lease rentals	-	(551)	-	(551)
Term Loan Obtained	304,767	-	31,735	-
Repayment of borrowings	(74,413)	(59,450)	(3,000)	(3,000)
Net cash generated from/(used in) financing activities	125,259	(110,617)	(69,345)	(51,382)
Net increase/(decrease) in cash and cash equivalents	(31,294)	42,567	2,727	2,980
Cash & cash equivalents at the beginning of the year	(15,370)	(57,937)	(11,959)	(14,939)
Cash & cash equivalents at the end of the year (Note 19)	(46,665)	(15,370)	(9,232)	(11,959)

The notes on pages 40 to 76 are an integral part of these financial statements.

Notes to the Financial Statements

1) Reporting entity

Swisstek (Ceylon) PLC is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the company are listed on the Colombo Stock Exchange of Sri Lanka. The address of the Company's registered office is No.215, Nawala Road, Narahenpita, Colombo 05.

The financial statements of Swisstek (Ceylon) PLC, as at and for the year ended 31 March 2017 encompass the Company and its Subsidiary (together referred to as the "Group"). Descriptions of the nature of the operations and principal activities of the Company, its Subsidiary are given on note 3.11.

Lanka Walltiles PLC is the immediate parent of Swisstek (Ceylon) PLC and the ultimate parent is Vallibel One PLC.

The financial statements of all Companies in the Group are prepared for a common financial year, which ends on 31 March.

2) Basis of preparation

2.1 Statement of compliance

The financial statements of the Group and the Company which comprises the statement of financial position, statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows have been prepared in accordance with Sri Lanka Accounting Standards (LKAS & SLFRS) as laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007. The financial statements of Swisstek (Ceylon) PLC for the year ended 31 March 2017 were authorized for issue by the Board of Directors on 25 May 2017.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following:

- Available-for-sale financial assets are measured at fair value.
- The liability for defined benefit obligation is actuarially valued and recognized at the present value of the defined benefit obligation.
- Land and building measured at cost at the time of acquisition and subsequently at revaluation.
- Investment property is measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the company's functional currency. All financial information presented in Sri Lankan Rupees have been given to the nearest thousand, unless stated otherwise.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with SLFRSs requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are described in the following notes:

Note 11 – Deferred tax

Note 22 – Employee benefits

3) Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated. The accounting policies of the company have been consistently applied by the Group entities where applicable and deviations if any, have been disclosed accordingly.

3.1.1 Basis of consolidation

The consolidated financial statements (referred to as the "Group") comprise the financial statements of the Company and its subsidiary.

Subsidiary is disclosed in note 14 to the consolidated financial statements.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the

entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3.1.3 Non- controlling interest

Non-controlling interests are measured at their proportionate share of acquirer's identifiable net assets at the date of acquisition. Changes in the group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in statement of profit or loss and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

3.3 Financial assets and financial liabilities

3.3.1 Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at the fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are

transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts intends either to settle on a net basis or realize the assets and settle the liability simultaneously. The Group has the following non-derivative financial assets.

a) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivable comprise cash and cash equivalents, trade and other receivables, including related party receivables.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments

3.3.2 Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Notes to the Financial Statements

3.3.3 Fair value of financial instruments carried at amortised cost

The financial instruments held at amortized cost are trade and other receivables including related party receivables, loans and borrowings and trade and other payables. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date. The estimated fair values are based on relevant information. The company does not anticipate the fair value of these to be significantly different to their carrying values and considers the impact as not material for the disclosure.

3.3.4 Fair Value Measurement

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date which takes into account a market participants 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.

A Fair value measurement requires an entity to determine all the following;

1. The particular asset or liability that is the subject of the measurement
2. for a non-financial asset, the valuation premise that is appropriate for the measurement

(Consistently with its highest and best use).
3. The principal (or most advantageous) market for the asset or liability.
4. The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized.

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

3.3.5 Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

- Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices); and

- Level 3 - Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

3.4 Property, plant & equipment

3.4.1 Recognition and measurement

Items of property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and buildings are subsequently measured at fair value less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is 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 assets to a working condition for their intended use.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that asset.

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.

A revaluation of land and building is done when there is a substantial difference between the fair value and the carrying amount of the land, and is undertaken by professionally qualified valuers every 3 years.

Increases in the carrying amount on revaluation are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same individual asset are charged against revaluation reserve directly in equity. All other decreases are expensed in profit and loss.

3.4.2 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. For operating leases, the leased assets are not recognized on the Group's statement of financial position.

3.4.3 Subsequent costs

The cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant & equipment are recognized in profit and loss as incurred.

3.4.4 Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit or loss.

When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

3.4.5 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost/valuation, less its residual value. Fully depreciated property, plant and equipment are retained in the financial statements until such time when they are no longer in use. Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Leased assets are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the company will have ownership by the end of the lease term. Land is not depreciated.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The estimated useful lives for the current and comparative periods are as follows.

Notes to the Financial Statements

The estimated useful lives for the assets are as follows.

Description of the asset	Estimated useful life time
Buildings	25 to 50 years
Plant & machinery	5 to 20 years
Factory Electrification	5 to 20 years
Furniture & fittings	5 years
Motor vehicles	5 years
Office Equipment	5 years
Road way	50 years
Tools & Equipment	5 years

3.4.6 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably in accordance with LKAS 38, "Intangible Assets". Accordingly, these assets are stated at cost less accumulated amortization and accumulated impairment losses in the statement of financial position.

3.4.6.1 Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful life of 5 years.

3.4.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for 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 initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and capitalized borrowing cost.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property on transfer. Any gain

arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognized immediately in profit or loss.

3.4.8 Impairment

3.4.8.1 Non financial assets

The carrying amounts of the company'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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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, 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized 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 amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized 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 amortization, if no impairment loss had been recognized.

3.4.8.2 Non Derivative Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

The group considers evidence of impairment for receivables a specific asset and collective level. All individually significant receivables are as assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reserved through profit or loss.

3.4.9 Inventories

Inventories are measured at the lower of cost and net realisable value, after making the due allowances for obsolete and

slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less than estimated cost of completion and the estimated cost necessary to make the sale.

The cost of inventory is determined on the basis of weighted average. In the case of manufactured products, cost includes direct expenditure and appropriate proportion of fixed production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

3.4.10 Trade and other receivables

Trade and other receivables are stated at their estimated realisable amounts.

3.5 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment later than one year from the reporting date.

All known liabilities have been accounted for in preparing the financial statements.

3.5.1 Employee benefits

3.5.1.1 Defined benefit plan

Defined Benefit Plan is a post-employment benefit plan other than Defined Contribution Plan. The liability recognized in the statement of financial position in respect of Defined Benefit Plan is the present value of the defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries, using projected unit credit method, as recommended by LKAS 19, "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 22 to the Financial Statements. This liability is not externally funded and the item is grouped under non-current liabilities in the statement of financial position. However, under the Payment of Gratuity Act No. 12 of 1983 the liability to an employee arises only on completion of five years of continued service.

Notes to the Financial Statements

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Group recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in staff expenses in profit or loss.

3.5.1.2 Defined contribution plan

Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Obligations for contributions to Employees Provident Fund and Employees Trust Fund covering all employees are recognised as an expense in profit or loss as incurred.

3.5.1.3 Short-Term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.5.2 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the liability. Unwinding of discount is recognized as finance cost.

3.5.3 Commitments and contingencies

Commitments and contingent liabilities of the Group are disclosed in the respective Notes to the Financial Statements.

3.5.4 Trade and other payables

Trade and other payables are stated at their cost.

3.6 Statement of profit or loss and other comprehensive income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income, the function

of expenses method is adopted, as it represents fairly the elements of Company performance.

3.6.1 Revenue recognition

3.6.1.1 Sale of goods and services

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date.

3.6.1.2 Rental income

Rent income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease.

3.6.1.3 Commission income

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the commission made by the Company.

3.6.1.4 Finance income and expenses

The Group's finance income and finance cost include:

- Interest income from loans granted
- Dividend income
- Interest expense from borrowings
- Interest expense arising from leases
- Foreign exchange gain / loss

Interest income or expense is recognised using the effective interest method.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

3.6.2 Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

3.6.2.1 Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the lease term are classified as operating leases. Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

3.6.2.3 Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

3.6.2.4 Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3.7 Deferred Taxation

Deferred tax is recognised using the reporting method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.8 Events after the reporting period

All material post statement of financial position events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

3.9 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.10 Comparative information

Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the financial statements are amended, comparative amounts are reclassified unless it is impracticable.

3.11 Segmental reporting

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities. Inter-segment transfers are based on fair market prices. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant & equipment and intangible assets other than goodwill.

The Group comprises the following main business segments;

- a) Tile related products
- b) Wooden flooring & installation
- c) Aluminium (Subsidiary)

3.12 New accounting standards issued but not effective as at reporting date

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the following new Sri Lanka Accounting Standards. However, these Standards have not been applied in preparing these financial statements

Notes to the Financial Statements

SLFRS 9 – Financial Instruments: Classification & Measurement

SLFRS 9, as issued, reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets & liabilities, depending on the entity's business model for managing contractual cash flows characteristics of the financial asset.

SLFRS 9 will be effective for financial periods beginning on or after 1 January 2018.

SLFRS 15 – Revenue from contract with customers

SLFRS 15 establishes a comprehensive framework for determining revenue recognition by a 5 step model and will replace the existing LKAS 18 & LKAS 11.

SLFRS 15, will be applicable for the financial periods beginning on or after 1 January 2018.

4.) Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its

contractual obligations and arises principally from the Group's receivables from customers.

The Group is exposed to credit risk on trade and other receivables.

Trade and other receivables

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

4.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

4.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

Interest rate risk

The principal risk to which non – trading portfolios are exposed is the loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

4.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

Requirements for appropriate segregation of duties, including the independent authorisation of transactions;

- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

Note 27 presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Notes to the Financial Statements

5 Segment Information

Information about reportable segments for the year ended 31 March 2017;

For the year ended 31 March,

	Tile related products Rs.000	Wooden flooring and installation Rs.000	Aluminium Rs.000	Other Rs.000	Total Rs.000
Total segment revenue	507,568	95,906	2,825,793	4,474	3,433,741
Total segment cost of sales	(392,132)	(55,914)	(1,883,567)	(3,016)	(2,334,629)
Segment gross profits	115,436	39,992	942,226	1,458	1,099,112
Other income					78,186
Administration expenses					(185,349)
Distribution expenses					(382,600)
Other expenses					(1,001)
Finance cost					(106,821)
PBT					501,525

Information about reportable segments for the year ended 31 March 2016;

	Tile related products Rs.000	Wooden flooring and installation Rs.000	Aluminium Rs.000	Other Rs.000	Total Rs.000
Total segment revenue	430,959	58,447	2,184,123	16,000	2,689,529
Total segment cost of sales	(336,607)	(38,547)	(1,494,035)	(12,320)	(1,881,509)
Segment gross profits	94,352	19,900	690,088	3,680	808,020
Other income					84,987
Administration expenses					(188,508)
Distribution expenses					(266,090)
Other expenses					(3,826)
Finance cost					(61,913)
PBT					372,670

The segment assets and liabilities and capital expenditure for the year ended are as follows.

	Tile related products Rs.000	Wooden flooring and installation Rs.000	Aluminium Rs.000	Other Rs.000	Total Rs.000
As at 31 March 2017					
Assets	966,756	182,670	2,712,827	8,522	3,870,775
Liabilities	239,767	45,304	1,569,241	2,113	1,856,425
Capital expenditure	119,408	167	242,000	-	362,627
As at 31 March 2016					
Assets	860,998	116,769	1,619,122	31,965	2,628,854
Liabilities	182,763	24,786	757,932	6,785	972,267
Capital expenditure	29,586	52	55,301	1,098	86,038

For the year ended 31 March,		Group		Company	
		2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000
6.	Revenue				
	Tile related products	497,215	433,136	497,215	433,136
	Wooden flooring & installation	95,905	58,447	95,905	58,447
	Decorative pebbles	10,353	8,089	10,353	8,089
	Trading sales	1,614	5,734	1,614	5,734
	Fibre Cement	2,861	-	2,861	-
	Aluminium	2,825,793	2,184,123	-	-
		3,433,741	2,689,529	607,948	505,406
7.	Other income				
	Increase in fair value of investment property	13,659	21,823	13,659	21,823
	Rent income	14,876	11,467	11,883	11,467
	Sales commission	46,265	47,292	46,265	47,292
	Dividend Income	-	-	36,335	-
	Sundry income	3,386	4,405	2,011	2,400
		78,186	84,987	110,153	82,982
8.	Other expenses				
	Loss on disposal of property, plant & equipment	967	3,088	987	-
	Provision for obsolete and slow moving inventory	(155)	471	(155)	470
	Debtors provision	189	267	189	267
		1,001	3,826	1,021	738
9.	Net finance cost				
	Finance income				
	Interest income from Swisstek Aluminium Ltd	-	-	(1,184)	(2,785)
		-	-	(1,184)	(2,785)
	Finance cost				
	Interest expenses on short term borrowings	81,203	35,805	8,338	3,956
	Interest expenses on borrowings - Lanka Tiles PLC	9,484	11,416	8,300	8,631
	Finance lease interest - Lanka Tiles PLC	-	17	-	17
	Bank overdraft interest & charges	14,752	7,731	3,359	2,370
		105,439	54,969	19,997	14,974
	Foreign exchange loss/(gain)	1,382	6,944	-	-
	Net Finance cost	106,821	61,913	18,813	12,189
10.	Profit before taxation				
	Is stated after charging all expenses including the following:				
	Directors' emoluments	3,015	1,957	1,245	900
	Auditors' remuneration - Statutory audit	385	360	385	360
	- Non audit services	255	222	255	147
	- Subsidiary Auditors	324	210	-	-
	Salaries, wages and other related cost	237,999	167,008	38,207	31,217
	Defined benefit plan cost - Retirement gratuity	4,793	5,279	1,270	1,212
	Defined contribution plan cost - EPF & ETF	13,899	11,231	3,637	2,950
	Depreciation on property plant and equipment	74,822	65,299	10,633	7,817

Notes to the Financial Statements

For the year ended 31 March,	Group		Company	
	2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000
11. Taxation				
Current tax expense	47,080	19,461	22,531	19,461
Deferred tax (reversal)/ charge for the year (Note 11.1)	26,844	31,562	8,375	32,743
Under/(over) provision in respect of prior year	(1,121)	(1,637)	(1,121)	(1,637)
Income tax for the year	72,803	49,386	29,785	50,567
Tax reconciliation statement				
Profit before taxation	501,525	372,670	173,070	123,170
Non business income (Interest income)	(2,059)	(2,785)	(1,184)	(2,785)
Dividend Income	(36,335)	-	(36,335)	-
Aggregate disallowed expenses and income	75,088	27,256	32,189	27,256
Aggregate disallowed income (Change in fair value of investment properties)	-	-	-	-
Aggregate allowed Items	(184,483)	(43,268)	(46,404)	(43,268)
Statutory profit from business	353,735	353,873	121,336	104,373
Exempt profit	(131,068)	(249,500)	-	-
Taxable profit during the year	222,667	104,373	121,336	104,373
Adjustment:				
Interest income	2,059	2,785	1,184	2,785
Tax losses claimed during the year	(42,053)	(37,505)	(42,053)	(37,505)
Assessable income	182,673	69,653	80,467	69,653
Qualifying payments	-	(150)	-	(150)
Taxable income	182,673	69,503	80,467	69,503
Dividend 10%	4,037	-	-	-
Income tax at 20%	20,264	-	-	-
Income tax at 28%	22,779	19,461	22,531	19,461
	47,080	19,461	22,531	19,461
Tax losses brought forward	(388,270)	(422,628)	(199,500)	(233,858)
Adjustment of opening tax brought forward	(300)	(3,147)	(300)	(3,147)
Tax losses claimed during the year	(42,053)	37,505	42,053	37,505
Tax losses incurred during the year	-	-	-	-
Tax losses carried forward	(346,517)	(388,270)	(157,747)	(199,500)

In terms of the agreement entered into on 27 August 2009 with the Board of Investments of Sri Lanka, under section 17 of Law No. 04 of 1978, the profits and income of the Company is exempted from income tax for a period of 5 years from the date on which the Company commences to make profits or any year of assessment not later than two years reckoned date of commencement of commercial production/ operation, whichever occurs earlier. Accordingly, the Company did commence its tax exemption period from the year of assessment 2011/2012 and the company is entitled for a tax exemption period of five year commencing from 2 September 2011 to 1 September 2016. After the expiration of the aforesaid tax exemption period, the profits and income shall be charged for any year of assessment at the rate of twenty per centum (20%) as per BOI agreements. The tax losses available to carry forward which were incurred prior to the commencement of exemption period amounted to LKR 133,740,878.

11.1

Deferred Tax

Recognized deferred tax assets/(liabilities)

Deferred tax assets and (liabilities) are calculated on all taxable and deductible temporary differences arising from differences between accounting bases and tax bases of assets and liabilities.

The deferred tax liability is arrived by applying the income tax rates of 28% for Swisstek Ceylon PLC and 20% for Swisstek Aluminium Ltd.

The amount shown in the statement of financial position represents the following.

	Group		Company	
	2017	2016	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net deferred tax asset/(liability)- Swisstek Ceylon PLC	(6,544)	1,992	(6,544)	1,992
Net deferred tax Asset/(liability)- Swisstek Aluminium PLC	(40,284)	(21,093)	-	-
	(46,828)	(19,101)	(6,544)	1,992

Deferred tax provision / reversal for the year

Deferred tax assets/ (liabilities) are attributable to the following:

	Group		Company	
	2017	2016	2017	2016
	Temporary Difference	Temporary Difference	Temporary Difference	Temporary Difference
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Employee benefits	17,171	3,874	18,988	4,345
Inventory provision	2,043	567	2,878	801
Provision for impairment receivable of trade receivables - Collective	190	53	120	34
Tax losses	346,517	81,923	388,270	93,614
			157,747	44,169

Deferred tax assets

Employee benefits	17,171	3,874	18,988	4,345	5,501	1,540	6,846	1,917
Inventory provision	2,043	567	2,878	801	2,026	567	2,861	801
Provision for impairment receivable of trade receivables - Collective	190	53	120	34	190	53	120	34
Tax losses	346,517	81,923	388,270	93,614	157,747	44,169	199,499	55,860

Deferred tax liabilities

Property, plant and equipment and investment property	(280,848)	(114,256)	(173,367)	(98,518)	(121,014)	(33,884)	(133,009)	(37,243)
Revaluation reserve	(67,820)	(18,990)	(69,204)	(19,377)	(67,820)	(18,990)	(69,204)	(19,377)
Net deferred tax asset/ (liability)	17,253	(46,828)	167,685	(19,101)	(23,371)	(6,544)	7,114	1,992

For the year ended 31 March 2017, the net deferred tax asset has been recognised in full, as it is probable that sufficient future taxable profits will be available.

Notes to the Financial Statements

Movement in deferred tax balance during the year

	Group			Company		
	Balance 31-Mar 2016 Rs. '000	Recognized in profit or loss Rs. '000	Recognized in OCI Rs. '000	Balance 31-Mar 2016 Rs. '000	Charge to profit or loss Rs. '000	Balance 31-Mar 2017 Rs. '000
Net deferred tax asset/ (liability)	(19,101)	(26,844)	(883)	1,992	(8,375)	(6,544)

A deferred tax asset has been recognized in respect of the unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be used.

12. Earnings per share

The calculation of the earnings per share is based on the profit attributable to ordinary shareholders divided by the weighted average number ordinary shares in issue during the year.

	Group		Company	
	2017	2016	2017	2016
Year ended 31 March,				
Profit/(Loss) attributable to ordinary shareholders (Rs. 000)	387,623	291,655	143,285	72,603
Weighted average number of ordinary shares	27,372,000	27,372,000	27,372,000	27,372,000
Earnings per share (Rs.)	14.16	10.66	5.23	2.65
Weighted average number of ordinary shares				
Issued ordinary shares	27,372,000	27,372,000	27,372,000	27,372,000
Effect of shares issued during the year	-	-	-	-
Weighted average number of ordinary shares in issue during the year	27,372,000	27,372,000	27,372,000	27,372,000

13 Property, plant & equipment Swisstek (Ceylon) PLC

- (a) Due to a change in the group policy, the buildings were revalued on 31 March 2016.
- (b) The lands and buildings have been revalued by an independent chartered valuer, Mr. K.T.D. Tissera, on 31 March 2016 on contractor's method as follows. The said valuation has been incorporated in the financial statements and the surplus arising from the revaluation was recognized under reserves.

- (c) The entire land is classified as property plant and equipment since the portion of the land held for company's use and the land on which investment property is situated is not clearly demarcated and cannot be sold separately.

Address	Type of property	Extent	Fair Value 2017 Rs. '000	Fair Value 2016 Rs. '000
Factory Complex, Belummahara, Imbulgoda	Land	980 Perches	600,000	600,000
No:334/5, Colombo Road, Belummahara, Imbulgoda	Land	20 Perches	6,700	6,700
Factory Complex, Belummahara, Imbulgoda	Buildings	54,647 sq.ft	75,000	75,000
No:334/5, Colombo Road, Belummahara, Imbulgoda	Building	1,384 sq.ft	301	301
			682,001	682,001

- (d) The carrying amount of the lands if carried at cost is as follows.

	Extent/ covered floor Area	Cost Rs. '000	Accumulated depreciation Rs. '000	Carrying value as at 31.03.2017 Rs. '000	Carrying value as at 31.03.2016 Rs. '000
Factory Complex, Belummahara, Imbulgoda	980 Perches	1,381	-	1,381	1,381
No:334/5, Colombo Road, Belummahara, Imbulgoda	20 Perches	5,753	-	5,753	5,753
		7,134	-	7,134	7,134

- (e) The carrying amount of the buildings if carried at cost is as follows.

	Extent/floor Area	No. of buildings	Cost Rs. '000	Accumulated depreciation Rs. '000	Carrying value as at 31.03.2017 Rs. '000	Carrying value as at 31.03.2016 Rs. '000
Factory Complex, Belummahara, Imbulgoda	54,647 Sq.ft.	13	39,071	10,504	28,567	29,210
No:334/5, Colombo Road, Belummahara, Imbulgoda	1,384 sq.ft	1	288	9	279	285
			39,359	10,513	28,847	29,495

Swisstek Aluminium Limited

- (a) Valuation of the Company's land and Building was performed by the independent valuer Mr. K. T. D. Tissera on 30 March 2016. The revaluation surplus of Rs. 82 mn was credited to other comprehensive income and is shown in revaluation reserve in shareholders equity.

If the land was stated on the historical cost basis, the amounts would be as follows:

	2017 Rs.000	2016 Rs.000
Cost and net book value	292,710	127,492

Notes to the Financial Statements

Group

Description	Freehold Land		Buildings		Plant & Machinery		Machinery under Finance Lease		Factory Electrification		Furniture & Fittings		Motor Vehicles		Office Equipments		Road Way		Tools & Equipments		Total	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	
Cost/ Revaluation																						
As at 01 April 2016	786,700	312,156	631,084	8,853	6,415	7,343	14,935	15,542	3,418	9,628	1,796,074											
Additions during the year	10,727	18,334	23,747	-	-	1,593	9,798	1,915	-	3,624	69,738											
Transfers from CWIP	-	84,301	121,589	-	-	827	-	241	-	746	207,704											
Disposals/transfers	-	-	(3,724)	-	-	-	(1,339)	-	-	-	(5,063)											
As at 31 March 2017	797,427	414,791	772,696	8,853	6,415	9,763	23,394	17,698	3,418	13,998	2,068,452											
Accumulated depreciation																						
As at 01 April 2016	-	32,460	294,103	3,985	1,515	3,568	11,104	10,124	2	7,699	364,560											
Charge for the Year	-	7,605	59,274	590	487	1,203	1,544	1,994	68	2,057	74,822											
Disposals/Transfers	-	-	(1,215)	-	-	-	(1,314)	-	-	-	(2,529)											
As at 31 March 2017	-	40,065	352,162	4,575	2,002	4,771	11,334	12,118	70	9,756	436,853											
As at 31 March 2016	786,700	279,695	336,981	4,868	4,900	3,775	3,831	5,418	3,416	1,929	1,431,514											
As at 31 March 2017	797,427	374,726	420,534	4,278	4,413	4,992	12,060	5,580	3,348	4,242	1,631,600											

Property, plant and equipment of the group consists of fully depreciated assets with a value of Rs. 28,975,401/- (2016 - Rs. 23,117,276) as at the year end.

Company

Description	Machinery under										Total
	Freehold Land	Buildings	Plant & Machinery	Finance Lease	Factory Electrification	Furniture & Fittings	Motor Vehicles	Office Equipments	Road Way	Tools & Equipments	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000

Cost/ Revaluation

As at 01 April 2016	606,700	82,530	57,179	8,853	6,415	2,866	4,771	5,556	3,418	3,569	781,857
Additions during the year		17,759	11,025	-	-	808	4,600	494	-	757	35,443
Disposals/transfers			(3,724)				(1,200)				(4,924)
As at 31 March 2017	606,700	100,289	64,480	8,853	6,415	3,673	8,171	6,050	3,418	4,326	812,376

Accumulated depreciation

As at 01 April 2016	-	7,229	13,639	3,985	1,515	451	4,669	3,011	2	2,019	36,520
Charge for the Year	-	2,225	4,644	590	487	585	513	1,004	68	517	10,633
Disposals/Transfers	-	-	(1,215)	-	-	-	(1,200)	-	-	-	(2,415)
As at 31 March 2017	-	9,454	17,068	4,575	2,002	1,035	3,982	4,014	70	2,535	44,737

As at 31 March 2016	606,700	75,301	43,540	4,868	4,900	2,415	102	2,545	3,416	1,550	745,337
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As at 31 March 2017	606,700	90,835	47,412	4,277	4,413	2,638	4,189	2,036	3,348	1,790	767,638
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Property, plant and equipment of the company consists of fully depreciated assets with a value of Rs. 8,775,273/- (2016- Rs. . 6,797,273) as at the year end.

13.1 Capital work - in - progress

	Group		Company	
	2017	2016	2017	2016
	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at the beginning of the year	51,526	-	-	-
Cost incurred during the year	292,889	71,836	37,699	-
During the year transferred to PPE	(207,704)	(20,310)	-	-
Balance as at 31 March	136,711	51,526	37,699	-

Notes to the Financial Statements

14. Investment in subsidiary

	No of shares		Cost	No of shares		Cost
	As at	Holding %	As at	As at	Holding %	As at
	31-03-2017		31-03-2017	31-03-2016		31-03-2016
			Rs.000			Rs.000
Swisstek Aluminium Ltd	122,340,570	87.38%	229,784	122,340,570	87.38%	229,784
			Group			Company
			2017	2016	2017	2016
			Rs.000	Rs.000	Rs.000	Rs.000

15. Investment property

Cost/ Revaluation

Balance at the beginning of the year	103,824	70,934	103,824	70,934
Investment property completed during the year	-	11,067	-	11,067
Change in fair value	13,659	21,823	13,659	21,823
Balance at the end of the year	117,483	103,824	117,483	103,824

Investment property consists of a retail tiles sales centre and three stores/warehouses. These are leased to Lanka Tiles PLC (LT), Lanka Walltiles PLC (LW) and Royal Ceramic Lanka PLC (RCL).

Rental income earned from investment properties by the Group/Company amounted to Rs. 11.9 Mn (2015/16 - Rs. 11.5 Mn). Direct operating expenses incurred amounted to Rs. 1.4 Mn (2015/16 - Rs. 0.52Mn.)

The carrying amount of Investment Property is the fair value of the property as determined by a registered independent valuer Mr. Ranjan J Samarakone on 31 March 2017

Address	Type of property	Occupying party	Extent	Date of Valuation	Fair	Fair Value 2016
					Value 2017 Rs. '000	
Factory Complex, Belummahara, Imbulgoda	Tile Stores	LT /LW	24,444 sq.ft	31-Mar-17	71,685	63,351
Factory Complex, Belummahara, Imbulgoda	Sales center	LT /LW/RCL	4890 sq.ft	31-Mar-17	23,901	21,122
Factory Complex, Belummahara, Imbulgoda	Open Shed	LW	1600 sq.ft	31-Mar-17	2,346	2,073
Factory Complex, Belummahara, Imbulgoda	Warehouse	RCL	5,000 sq.ft	31-Mar-17	19,551	17,278
					117,483	103,824

		Group		Company	
		2017	2016	2017	2016
		Rs.000	Rs.000	Rs.000	Rs.000
16.	Inventories				
	Spares and consumables	45,222	43,425	5,702	2,836
	Raw material	400,942	139,210	37,175	31,579
	Work in progress	86,182	46,048	2,414	596
	Finished goods	263,912	172,828	43,413	7,536
	Goods in transit	18,117	2,232	14,299	1,464
	Less: Provision for obsolete and slow moving items - (Note16.1)	(2,043)	(2,878)	(2,026)	(2,861)
		812,332	400,865	100,977	41,150
Note 16.1 - Provision for obsolete and slow moving items					
	Balance at the beginning of the year	2,878	2,447	2,861	2,430
	Goods written off	(680)	(39)	(680)	(39)
	Provision made during the year	(155)	470	(155)	470
	Balance at the end of the year	2,043	2,878	2,026	2,861
Stocks of Swisstek Aluminium Ltd amounting to Rs.160 Mn. together with an insurance policy over stocks have been pledged as collateral over the bank borrowings					
17	Trade and other receivables				
	Trade receivables - Others	819,099	546,617	74,797	62,095
	- Related parties (Note 17.1)	28,897	26,486	29,760	26,415
		847,996	573,103	104,557	88,510
	Less : Provision for impairment of trade debtors	(12,518)	(12,329)	(577)	(388)
	Deposits, advances, prepayments & other recoverables	234,357	40,719	11,018	19,952
	Tax recoverables	22,783	21,660	342	3,457
		1,092,619	623,153	115,340	111,531
17.1	Trade receivables - Related parties				
	Lanka Tiles PLC	28,897	26,486	28,882	26,415
	Swisstek Aluminium Ltd	-	-	878	-
		28,897	26,486	29,760	26,415

Notes to the Financial Statements

Year ended 31 March,	Group		Company	
	2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000
18	Amount due from related parties			
Loans - Swisstek Aluminium Ltd (18.1)	-	-	-	22,430
18.1				
Amount payable within 12 months	-	-	-	18,000
Amount payable after 12 months	-	-	-	4,430
	-	-	-	22,430
Swisstek Aluminium Limited	-	-	322	974
Lanka Walltiles PLC	700	1,368	700	1,368
Royal Ceremics PLC	3,227	-	3,227	-
Royal Porcelain Ltd	833	-	833	1,662
Rocel Bathware Ltd	68	1,662	68	-
	4,828	3,030	5,150	4,004
Loan given to Swisstek Aluminium Ltd is at the rate of AWPLR + 1.5%				
19	Cash and cash equivalents			
Cash in hand	159	130	104	86
Cash at banks	75,042	12,820	14,755	3,604
Cash and cash equivalents	75,202	12,950	14,860	3,690
Bank overdrafts	(121,867)	(28,320)	(24,091)	(15,649)
Cash & cash equivalents for the purpose of cash flow statement	(46,665)	(15,370)	(9,231)	(11,959)
20	Stated capital			
27,372,000 shares in issue at the beginning of the year	368,256	368,256	368,256	368,256
Issue of shares during the year	-	-	-	-
Ordinary Share in Issue at the end of year 27,372,000	368,256	368,256	368,256	368,256

Year ended 31 March,		2017	2016	2017	2016
		Rs.000	Rs.000	Rs.000	Rs.000
21	Reserves				
a)	Revaluation reserve				
	As at 1 April	740,299	531,954	649,393	502,070
	Revaluation surplus on land and building	-	208,345	-	147,323
	As at 31 March	740,299	740,299	649,393	649,393
b)	Capital redemption reserve	121	121	121	121
c)	General reserve	19,842	19,842	19,842	19,842
	Total	760,262	760,262	669,356	669,356
22	Retirement Benefits Obligation				
	Movement in present value of the defined benefit obligation				
	Balance at the beginning of the year	18,987	13,309	6,846	6,524
	Current service cost and interest (22.1)	4,793	5,279	1,270	1,212
	Actuarial (gain)/ losses in other comprehensive income (22.2)	(4,184)	1,726	(575)	215
	Payment during the year	(2,425)	(1,327)	(2,040)	(1,105)
	Balance at the end of the year	17,170	18,987	5,501	6,846
22.1	Expenses recognized in Statement of profit or loss				
	Current service cost	2,651	4,003	551	570
	Interest cost	2,142	1,276	719	642
		4,793	5,279	1,270	1,212
22.2	Actuarial (gain)/loss recognized in other comprehensive income				
	Actuarial (gain) or loss	4,184	1,726	(575)	215
		4,184	1,726	(575)	215

Gratuity liability is recognized based on the actuarial valuation carried out by Actuarial and Management Consultants (Pvt) Ltd on 31 March 2017. The followings are the principle assumptions used by the valuer as at year end.

Swisstek (Ceylon) PLC

1. Discount rate (the rate used to discount the future cash flows in order to determine the present value)	12.0%	11%
2. Future salary increase	12.5%	10%

Swisstek Aluminium Limited

1. Discount rate (the rate used to discount the future cash flows in order to determine the present value)	13.10%	10%
2. Future salary increase	13.0%	8%

In addition to above, assumptions regarding future mortality are based on published statistics and mortality tables.

22.3 Sensitivity of Assumptions Employed in Actuarial Valuation

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

The sensitivity of the Statement of profit or loss and other comprehensive income and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Notes to the Financial Statements

Company		2017		2016	
Increase/ (Decrease) in discount rate	Increase/ (Decrease) in salary increment rate	Effect on charge to the Statement of profit or loss and other comprehensive income	Effect on employee benefit obligation	Effect on charge to the Statement of profit or loss and other comprehensive income	Effect on employee benefit obligation
1%	*	(284)	(284)	(300)	(300)
-1%	*	314	314	336	336
*	1%	334	334	365	365
*	-1%	(307)	(307)	(333)	(333)

Subsidiary		2017		2016	
Increase/ (Decrease) in discount rate	Increase/ (Decrease) in salary increment rate	Effect on charge to the Statement of profit or loss and other comprehensive income	Effect on Employee Benefit Obligation	Effect on charge to the Statement of profit or loss and other comprehensive income	Effect on employee benefit obligation
1%	*	(284)	(284)	(1,847)	(1,847)
-1%	*	314	314	2,274	2,274
*	1%	334	334	2,233	2,233
*	-1%	(307)	(307)	(1,815)	(1,815)

Year ended 31 March,	Group		Company	
	2017 Rs.000	2015 Rs.000	2017 Rs.000	2016 Rs.000

23 Loans & borrowings

Movement in interest bearing loans & borrowings				
Balance at the beginning of the year	150,962	210,436	5,203	8,202
Loans obtained during the year	304,767	-	31,735	-
Exchange loss/(gain)	-	-	-	-
Effect of fair valuation of loans	-	-	-	-
Repayments made during the year	(74,413)	(59,472)	(3,000)	(2,999)
Balance at the end of the year	381,316	150,964	33,938	5,203

23.1	Amount falling due within one year	79,764	59,472	5,376	3,000
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23.2	Amount falling due after one year	301,553	91,492	28,562	2,202
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23.3 Bank loans

Lender	Interest rate	Security	Group				Company			
			2017		2016		2017		2016	
			Amount payable within one year	Amount payable after one year	Amount payable within one year	Amount payable after one year	Amount payable within one year	Amount payable after one year	Amount payable within one year	Amount payable after one year
			Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Bank of Ceylon	AWPLR + 1.5%	Mortgage over immovable property at Belummahara, Imbulgoda.	5,376	28,562	3,000	2,203	5,376	28,562	3,000	2,203
DFCC Bank	AWPLR	Mortgage over Land, Building, Plant & Machinery , Stocks and Book debts owned by Swisstek Aluminium Ltd.	74,388	272,991	56,472	89,289	-	-	-	-
			79,764	301,553	59,472	91,492	5,376	28,562	3,000	2,203

Notes to the Financial Statements

Year ended 31 March,		Group		Company	
		2017	2016	2017	2016
		Rs.000	Rs.000	Rs.000	Rs.000
24	Trade and other payables				
	Trade payables ' - Others	286,984	66,504	52,479	40,366
	' - Related parties (Note 24.1)	20,531	69,221	-	689
		307,515	135,725	52,479	41,055
	EPF / ETF payable	2,025	1,715	683	610
	Bank loan interest payable	8,884	2,885	446	80
	Accruals & other payables	113,106	59,702	33,215	24,761
	VAT/NBT payable	53	27,422	968	3,534
		431,583	227,449	87,791	70,040
24.1	Trade Payables - Related parties				
	Lanka Tiles PLC	20	11	-	-
	Horana Plantation PLC	60	32	-	-
	Lanka Walltile PLC	48	48	-	-
	Royal Ceramic PLC	20,403	69,130	-	-
	Swisstek Aluminium Ltd	-	-	-	689
		20,531	69,221	-	689
25	Short term loans				
	Balance at the beginning of the year	414,726	152,477	30,000	16,117
	Loans obtained during the year	1,881,649	1,450,412	156,682	147,419
	Repayments made during the year	(1,523,879)	(1,188,163)	(120,819)	(133,536)
	Balance at the end of the year	772,496	414,726	65,863	30,000
26	Borrowings and amounts due to related companies				
26.1	Amount due to related companies				
	Lanka Tiles PLC	4,958	13,349	4,958	13,349
	Royal Ceramics Lanka PLC	-	1,248	-	1,248
		4,958	14,597	4,958	14,597
26.2	Borrowings - Related parties				
	Balance as at beginning of the year	83,466	120,396	83,466	120,396
	Repayment during the year	(30,834)	(36,930)	(30,834)	(36,930)
	Balance as at end of the year	52,632	83,466	52,632	83,466
	Amount payable within 12 months	30,835	36,930	30,835	36,930
	Amount payable after 12 months	21,797	46,536	21,797	46,536
		52,632	83,466	52,632	83,466
The company's borrowings from related parties include the loan obtained from Lanka Tiles PLC at the rate of AWPLR + 1%					
26.3	Lease liability - Lanka Tiles PLC				
	Balance as at beginning of the year	-	551	-	551
	Borrowed during the year	-	-	-	-
	Repayment during the year	-	(551)	-	(551)
	Balance as at end of the year	-	-	-	-
	Amount payable within 12 months	-	-	-	-
	Amount payable after 12 months	-	-	-	-
		-	-	-	-

27 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arise principally from the Group's receivables from customers.

Carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows;

Carrying value

	Group		Company	
	2017	2016	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables	847,996	573,103	104,557	88,510
Cash & cash equivalents	75,202	12,950	14,860	3,690

Management of Credit Risk

Trade Receivables

The group has a well-established credit control policy & process to minimize credit risk. Customers are categorized according to the segments and credits limit have been fixed as per the bank guarantees given by the respective customer. Transactions will be started only when the company receives the bank guarantees from the customers and further invoicing will be done only for the customers whose outstanding balance do not exceed the credit limit.

Impairment losses

The aging of trade receivables at the reporting date that were not impaired was as follows;

Carrying value

	Group		Company	
	2017	2016	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Below 30 days	423,860	329,118	55,687	54,928
30 - 45 days	187,904	131,925	24,931	18,177
46 - 60 days	85,939	48,530	6,885	5,669
Over 61 days	150,293	63,531	17,055	9,736
Less: provision made	(12,518)	(12,329)	(577)	(388)
	835,478	560,775	103,980	88,122

Notes to the Financial Statements

The movement in the provision for impairment in respect of trade and other receivables during the year was as follows.

	Impairment	
	Group Rs. '000	Company Rs. '000
Balance at 1 April 2015	7,758	319
Impairment loss recognised	4,769	267
Amounts written off	(198)	(198)
Balance at 31 March 2016	12,329	388
Impairment loss recognised	189	189
Amounts written off	-	-
Balance at 31 March 2017	12,518	577

The Group believes that the unimpaired amounts that are past due by more than 45 days are still to be collected in full, based on historic payment behaviour and extensive analysis of customer credit risk. Based on the Group's monitoring of customer credit risk, the Group believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

Cash & cash equivalents

The Group held cash and cash equivalents of Rs. 75.2 Mn. at 31 March 2017 (2016: Rs. 12.9 Mn.), which represents its maximum credit exposure on these assets.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest:

The maturity analysis of Liabilities - Group

As at 31 March 2017	Carrying value Rs. '000	Current	Non Current		
		Upto 1 year Rs. '000	Upto 2 years Rs. '000	Upto 5 years Rs. '000	Above 5 years Rs. '000
Bank overdrafts	121,867	121,867	-	-	-
Bank borrowings	1,153,813	883,220	96,186	171,233	3,174
RPT loans	52,632	30,835	21,797	-	-

As at 31 March 2016	Carrying value Rs. '000	Current	Non Current		
		Upto 1 year Rs. '000	Upto 2 years Rs. '000	Upto 5 years Rs. '000	Above 5 years Rs. '000
Bank overdrafts	28,320	28,320	-	-	-
Bank borrowings	565,690	474,198	58,678	32,815	-
RPT loans	83,466	36,930	36,930	9,606	-

The maturity analysis of Liabilities - Company

As at 31 March 2017	Carrying value Rs. '000	Current	Non Current		
		Upto 1 year	Upto 2 years	Upto 5 years	Above 5 years
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank overdrafts	24,091	24,091	-	-	-
Bank borrowings	99,801	71,239	6,347	19,041	3,174
RPT loans	52,632	30,835	21,797	-	-
Lease liability	-	-	-	-	-

As at 31 March 2016	Carrying value Rs. '000	Current	Non Current		
		Upto 1 year	Upto 2 years	Upto 5 years	Above 5 years
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank overdrafts	15,649	15,649	-	-	-
Bank borrowings	35,202	33,000	2,203	-	-
RPT loans	83,466	36,930	36,930	9,606	-

Market Risk

Interest Rate Risk

The principal risk to which non-trading portfolios are exposed is the loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

At the end of the reporting period the interest rate profile of the company's interest-bearing financial instruments as reported to the management of the company was as follows;

	Group		Company	
	Nominal amount		Nominal amount	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Variable rate instruments				
Financial assets	-	-	-	22,430
Financial liabilities	(1,328,311)	(677,475)	(176,523)	(134,317)
	(1,328,311)	(677,475)	(176,523)	(111,887)

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant.

Notes to the Financial Statements

	Group		Company	
	2017	2016	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Variable rate instruments				
100 bp increase	(13,283)	(6,775)	(1,765)	(1,119)
100 bp decrease	13,283	6,775	1,765	1,119

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity. The Group also monitors the level of dividends to ordinary shareholders.

The company's debt to adjusted capital ratio at the end of the reporting period was as follows.

	Group		Company	
	2017	2016	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Total liabilities	1,856,425	972,267	288,385	238,466
Less: cash and cash equivalents	75,202	12,950	14,860	3,690
Net debt	1,781,224	959,317	273,526	234,776
Total equity	2,014,350	1,656,587	1,100,545	1,025,277
Net debt to equity ratio at 31 March	0.88	0.58	0.25	0.23

There were no changes in the company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

28 Analysis of financial instruments by measurement basis

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

Group

2017

	Note	Fair value through profit or loss Rs. '000	Available for sale Rs. '000	Loans and receivables* Rs. '000	Held to maturity Rs. '000	Other financial liabilities * Rs. '000	Total Rs. '000
Financial Assets							
Trade and other receivables	17	-	-	1,092,619	-	-	1,092,619
Amounts due from related parties	18	-	-	4,828	-	-	4,828
Cash and cash equivalents	19	-	-	75,202	-	-	75,202
		-	-	1,172,649	-	-	1,172,649
Financial Liabilities							
Loans and borrowings	23	-	-	-	-	381,317	381,317
Borrowings - Related party	26.2	-	-	-	-	52,632	52,632
Short term loans	25	-	-	-	-	772,496	772,496
Trade and other payables	24	-	-	-	-	431,583	431,583
Amounts due to related parties	26	-	-	-	-	4,958	4,958
Bank overdraft	19	-	-	-	-	121,867	121,867
		-	-	-	-	1,764,853	1,764,853

2016

	Note	Fair value through profit or loss Rs. '000	Available for sale Rs. '000	Loans and receivables* Rs. '000	Held to maturity Rs. '000	Other financial liabilities * Rs. '000	Total Rs. '000
Financial Assets							
Trade and other receivables	17	-	-	623,153	-	-	623,153
Amounts due from related parties	18	-	-	3,030	-	-	3,030
Cash and cash equivalents	19	-	-	12,950	-	-	12,950
		-	-	639,132	-	-	639,132
Financial Liabilities							
Loans and borrowings	23	-	-	-	-	150,964	150,964
Borrowings - Related party	26.2	-	-	-	-	83,466	83,466
Short term loans	25	-	-	-	-	414,726	414,726
Trade and other payables	24	-	-	-	-	227,449	227,449
Amounts due to related parties	26	-	-	-	-	14,597	14,597
Bank overdraft	19	-	-	-	-	28,320	28,320
		-	-	-	-	919,522	919,522

Notes to the Financial Statements

Company

2017	Note	Fair value through profit or loss Rs. '000	Available for sale Rs. '000	Loans and receivables* Rs. '000	Held to maturity Rs. '000	Other financial liabilities * Rs. '000	Total Rs. '000
Financial Assets							
Trade and other receivables	17	-	-	115,340	-	-	115,340
Amounts due from related parties	18	-	-	-	-	-	-
Cash and cash equivalents	19	-	-	14,860	-	-	14,860
		-	-	130,200	-	-	130,200
Financial Liabilities							
Loans and borrowings	23	-	-	-	-	33,938	33,938
Borrowings - Related party	26.2	-	-	-	-	52,632	52,632
Short term loans	25	-	-	-	-	65,863	65,863
Trade and other payables	24	-	-	-	-	87,791	87,791
Amounts due to related parties	26	-	-	-	-	4,958	4,958
Bank overdraft	19	-	-	-	-	24,091	24,091
		-	-	-	-	269,272	269,272
2016	Note	Fair value through profit or loss Rs. '000	Available for sale Rs. '000	Loans and receivables* Rs. '000	Held to maturity Rs. '000	Other financial liabilities * Rs. '000	Total Rs. '000
Financial Assets							
Trade and other receivables	17	-	-	111,532	-	-	111,532
Amounts due from related parties	18	-	-	36,001	-	-	36,001
Cash and cash equivalents	19	-	-	3,690	-	-	3,690
		-	-	151,223	-	-	151,223
Financial Liabilities							
Loans and borrowings	23	-	-	-	-	5,203	5,203
Borrowings - Related party	26.2	-	-	-	-	83,466	83,466
Short term loans	25	-	-	-	-	30,000	30,000
Trade and other payables	24	-	-	-	-	70,040	70,040
Amounts due to related parties	26	-	-	-	-	14,597	14,597
Bank overdraft	19	-	-	-	-	15,649	15,649
		-	-	-	-	218,955	218,955

* The company does not anticipate the fair value of the above to be significantly different to their carrying values and considers the impact as not material for the disclosure.

Fair value Hierarchy for Assets Carried at fair value

The table below analyses financial instruments and non financial assets measured at fair value at the end of the reporting period, by the level of the fair value hierarchy.

Group

2017	Note	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Investment property	15	-	117,483	117,483
Freehold land and building	13	-	1,212,218	1,212,218
2016				
Investment property	15	-	103,824	103,824
Freehold land and building	13	-	1,098,856	1,098,856

Company

2017	Note	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Investment property	15	-	117,483	117,483
Freehold land and building	13	-	706,989	706,989
2016				
Investment property	15	-	103,824	103,824
Freehold land and building	13	-	689,230	689,230

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of Land and investment property, as well as the significant unobservable inputs used.

Location	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Swisstek (Ceylon) PLC			
Investment property			
Factory Complex	Belummahara	Investment method	A reasonable rent that the property could fetch in its existing use is estimated on the basis of rent paid to comparable properties. The net income deliverable worked out taking away the usual "outgoings" that have to be met from such gross income at 20% The net income determined is capitalized at an "years purchase" estimated based on the type of property, its existing use and the rate of return on investment expected from the type of property is 22.
			The estimated fair value would increase/decrease if expected market rentals get high/low.

Notes to the Financial Statements

	Location	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Property plant and equipment				
Land and building	Belummahara	Contractor's method	Considering the location, extent and site characteristics the land value is determined by adopting rates from Rs. 350,000 to Rs. 650,000 per perch. The building value is determined by adopting rates from Rs. 250 to Rs. 2500 per sq.ft.	The estimated fair value would increase/decrease if the market value of the land or building gets high/low.
Swisstek Aluminium Limited				
Property plant and equipment				
Land and building	Dompe	Market approach	Considering the location, extent and site characteristics the land value is determined by adopting rates from Rs. 50,000 to Rs. 150,000 per perch. The building value is determined by Rs.1000 per sq.ft to Rs.3000 per sq.ft	The estimated fair value would increase/decrease if the market value of the land or building gets high/low.

29.1 Directorates of directors in related companies

The Directors of the company are also directors of the following related Companies which Swisstek (Ceylon) PLC has had business transactions, in the ordinary course of business.

	Mr. W D H N Perera (Chairman)	Mr. J A P M Jayasekara (Managing Director)	Mr. A M Weerasinghe (Chairman)	Mr. K Y Choi	Mr. S A D M Ratnayake	Mr. J K A Sirinatha	Ms. K C Silva	Mr. T De Soysa	Mr. S R Fernando	Dr. S Selliah
	(*)		(**)		(***)		(****)		(*****)	(*****)
Lanka Tiles PLC	X	X	X	-	-	-	-	-	-	X
Lanka Walltiles PLC	X	X	X	-	-	-	-	X	X	X
Uni Dil Packaging Ltd	X	X	-	-	-	-	-	-	-	-
Swisstek Aluminium Ltd	X	X	X	X	X	-	X	-	-	-
Royal Ceramic Lanka PLC	X	-	X	-	-	-	-	-	-	-
Royal Porcelain (pvt) Ltd	X	-	X	-	-	-	-	-	-	-
Rocell Bathware Ltd.	X	-	X	-	-	-	-	-	-	-

"X" denotes directorate

(*) Resigned on 8 March 2017

(**) Appointed as Chairman on 15 March 2017

(***) Resigned on 2 May 2017

(****) Resigned on 27 April 2017

(*****) Resigned on 7 March 2017

(*****) Appointed as Director on 28 March 2017

Details of transactions with related parties in the ordinary course of business are set out below:-

Notes to the Financial Statements

29.2 Transactions with related companies

Name of the Company	Relationship	Nature of the Transaction	Group		Company	
			2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000
a. Lanka Walltiles PLC	Parent company	Sales commission reimbursed	7,228	6,426	7,228	6,426
		Security charges reimbursement	1,024	805	1,024	805
		Warehouse rental income	4,210	5,619	4,210	5,619
		Management fee reimbursement	360	360	360	360
		Reimb. of sales expenses	1,192	1,131	1,192	1,131
		Office rent payable	(139)	(136)	(139)	(136)
		Microsoft licence fees	(184)	(180)	(184)	(180)
		Administration expenses	-	2	-	-
b. Lanka Tiles PLC	Related company	Tile mortar sales	131,937	121,122	131,937	121,122
		Tile grout Sales	46,731	42,567	46,731	42,567
		Decorative pebbles, Skim coat & Tile Cleaner	9,865	7,258	9,865	7,258
		Grout & Mortar RM purchases	(196)	(77)	(196)	(77)
		Receipts of funds	(215,493)	(187,190)	(215,493)	(187,190)
		Operational & administration expenses	(3,031)	(4,891)	(3,031)	(4,632)
		Lease rental expense on machinery	(254)	(619)	(254)	(619)
		Financial expenses to Lanka Tiles PLC	(8,300)	(8,631)	(8,300)	(8,631)
		Reimbursement of operational expense	4,417	4,085	4,417	4,085
		Warehouse rental income	5,789	5,670	5,789	5,670
		Loan repayment during the year	30,834	36,930	30,834	36,930
		Commission on Sales	38,713	35,526	38,713	35,526
		Aluminium sales	858	23,304	-	-
c. Royal Ceramic Lanka PLC	Related company	Sale of Goods	7,081	1,392	7,081	1,392
		Sales Commission	1,601	10,094	1,601	10,094
		Reimbursement of Security Expenses	1,026	805	1,026	805
		Warehouse rental income	3,759	1,699	3,759	1,699
		Purchase of goods	2,964	566	-	-
		Administration expenses	-	-	-	-
		Technical fees	(84,774)	(65,667)	-	-

Name of the Company	Relationship	Nature of the Transaction	Group		Company	
			2017	2016	2017	2016
			Rs.000	Rs.000	Rs.000	Rs.000
d. Royal Porcelain (Pvt) Ltd	Related company	Sales Commission	5,904	9,480	5,904	9,480
e. Rocell Bathware Ltd.	Related company	Sales Commission	68	-	68	-
f. Unidil Packaging Ltd	Related company	Purchase of corrugated boxes	3,345	3,748	3,345	3,748
g. Swisstek Aluminium Ltd	Subsidiary	Interest received on loans	1,184	2,785	1,184	2,785
		Loan granted/(repayment)	(22,430)	(18,000)	(22,430)	(18,000)
		Returned of goods	(1,568)	5,390	(1,568)	5,390
h. Horana plantation	Related company	Purchase of goods	369	317	-	669

The management confirmed that all of the above related party transactions are Recurrent in nature.

29.3 Transactions with key management personnel

According to LKAS 24 "Related Party Disclosure", Key Management Personnel, are those having authority and responsibility for planning, Directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) have been classified as Key Management Personnel of the Company and the Group. Following transactions have been occurred with the key Management Personnel during the period.

(i) Loans given to directors

No loans have been given to the directors of the group.

(ii) Key management personnel compensation

	Group		Company	
	2017	2016	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Director fees	3,015	900	1245	900
Salary and allowances	-	1,057	-	-
	3,015	1,957	1245	900

This note should be read in conjunction with Notes 17, 18,24 and 26 to these Financial Statements.

Notes to the Financial Statements

30 Non controlling interest

The following table summarises the information relating to subsidiary that has material Non Controlling Interest (NCI).

	Swisstek Aluminium Ltd	
	2017	2016
	Rs. '000	Rs. '000
31 March		
NCI percentage	13%	13%
Non current assets	962,974	737,701
Current assets	1,749,856	881,473
Non current liabilities	(314,495)	(126,952)
Current liabilities	1,254,747	630,979
Net assets	3,653,081	2,123,201
Carrying amount of NCI	461,019	267,948
Revenue	2,824,409	2,188,882
Profit	324,939	250,628
OCI	3,609	68,324
Total comprehensive income	328,549	318,952
Profit allocated to NCI	41,098	31,629
OCI allocated to NCI	365	8,622
Cash flows from operating activities	(199,469)	(30,670)
Cash flows from investing activities	(289,442)	(103,636)
Cash flows from financing activities	454,892	173,892
Net increase (decrease) in cash and cash equivalents	(34,019)	39,586

31 Capital expenditure commitments

There were no material capital commitments as at the reporting date.

32 Commitments and contingencies

There are no commitments and contingencies except the following;

- The letter of credits opened by Swisstek Aluminium Limited amounting to Rs. 56,721,529

33 Events after the reporting date

There were no material events after the reporting date which would require adjustments to or disclosure in the financial statements.

Investor Information

Stock Exchange Listing

The issued Ordinary Shares of Swisstek (Ceylon) PLC are listed with the Colombo Stock Exchange.

Share Distribution as at 31 March 2017

From	To	No of Holders	No of Shares	%
1	1,000	702	161,613	0.59
1,001	10,000	211	873,482	3.19
10,001	100,000	88	2,786,184	10.18
100,001	1,000,000	23	5,441,678	19.88
Over 1,000,000		3	18,109,043	66.16
		1,027	27,372,000	100.00

Categories of Shareholders

Local Individuals	912	4,067,122	14.86
Local Institutions	100	22,597,080	82.56
Foreign Individuals	12	121,339	0.44
Foreign Institutions	3	586,459	2.14
	1,027	27,372,000	100.00

20 Major Shareholders of the Company

Name	31-03-2017		31-03-2016	
	No of Shares	(%)	No of Shares	(%)
1 Lanka Tiles PLC	13,085,180	47.805	13,085,180	47.805
2 Lanka Walltiles PLC	3,141,250	11.476	3,141,250	11.476
3 Royal Ceramics Lanka PLC	1,882,613	6.878	-	-
4 Mr R A Rishard	528,556	1.931	489,785	1.789
5 Mr M M Fuad	445,112	1.626	596,639	2.180
6 Mellon Bank N.A.-Common Wealth Of Massachusetts	321,539	1.175	321,539	1.175
7 Bank of Ceylon No 1 Account	302,166	1.104	-	-
8 Deutsche Bank ag as Trustee To Candor Opportunities	300,000	1.096	-	-
9 J B Cocoshell (Pvt) LTD	289,350	1.057	-	-
10 Seylan Bank PLC/Mushtaq Mohamed Fuad	273,265	0.998	-	-
11 Deutsche Bank Ag As Trustee To Amana Candor Shariah Balanced Fund	250,000	0.913	-	-
12 Andysel Private Limited	250,000	0.913	275,000	1.005
13 Arunodhaya Industries (Private) Limited	250,000	0.913	275,000	1.005
14 Arunodhaya (Private) Limited	250,000	0.913	250,000	0.913
15 Rubber Investment Trust Limited A/C # 01	240,000	0.877	-	-
16 Deutsche Bank Ag As Trustee To Candor Growth Fund	235,400	0.860	-	-
17 National Industries Group (Holdings) (S.A.K)	214,920	0.785	-	-
18 Mr T L M Imtiaz	183,402	0.670	30,353	0.111
19 Mr P H D Waidyatilaka	175,000	0.639	175,000	0.639
20 Arunodhaya Investments (Private) Limited	170,000	0.621	170,000	0.621
TOTAL	22,787,753	83.252	18,809,746	68.719
OTHERS	4,584,247	16.748	8,562,254	31.281
ISSUED CAPITAL	27,372,000	100.00	27,372,000	100.00

Investor Information

Directors' and CEO's Shareholding as at 31 March 2017

	No of Shares	%
Mr. J A P M Jayasekara	25,557	0.093
Mr. K Y Choi	-	-
Mr S A D M Ratnayake	-	-
Mr. J K A Sirinatha	-	-
Ms K C Silva	-	-
Mr T De Zoysa	-	-
Mr A M Weerasinghe	-	-
Dr S Selliah	-	-

- Mr. S R Fernando – Resigned w.e.f 07 March 2017
- Mr. W D N H Perera – Resigned w.e.f 08 March 2017
- Dr S Selliah – Appointed w.e.f 28 March 2017
- Mr A M Weerasinghe Appointed w.e.f 15 March 2107

Share Prices for the Year

	As at 31/03/2017	As at 31/03/2016
Highest during the year	Rs.76.00 (04-10-2016)	Rs.69.70 (25-05-2015)
Lowest during the year	Rs 55.00 (01-04-2016)	Rs 42.50 (01-04-2015)
Closing Price	Rs. 65.60	Rs. 55.00

Public Holding

The Percentage of shares held by the Pubic - 36.895%
 No of shareholders representing the above percentage - 1,019

Five Year Summary of Income Statement

Group

For the year ended 31 March,	2017 Rs.000	2016 Rs.000	2015 Rs.000	2014 Rs.000	2013 Rs.000
Revenue	3,432,357	2,689,529	1,857,199	1,487,095	1,189,220
Cost of Sales	(2,333,245)	(1,881,509)	(1,456,170)	(1,187,757)	(1,000,502)
Gross Profit	1,099,112	808,020	401,029	299,338	188,718
Other Income	77,219	84,987	87,315	65,038	25,696
Administration Expenses	(185,349)	(188,508)	(122,400)	(72,117)	(53,888)
Distribution Expenses	(382,600)	(266,090)	(48,185)	(56,748)	(50,427)
Other Expenses	(35)	(3,826)	(1,814)	(647)	(2,131)
Results from operating activities	608,346	434,583	315,945	234,864	107,968
Finance Cost	(106,821)	(61,913)	(57,870)	(113,209)	(126,361)
Profit/(Loss) before Tax	501,525	372,670	258,075	121,655	(18,393)
Tax expense	(72,803)	(49,386)	(6,550)	(3,738)	(2,169)
Profit/(Loss) for the year	428,722	323,284	251,525	117,917	(20,562)
Other comprehensive income :					
Gain on revaluation of land and buildings	-	234,464	155,075	-	41,890
Defined benefit plan actuarial gains / (losses)	4,184	(1,726)	(1,327)	(2,976)	651
Deferred tax on other comprehensive income	(883)	(17,246)	(68)	-	-
Other comprehensive income for the period	3,301	215,492	153,680	(2,976)	42,541
Total comprehensive income for the period	432,023	538,776	405,205	114,941	21,979

Statement of Value Added

For the year ended 31 March	2017 Rs'000	2016 Rs'000	2015 Rs'000	2014 Rs'000	2013 Rs'000
Sales	3,432,356	2,689,529	1,857,199	1,487,095	1,189,220
Other Income	77,219	84,987	87,315	65,038	25,696
Less:					
Cost of materials & services bought in	(2,462,560)	(2,072,010)	(1,426,414)	(1,154,164)	(969,733)
Value added	1,047,015	702,506	518,100	397,969	245,182
Distribution of Value Added					
Employees as remuneration	270,463	203,150	146,248	107,171	82,277
Government as taxes	45,089	50,568	(2,842)	3,738	2,169
Lenders of capital as interest	106,821	61,913	60,338	110,741	128,989
Shareholders as dividends	-	-	-	-	-
Retained in the business as					
- Depreciation/deferred tax	102,287	63,645	65,099	55,935	52,311
- Profits	428,722	323,231	249,257	120,385	(20,562)
Total	1,047,015	702,506	518,100	397,969	245,184

Five Year Summary of Financial Position

Group

As at 31 March,	2017 Rs.000	2016 Rs.000	2015 Rs.000	2014 Rs.000	2013 Rs.000
Assets					
Property, plant and equipment	1,768,311	1,483,040	1,182,590	1,072,028	1,089,293
Deferred tax assets	-	1,992	39,099	22,728	22,369
Investment property	117,483	103,824	70,934	56,983	29,200
Non current assets	1,885,794	1,588,856	1,292,623	1,151,739	1,140,862
Inventories	812,332	400,865	345,383	260,527	305,009
Trade and other receivables	1,092,619	623,153	495,606	375,841	396,187
Amounts due from related parties	4,828	3,030	7,113	-	-
Cash and cash equivalents	75,202	12,950	8,532	9,291	4,366
Current assets	1,984,981	1,039,998	856,634	645,659	705,562
Total assets	3,870,774	2,628,854	2,149,257	1,797,398	1,846,424
Equity					
Stated capital	368,256	368,256	368,256	368,256	368,256
Reserves	760,262	760,262	551,917	411,795	411,794
Accumulated losses	741,511	419,381	146,516	(85,220)	(191,452)
Equity attributable to owners of the company	1,870,029	1,547,899	1,066,689	694,831	588,598
Non controlling interest	144,320	108,688	68,437	48,776	40,066
Total equity	2,014,349	1,656,587	1,135,126	743,607	628,664
Liabilities					
Retirement benefits Obligation	17,170	18,987	13,308	9,293	5,503
Borrowings - Lanka Floortiles plc	21,797	46,536	83,466	119,808	99,962
Lease liability - Lanka Floortiles plc	-	-	-	979	2,785
Deferred tax liability	46,828	21,093	9,392	-	-
Loans and borrowings	301,553	91,492	150,988	204,562	260,065
Non current liabilities	387,347	178,108	257,154	334,642	368,315
Trade and other payables	431,583	227,449	371,810	223,558	245,007
Loans & borrowings	79,764	59,472	59,449	60,256	53,246
Short term loans	772,496	414,726	152,477	213,673	280,436
Amounts due to related parties	4,958	14,597	61,709	59,934	71,320
Borrowings - Related party	30,835	36,930	36,930	49,185	90,135
Lease liability	-	-	551	1,806	3,268
Tax payable	27,575	12,665	7,582	3,177	2,214
Bank overdrafts	121,867	28,320	66,469	107,560	103,818
Current liabilities	1,469,078	794,159	756,977	719,149	849,444
Total liabilities	1,856,425	972,267	1,014,131	1,053,791	1,217,759
Total equity and liabilities	3,870,774	2,628,854	2,149,257	1,797,398	1,846,423
Shares in issue at end of the year	27,372,000	27,372,000	27,372,000	27,372,000	27,372,000
Net Assets per share at the end of the year	68.32	56.55	38.97	25.38	21.50
Market price per share at the end of the year	65.60	55.00	41.90	20.40	12.00
Market capitalization at the end of the year	1,795.60	1,505.46	1,146.89	558.39	328.46

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Fiftieth Annual General Meeting of Swisstek (Ceylon) PLC will be held at Sri Lanka Foundation Institute No:100, Sri Lanka Foundation Avenue, Colombo 07 on 29 June 2017 at 2.15 p.m. and the business to be brought before the Meeting will be:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31 March 2017 and the Report of the Auditors thereon.
2. To elect Mr. A M Weerasinghe, who retires by rotation in terms of Articles 110 of the Articles of Association, as a Director of the Company.
3. To elect Dr. S Selliah, who retires by rotation in terms of Articles 110 of the Articles of Association, as a Director of the Company.
4. To authorise the Directors to determine donations for the ensuing year.
5. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD
SWISSTEK (CEYLON) PLC



P W CORPORATE SECRETARIAL (PVT) LTD
DIRECTOR/SECRETARIES

25 May 2017
Colombo.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. The completed form of Proxy should be deposited at the Registered Office of the Company, No. 215, Nawala Road, Narahenpita, Colombo 5, not less than forty-eight (48) hours before the time fixed for the commencement of the Meeting.

Form of Proxy

I/We the undersigned NIC No of
 being a member/s* of Swisstek (Ceylon) PLC hereby appoint:
 of

Mr. Amarakone Mudiyansele Weerasinghe	or failing him*
Mr. Jayasekera Arachchige Panduka Mahendra Jayasekera	or failing him*
Mr. Kwang Yong Choi	or failing him*
Mr. Jayawardena Kankanange Aravinda Sirinatha	or failing him*
Mr. Tilak de Zoysa	or failing him*
Dr. Sivakumar Selliah	or failing him*

my/our * Proxy to vote and speak as indicated hereunder for me/us* and on my/our* behalf at the Fiftieth Annual General Meeting of the Company to be held on 29 June 2017 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof:

	For	Against
Resolution 1 To elect Mr. A M Weerasinghe who retires in terms of Article No.110 of the Articles of Association, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 To elect Dr. S Selliah who retires in terms of Article No.110 of the Articles of Association, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 To authorize the Directors to determine donations for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 To re-appoint Messrs. KPMG Chartered Accountants as Auditors of the Company and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hands this day of Two Thousand and Seventeen.

.....
 Signature of Shareholder/s

* Please delete the inappropriate words.
 Instructions as to completion appear on the reverse.

Form of Proxy

INSTRUCTIONS FOR COMPLETION OF FORM OF PROXY

1. This Form of Proxy must be deposited at No. 215, Nawala Road, Narahenpita, Colombo 5 not less than forty eight (48) hours before the time fixed for the Meeting.
2. In perfecting the Form of Proxy please ensure that all details are legible.
3. If you wish to appoint a person other than a Director of the Company as your proxy, please insert the relevant details in the space provided.
4. Please indicate with an 'X' in the space provided, how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.
5. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
6. In the case of a Proxy signed by an Attorney, the Power of Attorney must be deposited at The Secretaries' Office (i.e. P W Corporate Secretarial (Pvt) Ltd, 3/17, Kynsey Road, Colombo 8) for registration.

Corporate Information

Directors

Mr. A M Weerasinghe (Chairman)
Mr. J A P M Jayasekera (Managing Director)
Mr. K Y Choi
Mr. J K A Sirinatha
Mr. Tilak de Zoysa
Dr. S Selliah

Secretaries

PW Corporate Secretarial (Pvt) Ltd
3/17 Kynsey Road, Colombo 08
Telephone : +94 11 4640360-3
Fax : +94 11 4740588
Email : pwcs@pwcs.lk

Registered Office

215 Nawala Road, Narahenpita, Colombo 5
Telephone : +94 11 4734391 – 3
Fax : +94 11 2805885
Email : swisstek@lankatiles.com
WEBSITE : www.swisstekceylon.com

Bankers

Bank of Ceylon
Commercial Bank of Ceylon PLC
Union Bank of Colombo PLC

Auditors

Messrs KPMG
Chartered Accountants
32 A Sir Mohammed Macan Markar Mawatha,
Colombo 3



www.swisstekceylon.com