

TRUST

“The best way to find out if you can trust somebody is to trust them.”

Ernest Hemingway

Dipped Products PLC

Sector : Manufacturing
Nature of Business : Manufacturer of Latex Industrial & Household
Gloves and Plantation Management.
Financial Year Ends : 31st March
Stock Code : DIPD.N0000
ISIN : LK0057N00006
Established : 1976

TRUST

Trust. Faith. Confidence. As any good manufacturer knows, these are the qualities that make the difference between an ordinary company and a great one. Earning, and owning, the trust of thousands of customers while serving each one with responsibility and value is no easy task, yet at Dipped Products we believe that our stakeholders' goodwill and trust in our capabilities is absolute. Because for many years now, we have led the way in delivering high-quality, innovative protective hand-wear to customers across the world.

Business integrity, industry expertise and stakeholder value creation are corporate characteristics now strongly associated with the Dipped Products brand. And as the reviews in this report will show, our model of growth is sustainable and our fundamentals strong.


That's why we are so confident that the year ahead will be an exciting one, our future full of promise. And that's why so many customers, business associates, investors, regulators and communities will continue to place their trust in us.



Mission

DPL strives to be the preferred global hand protection provider. We are committed to the continual improvement of our business processes and systems.

We shall comply with environmental and social obligations, meet the aspirations of our employees, suppliers and shareholders and build relationships of trust.



In this year's Report

Company at a Glance

- 10 Our Global Reach
- 11 Commitment to Excellence
- 12 Performance Highlights
- 13 Our Integrated Report
- 16 Stakeholder Engagement
- 18 Defining Material Content

Management Review

- 22 Joint Letter from the Chairman & the Managing Director

Stewardship

- 28 Board of Directors
- 30 Management Team
- 32 Corporate Governance
- 50 Strategic Framework
- 52 Risk Management

Management Discussion & Analysis

- 56 Operating Context
- 61 Operational Review
- Resource Allocation and Value Creation**
- 63 Financial Capital
- 66 Review of Our Value Drivers
- 67 Manufactured Capital
- 68 Human Capital - An Inspired Team
- 72 Social and Relationship capital
- 77 Natural Capital

Financial Information

- 90 Financial Calendar
- 91 Independent Auditors Report
- 92 Statements of Profit or Loss
- 93 Statements of Comprehensive Income
- 94 Statements of Financial Position
- 95 Statements of Changes in Equity
- 96 Statements of Cash Flows
- 98 Notes to the Financial Statements

Annexes

- 154 Ten Year Summary
- 158 The Share
- 162 Group Structure
- 164 Glossary
- 165 GRI Content Index Tool
- 169 Notice of Meeting
- 170 Notes
- 171 Form of Proxy
- IBC Corporate Information



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www.dplgroup.com



D P L Premier Glove Factory at Biyagama



Who we are...

Dipped Products PLC is a subsidiary company of one of Sri Lanka's biggest diversified conglomerates, Hayleys PLC which was founded in 1878.

Established in 1976, DPL is now a fully integrated rubber glove manufacturer producing a continuing stream of high value new product innovations in protective hand wear that are renowned for their quality and performance.



For more information:
www.dplgroup.com

What we do and how we do it...

Dipped Products services up to 5 percent demand for household and industrial gloves in developed and emerging markets worldwide, and the company is ranked among the world's largest manufacturers in the hand protection industry. DPL's experience and expertise over the past 4 decades - combined with continuous product development based on our customers' expectations, preferences and inputs - have clearly differentiated the company in the market as a supplier of quality natural and synthetic latex based domestic, industrial and medical gloves.



For more information:
www.dplgroup.com





Company at a Glance

Our model of growth is sustainable and our fundamentals strong...

Four decades of industry insight has sharpened our understanding of customer needs and enabled us to create an agile and responsive operating model.

Dipped Products PLC (“DPL”) is a global leader in protective hand-wear, serving around 5% of global demand for natural and synthetic-latex based household and industrial gloves. We are one of the largest glove manufacturers in the world and our products are sold world-wide. Out of Sri Lanka’s total export earnings from rubber gloves DPL accounts for

around 30%. Four decades of industry insight has sharpened our understanding of customer needs and enabled us to create an agile and responsive operating model to capture growth opportunities in an increasingly competitive and dynamic market. The DPL Group also has interests in Sri Lanka’s plantation sector and produces 3.9% and 3.4% of the country’s

total tea and rubber output through its holdings in Talawakelle Tea Estates PLC (TTEL) and Kelani Valley Plantations PLC (KVPL). DPL is a subsidiary of Hayleys PLC, one of Sri Lanka’s largest diversified conglomerates and is listed on the Main Board of the Colombo Stock Exchange together with its parent and two plantation subsidiaries.

Our Innovation

Innovation is critical in catering to the rapidly changing requirements and preferences of our market. Our dedicated R&D team persistently monitors emerging trends and harness research capabilities to develop new products and applications

Our Products

In hand protection, we manufacture over 300 variants of 115 product varieties of supported and unsupported household, industrial, medical and value-added gloves with numerous applications. In Plantations, we produce 12,393 MT and 3,105 MT of tea and rubber respectively, both of which are renowned for superior quality and command premium pricing at the auctions.

Our Markets

In hand protection, our products are sold in over 70 countries world-wide. We have developed long-standing relationships with our customers, underpinned by superior quality of our products and a high level of responsiveness. Our tea and rubber produce is exported to over 50 countries world-wide.

Creating Sustainable Shared Value

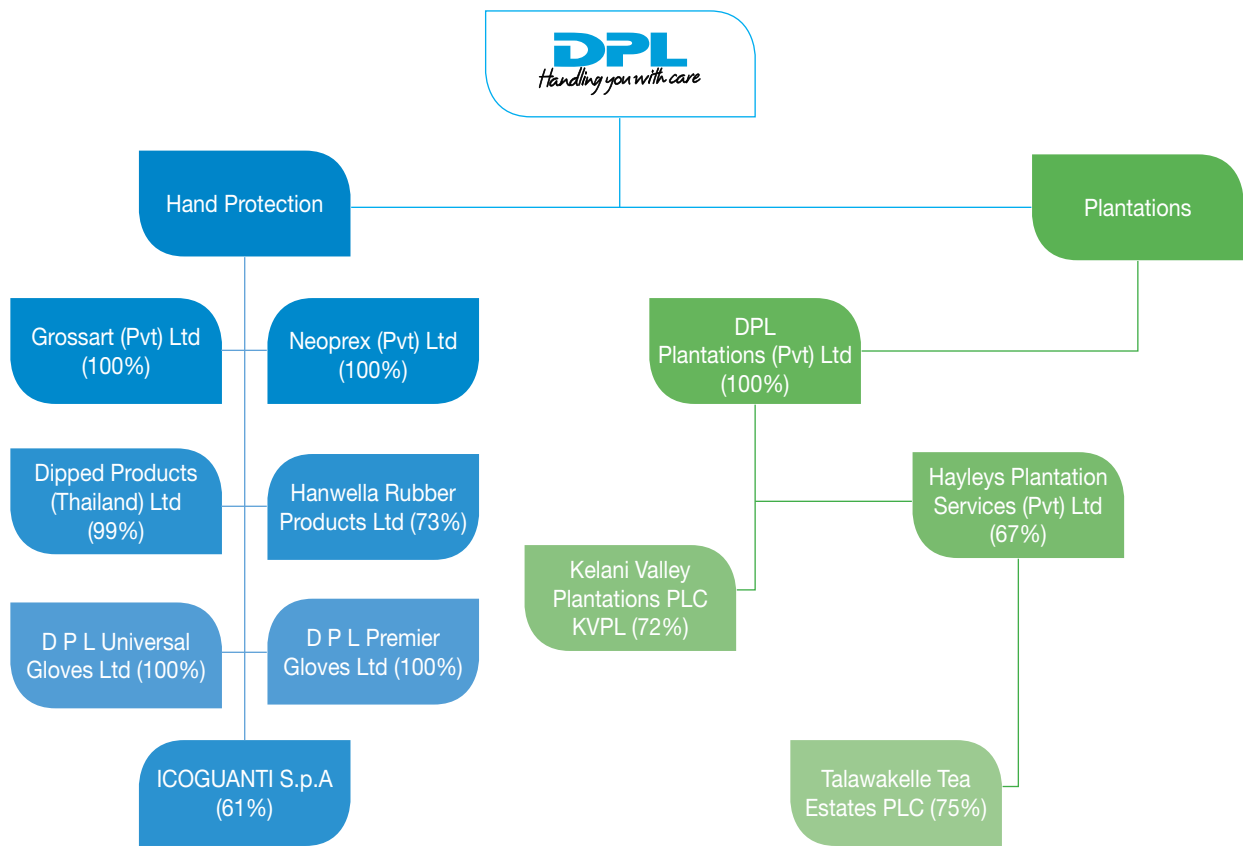
As the world’s leading ethical glove manufacturer, we strive to entrench sustainability principles and shared values to our business strategy. Our team of over 1,500 employees who are employed in our glove manufacturing facilities in Sri Lanka and Thailand continue to be our biggest strength and we have created an environment that inspires them to continuously challenge themselves and drive performance. In both our business lines developing our value chain partners and empowering the communities we operate in is a vital part of our sustainability strategy, and over the years we have directly contributed to the socio economic progress of over 152,000 individuals across the island.

Group Structure

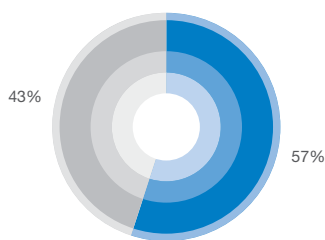
The DPL Group comprises of several subsidiaries engaged in the two key business lines of hand protection and plantations. In hand protection, the parent entity together with six subsidiaries are

involved in the manufacture of gloves, including Dipped Products (Thailand) Limited which engages in the production of medical gloves. ICOGUANTI S.p.A represents the hand protection

division's marketing arm based in Italy. In plantations, the Group holds controlling interests in Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC which are involved in the cultivation of tea and rubber.

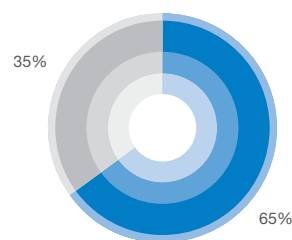


Revenue breakdown



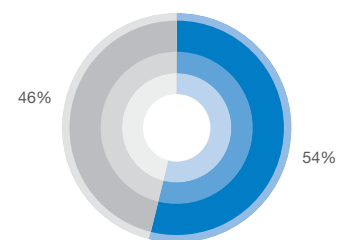
■ Hand Protection ■ Plantation

Operating Profit breakdown



■ Hand Protection ■ Plantation

Total Assets breakdown

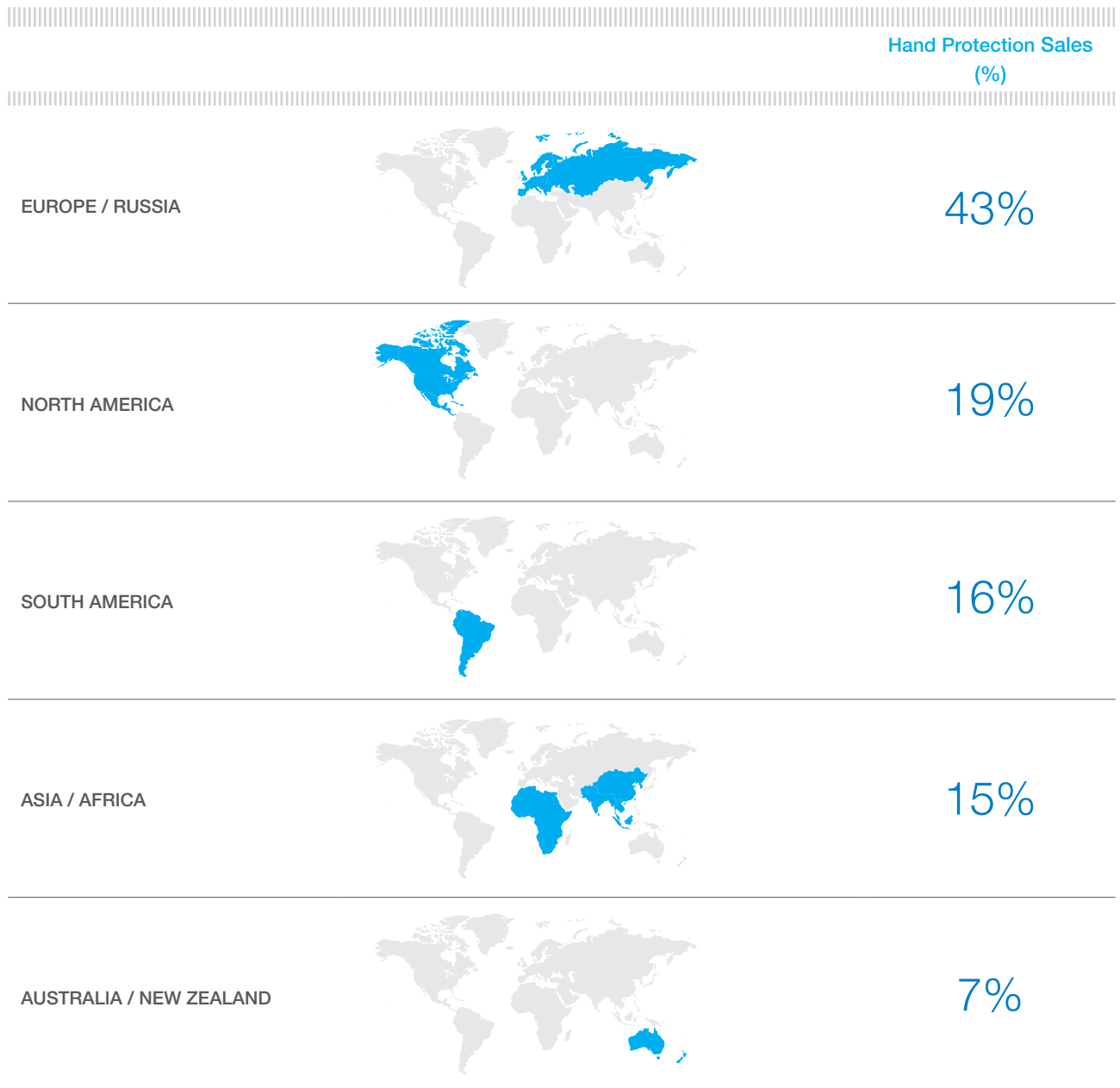


■ Hand Protection ■ Plantation

Company at a Glance

Our Global Reach

In hand protection, we have a strong global reach with our products available in 5 regions and over 70 countries world-wide. Our marketing model provides us the flexibility to effectively respond to unique regional consumer preferences while allocating resources to the areas which present the greatest potential for growth.



Commitment to Excellence

Multiple certifications and accreditations obtained by both business lines reflect our quest for excellence and provide assurance to our stakeholders on the systems and processes of our value creation process. The key certifications obtained by the Group include,

Hand Protection

ISO 9001 : 2008	Quality Management
ISO 13485 : 2003	Quality Management in Medical devices
Forest Stewardship Council Certification	Ensures that products come from well managed forests that provide environmental, social and economic benefits
ISO 14001 : 2004	Environmental Management System
ISO 17025 : 2005	General requirements for the competency of testing and calibration laboratory.
Directive 89/686/EEC (Article 11B)	Directive for personal protective equipments.
British Retail Consortium Certification	Safety and Quality certification for consumer products
UN Global Compact	Signatory to the implementation of universal sustainability principles

Plantations

Forest Stewardship Council Certification	Ensures that products come from well managed forests that provide environmental, social and economic benefits
UN Global Compact	Signatory to the implementation of universal sustainability principles
ISO 22000 : 2005, HACCP & TASL-SGS for tea processing centres	Food Safety Management Systems
Global G.A.P Certification	Farm Assurance and Good Agricultural practice
Rainforest Alliance	Assurance on bio diversity conservation and sustainable livelihoods
Ethical Tea Partnership	Assurance on sustainability of tea production, the lives of tea workers and the environment in which tea is produced

We have developed long-standing relationships with our customers, underpinned superior quality of our products and a high level of responsiveness.

Company at a Glance

Performance Highlights

FINANCIAL PERFORMANCE

Performance Indicator		2016	2015	
Earnings	Group revenue	Rs. mn	21,931	27,739
	Results from Operating Activities	Rs. mn	868	2,167
	Profit before tax	Rs. mn	648	1,780
	Profit after tax	Rs. mn	434	1,395
	Earnings per share	Rs.	5.09	18.58
	Interest cover	No. of times	2.5	5.2
	Return on equity (ROE)	%	3.9	13.8
	Return on capital employed (ROCE)	%	5.9	14.2
Balance Sheet Strength and Stability	Total assets	Rs. mn	21,063	21,774
	Total debt	Rs. mn	4,350	4,493
	Net debt (cash)	Rs. mn	4,012	4,099
	Total shareholders' funds	Rs. mn	7,896	8,044
	No. of shares in issue	Millions	59.86	59.86
	Net assets per share	Rs.	131.90	134.37
	Debt / equity	No. of times	0.42	0.43
	Net debt (cash)/ equity	No. of times	0.39	0.39
	Debt / total assets	%	21	21
	Shareholder Returns	Market price of share as at March 31, (actual)	Rs.	73.00
Market capitalisation		Rs. mn	4,370	8,261
Price earnings ratio (PER)		No. of times	14.3	7.4
Dividend payout		%	39	38
Dividend per share		Rs.	2.00	7.00
Dividend yield		%	2.7	5.1

NON-FINANCIAL PERFORMANCE (HAND PROTECTION)

Performance Indicator		2016	2015		
Economic	EC1 Economic value added*	Rs. mn	7,876	11,160	
	EC3 Employee benefit liability as of March 31,*	Rs. mn	2,632	2,461	
	EC9 Proportion of purchases from suppliers within Sri Lanka	%	61	60	
Environment	Inputs	EN1 Material Consumption - Natural Latex	MT	8,610	7,546
		EN3 Direct energy consumption	GJ	1,206,224	1,085,817
		EN8 Water withdrawal	M ³	1,415,600	1,425,870
	Outputs	EN15 Direct greenhouse gas emissions - scope 1	MT	12,761	15,787
		EN16 Energy indirect greenhouse gas emissions - scope 2	MT	4,512	4,365
		Total carbon footprint	MT	17,274	20,153
		Total carbon footprint	MT/Rs. mn of revenue	1.36	1.35

*Group

This year we have substantially enhanced the scope & coverage of our sustainability information and for many indicators 2015/16 will be used as a base year.

Our Integrated Report

This is DPL's 2nd Integrated Annual Report and has been carefully formulated taking into consideration legitimate interests of key stakeholders who wish to make an informed assessment of the Group's resource allocation and ability to create value over the short, medium and long term. It aims to provide a comprehensive yet concise assessment of the Group's financial, social and environment performance, together with material information relating to strategy, governance and risk management. The Report has been prepared based on guidance provided by the Integrated Reporting Framework, published by the International Integrated Reporting Council (IIRC).

SCOPE AND BOUNDARY

This Report covers the operations of DPL, its operating subsidiaries in Sri Lanka and Thailand from April 1, 2015 to March 31, 2016 and Italian Subsidiary ICOGUANTI S.p.A from January 1, 2015 to February 29, 2016. The Group follows an annual reporting cycle and the reporting period ending March 31, 2015, was covered in the Group's previous annual report. There are no significant changes from the previous reporting period, in the scope, boundary or measurement method applied in this Report.

REPORTING PRINCIPLES

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards and external assurance on the same has been provided by Messrs. Ernst and Young, Chartered Accountants. For sustainability reporting, we have adopted the GRI G4-Core criteria, linking it where relevant to the Sustainability Development Goals and Targets adopted by the UN in September 2015.

The Report also complies with the requirements of the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

DEFINING CONTENT

Material content that is discussed in the Report has been selected through a structured process of assessment, involving stakeholder engagement and critical evaluation of the Group's value creation model. The material aspects are a combination of those prescribed by GRI and those specific to our industry, stakeholder needs value creation model and strategy. On page 165, we clearly disclose how these material aspects correspond to the information requirements prescribed by the GRI framework.

FEEDBACK

We understand that integrated reporting is an evolving process requiring continuous refinement, and welcome your suggestions, feedback and queries. To provide feedback, please contact.

Director - Finance

Dipped Products PLC

400 Deans Road

Colombo 10

Sri Lanka

E-mail: postmast@dplgroup.com

Value Creation Model

CAPITAL INPUTS

FINANCIAL

Shareholders and debt providers fund the Group's expansion plans and are entitled to sustainable returns

- Equity: Rs. 10.27 bn
- Debt: Rs. 4.35 bn

MANUFACTURED

Specialised machinery, equipment and our modern factories enable us to engage in efficient and sustainable production

- PPE: Rs. 12.2 bn

HUMAN

We strive to create a capable and productive workforce who drive our value creation process

- Employees: 1,505*

SOCIAL AND RELATIONSHIP

Mutually beneficial relationships and open engagement is critical to our social license to operate

- Suppliers: 1,370*
- Customers: 246*
- Communities

INTELLECTUAL

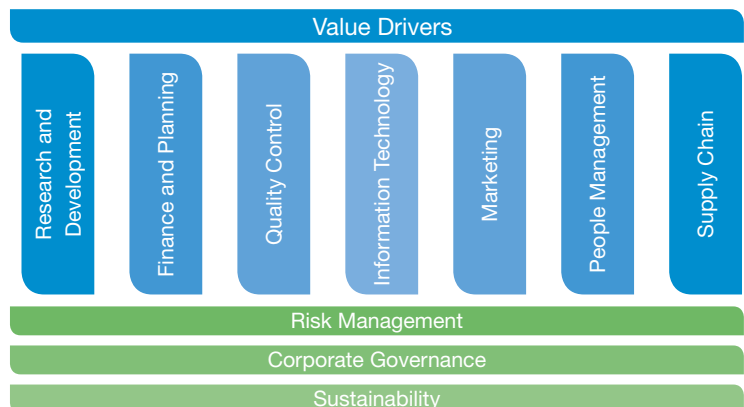
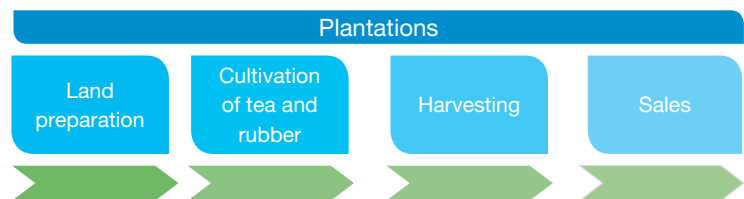
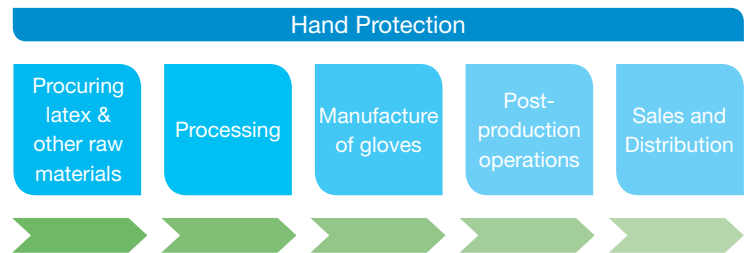
Our research capabilities are critical to driving innovation and responding to customer expectations

NATURAL

We consume multiple natural resources

- Raw Materials: Latex 8,610 MT*
- Energy: 1.2 mn GJ*

VALUE CREATION PROCESS



* Hand protection only

OUTPUTS AND IMPACTS

Net Profit (attributable): Rs. 304.6 mn

Earnings per share: Rs. 5.09

Return on equity: 3.8%

Employee remuneration paid: Rs. 6,233 mn

Investment in training and development: Rs. 6.1 mn

Total training hours: 7,664*

Payments to suppliers: Rs. 4.62 bn*

Investment in Community: Rs. 5.25 mn*

No. of beneficiaries: 2,025*

Carbon footprint: 17,273 MTCO₂e*

OUTCOMES LINKED TO STRATEGIC PRIORITIES

FINANCIAL

Returns commensurate with the risk undertaken.

MANUFACTURED

Through our efficient and sustainable manufacturing methods, we develop high-quality innovative products that fulfil our customers' requirements.

HUMAN

Fairly compensated and inspired workforce, that is given opportunities for professional and career development in a conducive and safe work environment.

SOCIAL AND RELATIONSHIP

Our resources and capabilities enable us to develop mutually beneficial relationships with our stakeholders and deliver on our commitments to all parties including the creation of a fully integrated supply chain for natural rubber through DPL's Firstlight initiative.

INTELLECTUAL

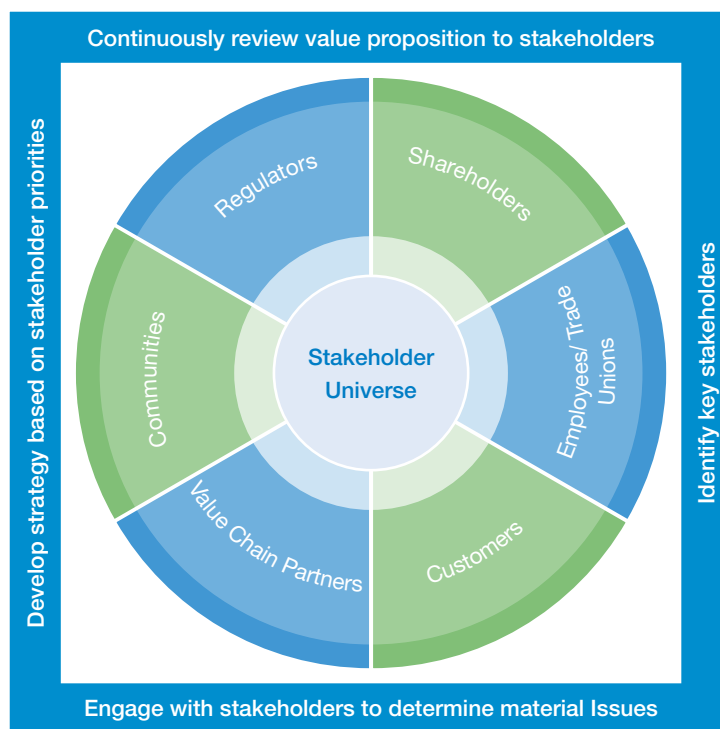
Our proactive approach towards responding to changing consumer preferences through innovation has enabled us to effectively differentiate ourselves in an intensely competitive market.

NATURAL

We continuously strive to minimise the adverse environmental impacts of our operations.

Stakeholder Engagement

Creating sustainable growth and shared value depends on our ability to balance the short-term and long-term interests of all our key stakeholder groups. This means understanding and responding to stakeholder needs and concerns in an effective and timely manner. At DPL, formal and informal engagement mechanisms are in place to effectively identify stakeholder needs and feedback obtained from this exercise forms a crucial input in formulating strategy and managing risks.



Stakeholder	How we engage and frequency	Stakeholder Interests	Impact on Strategy
Shareholders <i>As providers of capital for future growth, shareholder feedback and concerns should be clearly identified and addressed.</i>	<ul style="list-style-type: none"> Annual General Meetings Annual Report Performance updates through the CSE (quarterly) One-on-one meetings (continuous) Corporate website (continuous) 	<ul style="list-style-type: none"> Sustainable growth in earnings Adequate return on investment reflecting risk exposure Transparent Governance and ethics Corporate reputation Risk Management 	Growth
Customers <i>Understanding customer needs and perceptions is crucial to building our brand name and driving growth.</i>	<ul style="list-style-type: none"> Customer Satisfaction Survey (annual) Customer Relationship Management (continuous) Corporate website (continuous) Buyer visits to estates and factories (upon request) Participation in trade fairs Customer grievance mechanism (continuous) 	<ul style="list-style-type: none"> Value for money Superior product quality Assurance on processes, systems and products Ease of transactions Secure supply 	Products and Innovation

Stakeholder	How we engage and frequency	Stakeholder Interests	Impact on Strategy
Employees/Trade Unions <i>Employees facilitate our customer experience, drive our value creation process and live our corporate values.</i>	<ul style="list-style-type: none"> • Collective agreements with trade unions • Satisfaction Surveys • Performance appraisals (annual) • Staff meetings (continuous) • Work-life balance initiatives (continuous) 	<ul style="list-style-type: none"> • Attractive reward schemes • Opportunities for skill development and career progression • Job Security • Safe and conducive work environment 	Building an Inspired Team
Value Chain Partners <i>Understanding the needs of our value chain partners is crucial in building mutually rewarding relationships.</i>	<ul style="list-style-type: none"> • Face to face interaction (continuous) • Supplier forums (annual) • Relationship managers (continuous) • Firstlight Program (ongoing) 	<ul style="list-style-type: none"> • Ease of transaction • Fair pricing mechanisms • Ethical business conduct • Competency development and capacity building 	Supply chain development
Communities <i>Engagement with the communities we operate in, enable us to optimise our empowerment and community development initiatives.</i>	<ul style="list-style-type: none"> • Dialogue with community representative groups (continuous) • Community engagement initiatives such as Sath Diyawara (continuous) 	<ul style="list-style-type: none"> • Socio economic progress • Preservation of surrounding environment and compliance to relevant regulations • Employment generation 	Empowering communities
Government and Regulators <i>Create an enabling regulatory and operational environment within which to operate which contributes towards the long-term viability of our industries.</i>	<ul style="list-style-type: none"> • Factory visits (upon request) • Engagement through industry groups • One-to-one engagement (continuous) 	<ul style="list-style-type: none"> • Compliance to all relevant regulations • Payments of taxes on a fully and timely basis • Contribute towards empowering livelihoods and community development 	Compliance

Creating sustainable growth and shared value depends on our ability to balance the short-term and long-term interests of all our key stakeholder groups.

Summary of key points

- ➔ Our stakeholder feedback feeds directly to strategy formulation

Defining Material Content

DPL has worked with integrity to fulfill the demands of stakeholder responsibility and holistic value creation.



Report content has been determined based on issues that are material to our stakeholders and inform the Company's strategy as well as our contextual trends that could potentially affect our value creation process.


The matters included in this Integrated Annual Report have been selected and prioritised based on their potential to substantially affect the Group's capitals and stakeholders, as well as strategy and/or operating model thereby affecting our ability to create value in the long-term. The process for determining material content can be summarised as follows;



The matrix reflecting the significance of issues to the Group's strategy as well as its key stakeholders for the reviewed period is given below. We have also clearly identified how our material aspects correspond to the disclosures recommending by GRI, as detailed in page 165 of this Report.

Significance to Stakeholder	High			Satisfied Customers Product Responsibility Innovation Supply Chain Product Quality Preserving the environment
		Empowering communities Health and Wellness Availability of Raw materials Climate change Water Availability Technology Employee engagement Marketing Communications	Employee health and safety Government Policy and Regulation Operational Efficiency Employee Productivity	
	Low			
		Low	Significance to Group	High

-  Areas of impact on Group's Strategy
-  Contextual trends affecting the Group's business



We are committed to maintain high standards in social and environmental responsibility, while delivering value to our stakeholders.

Management Review

22 Joint Letter from the Chairman & the Managing Director



For more information:
www.dplgroup.com

TRUST



Earning, and owning the trust of thousands of customers while serving each one with responsibility and value is no easy task...

Throughout the year, both Hand Protection and Plantation Sectors were focusing on productivity improvement measures, renegotiating supply chain manufacturing inputs and focusing on business development activities in order to mitigate the challenging conditions reinforcing the Group's core capability to deliver sustainable growth in the year ahead.

Dear Shareholder,

On behalf of the Board of Directors, we take pleasure in presenting the Annual Report of your Company for the year ended March 31, 2016.

CORPORATE RESULTS

The consolidated turnover of the Group decreased by 21% during the year to Rs. 21,931 million from Rs. 27,739 million in 2014/15 reflecting the challenging conditions that the Group's Hand Protection and Plantation Sectors faced during the financial year arising from a regime of lower commodity prices and significant depreciation of regional currencies. Resultantly, the Hand Protection sector turnover dropped by 15% to Rs. 12,728 million from Rs. 14,970 million while the Plantations sector added Rs. 9,503 million to turnover, down 29% partially as a result of elevated



Read the chairman's
message online at:
www.dplgroup.com



geo political risk in key markets for tea. Additionally, financial statements of the previous year included an additional quarter in respect of the Plantations sector as a result of change of the financial year for Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC to March from December exaggerating the variance in performance. Inter segment turnover was Rs. 300 million compared to Rs. 640 million in the previous year.

Consequently, profit before tax decreased from Rs. 1,780 million in 2014/15 to Rs. 648 million and profit attributable to Shareholders of the Company followed a

similar trend, dropping to Rs. 305 million from Rs. 1,112 million in 2014/15.

The Hand Protection sector contribution to Group profit decreased by 63% to Rs. 495 million from Rs. 1,390 million as intense regional competition supported by currency devaluation in regional countries affected Sri Lankan glove manufacturing operations margins which offset the impact of softening of rubber prices which declined by approximately 17% in comparison to 2014/15.

With the commencement of commercial operations at DPL Premier Gloves Ltd,

local glove manufacturing reached the normal production output levels and enabled DPL to reduce order lead times and restore customer confidence. DPL's export volumes of gloves from Sri Lanka decreased by 16% during the year which is expected to reverse as the 4th quarter results demonstrated an upward trend which is continuing in to the 1st quarter of 2016/17.

→ 4th quarter results demonstrated an upward trend which is continuing in to the 1st quarter of 2016/17.

Joint Letter from the Chairman & the Managing Director

Throughout the year, both Hand Protection and Plantation Sectors were focusing on productivity improvement measures, reinforcing the Group's core capability to deliver sustainable growth in the year ahead.

Our overseas operations have made a positive contribution to the current year's profits. Dipped Products (Thailand) Limited (DPTL) has continued to show better performance and made a positive contribution to the profit for the financial year with profit growth of 60%. ICOGUANTI S.p.A., our Italy based marketing company also made a noteworthy contribution to Hand Protection sector profit despite weak Euro currency against USD.

The Plantation sector registered a profit of Rs. 153 million compared to the previous year's contribution of Rs. 390 million. The sector profit was affected by depressed Rubber market, adverse weather conditions and increase in worker wages.

TAXATION

The Group recorded tax expenses amounting to Rs. 215 million for the year under review, a decrease of 44% compared to the previous year.

DIVIDEND

Your Directors propose a first & final dividend of Rs. 2/- per share out of dividend received from manufacturing subsidiaries in Sri Lanka after careful consideration of the business requirements of the company.

OPERATIONS IN 2015/16

Dipped Products Group has delivered a profit before tax of Rs. 648 million in a year of significant challenges affecting its Hand Protection and Plantation Sectors. Hand Protection performance was impacted by drop in order levels compared to previous year resulting from heightened competition from the regional

players as well as sluggish macro-economic conditions in key markets. Plantation sector performance on the other hand was impacted by lower rubber and tea prices as well as increased costs of wages of the workforce.

Throughout the year, both Hand Protection and Plantation Sectors were focusing on productivity improvement measures, renegotiating supply chain manufacturing inputs and focusing on business development activities in order to mitigate the challenging conditions reinforcing the Group's core capability to deliver sustainable growth in the year ahead. In this regard, the Hand Protection Sector launched a Regional Business Development initiative to gear itself to tap into the potential of global market for latex gloves both in our traditional and non-traditional markets. These efforts have delivered encouraging outcomes where the business was able to add 35 new customers to its portfolio during the year. A Customer Satisfaction Survey was also carried out by the Hand Protection sector which recorded an improvement of 12 points vis a vis the previous year's score which we consider as significant achievement in a challenging year reflecting high standards of product responsibility and customer service.

Our R&D team scored several breakthroughs during the year. DPL was able to showcase its innovative capabilities at the prestigious "A+A" Safety and Glove Industry Exhibition in Germany. Two of our new gloves for critical environments were widely acclaimed by potential customers at

this show. These two composite gloves are designed to protect and deliver performance at extreme temperatures. These are "Arctic", for cold protection and "Neotherm" for heat protection. Both gloves are liquid proof gloves and offer chemical and cut resistance properties.

The medical glove operation, DPTL improved its overall performance in sales volumes and profitability compared to the previous year. Several improvements to manufacturing flexibility and supporting infrastructure were accomplished during the year enabling greater output for synthetic latex disposables with enhanced online chlorination capability. ICOGUANTI S.p.A, our marketing arm in Europe showed consistency in operations.

Positioned as the leading ethical glove manufacturer in the world, we are cognizant of the need to maintain high standards in social and environmental aspects. Our disclosures throughout this report are testimony to our commitment in this regard and one that keeps evolving as we raise the bar each year. It is pertinent to note that Dipped Products Group has been cleared of all accusations relating to discharge of effluents at DPL's factory in Rathupaswala, where the Central Environment Authority submitted a report



Dipped Products (Thailand) Limited (DPTL) has continued to show better performance and made a positive contribution to the profit for the financial year with profit growth of 60%.

to the Courts. These developments nevertheless have strengthened our risk management processes as a safeguard against similar events in the future.

During the period one of the DPL's production facilities installed second Reverse Osmosis plant and begun to use water from it within the factory. The Group is now exploring the opportunities to reuse and save water across all DPL production locations to minimize the Group's water footprint.

GOVERNANCE

Messrs. K D G Gunaratne, D K Welmillage and H S R Kariyawasan were appointed to the Board as Directors on August 6, 2015, December 7, 2015 and May 16, 2016 respectively, strengthening the Board. Mr. S M Shaikh, initially appointed as the alternate Director to Mr. S C Ganegoda on October 20, 2015 was appointed as a Board Director on May 16, 2016.

Messrs. R K Witanachchi and K A L S Fernando who served as Executive Directors resigned from the board on November 30, 2015 and May 16, 2016 respectively and we thank them for their valuable contributions during their tenure on the Board.

Ms. Y Bhaskaran was appointed as the alternate Director to Mr. Dhammika Perera on June 1, 2015.

PROSPECTS

The year under review has been a very challenging year during which DPL strengthened its core processes in order to stay focused on the long term sustainability, growth and profitability. Measures deployed by the Hand Protection and Plantations Sectors throughout the year in areas of supply chain cost management, productivity improvement and revamping business development activities have shown positive impacts during the latter parts of the 2015/16 financial year, which we strongly believe will enable robust performance in the future.

DPL will also increase investment in foreign subsidiaries to enhance its marketing capability to grow overseas markets. Further investments are planned to bring in new technology to our manufacturing locations, particularly in relation to process automation. The Group is also reviewing and changing its energy mix to drive cost efficiency and reduce emissions and expect to invest in more renewable energy sources which will reduce the Group's carbon footprint.

APPRECIATION

We wish to thank all employees for their determined and unstinted efforts in a challenging year, our business partners for their unfailing support and the colleagues on the Board for their valuable input and guidance.



A. M Pandithage
Chairman



Dr. K I M Ranasoma
Managing Director

May 16, 2016



DPL places great emphasis on following the principles of good governance and social responsibility while working to deliver long term stakeholder value.

Stewardship

28 Board of Directors
30 Management Team
32 Corporate Governance

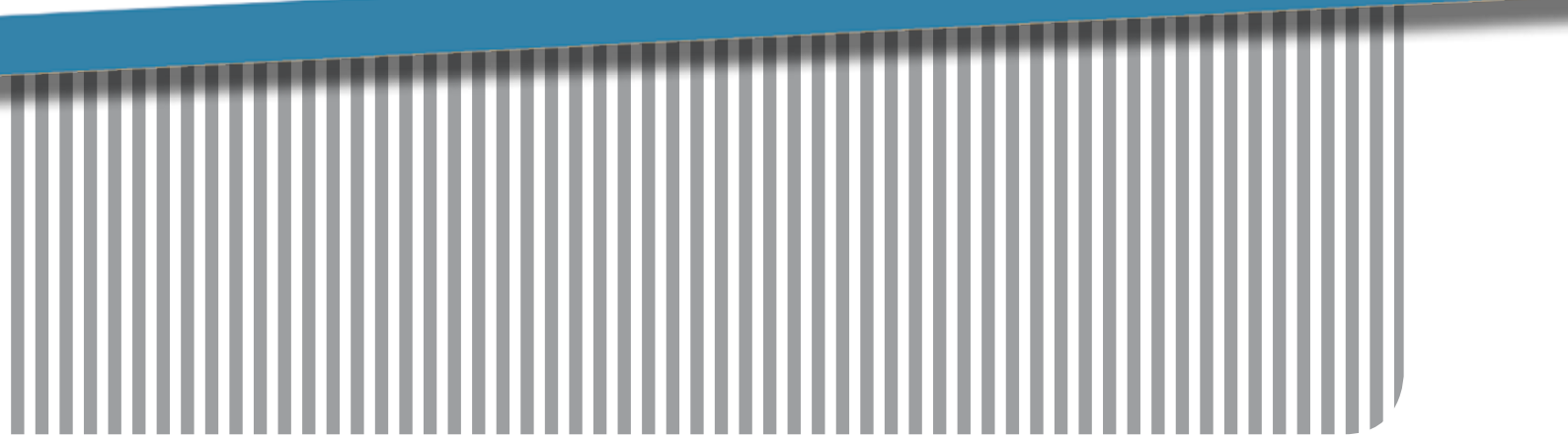
50 Strategic Framework
52 Risk Management



For more information:
www.dplgroup.com



TRUST



Board of Directors

Our leadership has the vision to build lasting corporate and social value...

A M PANDITHAGE

Chairman

Chairman and Chief Executive of Hayleys PLC. Appointed to the Board of Dipped Products PLC in 2007. Fellow of the Chartered Institute of Logistics and Transport (UK). Honorary Consul of United Mexican States (Mexico) to Sri Lanka. Committee Member of the Ceylon Chamber of Commerce. Council Member of the Employers' Federation of Ceylon. Member of the Maritime Advisory Council of the Ministry of Ports & Shipping. Member of the Advisory Council of the Ceylon Association of Ships' Agents. Member of the National Steering Committee on Skills Sector Development of the Department of National Planning.

Corporate Excellence Leadership Recognition by the Institute of Chartered Accountants of Sri Lanka in 2015.

Dr K I M RANASOMA

Managing Director

Joined DPL in August 2010 as an Executive Director and took over as Managing Director from April 2011. Appointed to the Hayleys Group Management Committee in January 2011 and to the Board of Hayleys in April 2011. Former Country Chairman/Managing Director of Shell Gas Lanka Limited and Shell Terminal Lanka Limited. Holds First Class Honours Degree in Engineering from the University of Peradeniya, a Doctorate from Cambridge University, UK and an MBA with Distinction from Wales University, UK.

D K WELMILLAGE

Deputy Managing Director

Joined DPL and its Board in December 2015. Holds a First Class Honours Degree in Engineering from the University of Moratuwa and an MBA from the University of Colombo. Associate Member of the Chartered Institute of Management Accountants - UK. Former Country Manager/Managing Director Coca-Cola Beverages Sri Lanka Limited.

DHAMMIKA PERERA*

Appointed to the Board in November 2010. Quintessential business leader, with interests in a variety of key industries including Hydropower generation, Manufacturing, Hospitality, Entertainment, Banking and Finance and enriches the Board with over 27 years of experience in building formidable businesses through unmatched strategic foresight.

He serves as the Chairman of Sampath Bank PLC, Vallibel One PLC, Vallibel Power Erathna PLC, Royal Ceramics Lanka PLC, The Fortress Resorts PLC and Delmege Limited. He is the Co-Chairman of Hayleys PLC and The Kingsbury PLC (Non-Executive), Executive Deputy Chairman of LB Finance PLC and Deputy Chairman of Horana Plantations PLC and Lanka Ceramic PLC, Executive Director of Vallibel Finance PLC. He also serves on the Boards of Amaya Leisure PLC, Lanka Tiles PLC, Haycarb PLC, Hayleys Fabrics PLC, Hayleys global Beverages (Pvt) Ltd and Sun Tan Beach Resorts Ltd.

F MOHIDEEN**

Appointed to the Board in 2008. Holds a degree in BSc Mathematics from the University of London and a MSc in Econometrics from the London School of Economics. Served as the Deputy Secretary to the Treasury and Director General, External Resources Department of the Ministry of Finance and Planning.

S C GANEGODA*

Rejoined Hayleys in March 2007. Appointed to the Hayleys Group Management Committee in July 2007 and to the Board of Hayleys in October 2009. Appointed to the DPL Board in October 2009. FCA, Sri Lanka and a Member, Institute of Certified Management Accountants, Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayawardenepura, Sri Lanka. Worked for

the Hayleys Group between 1987 and 2002. Held several senior management positions in large private sector entities in Sri Lanka and overseas.

K A L S FERNANDO

Technical (resigned on May 16, 2016)

Joined DPL in 1985. Appointed to the Board in April 2009. Holds a Joint Hons. BSc Degree in Chemistry and Management from University of London and a Post Graduate Diploma in TQM

M BOTTINO ICOGUANTI

Appointed to the Board in November 2010. Joined ICOGUANTI S.p.A, in 1994 and functions to date as its Managing Director. Holds a First class degree in Mechanical Engineering from the University of Genova and MBA from SOGEA, Italy. Previously held Executive and Senior management positions in several large private sector entities in Italy over a period of 27 years including Ansaldo, Morteo Soprefin and ILVA Steel.

S RAJAPAKSE**

Appointed to the Board in July 2013. Managing Partner of BDO Partners, Chartered Accountants. Fellow of the Chartered Accountants of Sri Lanka and holds an MBA from Postgraduate Institute of Management, University of Sri Jayewardenepura. Past President of the Institute of Chartered Accountants of Sri Lanka. Serves as a Non- executive Independent Director of Asian Alliance PLC and Haycarb PLC.

N A R R S NANAYAKKARA

Finance

Joined DPL in 1991. Appointed to the Board in July 2014. Holds a Degree in B Sc Physical Science from University of Sri Jayewardenepura and Fellow member of Chartered Institute of Management Accountants - UK.

S P PEIRIS**

Appointed to the Board in July 2014. Director of Bartleet Religare Securities (Pvt) Ltd., (BRS) and has over 24 years of experience in different capacities in the Capital Market of Sri Lanka through BRS. Leading Licensed Stockbroker in the industry, accounts for a well-established client network and has introduced many High net worth and Institutional clients to the Colombo Stock Market.

K D G GUNARATNE**

Appointed to the Board in August 2015. Member of the Western Province Council during the period 1989 to 2009.

Currently serves as the Chairman of Lanka Hotels & Residencies (Pvt) Ltd and Urban Investments & Development Company (Pvt) Limited. Director of Lanka Walltiles PLC, Lanka Tiles PLC, Lanka Ceramic PLC, Horana Plantations PLC and Insurance & Financial Services (Pvt) Ltd.

S M SHAIKH

Commercial

Appointed to the DPL Board in October 2015. Holds an MBA with an Aircraft Engineering background. Long and diversified experience in Industrial Marketing and management including several years in hand protection sector. Served in several industries including Aviation, Textiles, Cement, Energy, Safety and as an independent management and industrial consultant for multiple projects.

H S R KARIYAWASAN*

Appointed to the DPL Board in May 2016. Currently the Managing Director of Haycarb PLC. A member of the Hayleys Group Management Committee and a Director of Hayleys PLC since 2010.

Holds a B.Sc. Engineering (Electronics & Telecommunications) Degree from the University of Moratuwa, Sri Lanka. Fellow Member of the Chartered Institute of Management Accountants - UK and a Six Sigma (Continuous Improvement Methodology) Black Belt, Certified by the Motorola University, Malaysia. Former Director/General Manager of Ansell Lanka (Pvt.) Ltd. and served as the Chairman of the Manufacturing Association of Export Processing Zone, Biyagama.

**Non-Executive*

***Independent Non-Executive*

Management Team

A strong and capable management team charts the course of our corporate journey...

HAND PROTECTION

A M Pandithage

Chairman

Dr. K I M Ranasoma

Managing Director

D K Welmillage

Deputy Managing Director

M Bottino

Managing Director ICOQUANTI

N A R R S Nanayakkara

Director (Finance)

S M Shaikh

Director (Commercial)

General Managers

C Ratnasiri - Engineering

H C Ranasinghe - Projects

S A N Pushpakumara - Medical Gloves

A Muthukuda - Operations

I P Kulatunga - Marketing

Divisional Managers

T Warakawalage - Factory Manager (DL/GL/NL)

C N Mallikaratchi - Factory Manager (DPGL, acting)

K M C S K Perera - Factory Manager (HRPL, acting)

R Dassanayake - Group Logistics

Dr. R M U N Rathnayake - Group R&D

C A R Janaka - Group Procurement

K K D P Senanayake - Technical (DPTL)

M K Gammudali - Trimming, Sorting & Packing (DPGL)

S W A Premachandra - Project Implementation

H M A Kumara - Finance

P Sutthirat - Human Resources (DPTL)

Ms. Jitinun Chokhaw - Finance (DPTL)

G Karunaratne - Process & Environment (HRPL)

K A G G Kularatne - Product Technology

K D A Jayananda - IT & ERP

N Samolee - EMS/QMS (DPTL)

S D P R Silva - Engineering Maintenance (DL)

Dr. M Badathuruge - R&D

N P Baddage - Centrifuging

L P P Lankeshwara - Technical Services and Laboratories

K B Devapriya - Quality
Ms. S V Wanigasekara - Marketing
S M G B Samarakoon - Trimming, Sorting & Packing (HRPL)
T K Hathurusinghe - CSR
D Senavirathna - Engineering (DPTL)
K Sikhiwat - Production (DPTL)
H N H Jayasinghe - Production (DL/GL/NL)
C M Manuel - Production Planning
A C Wimalawardene - Production (DPGL)
M P Lokumanage - Process (DL/GL/NL)
E G C S Premadasa - Safety
W M G Wickramasinghe - Continuous Improvement
T S Samarathunga - Product Development
T I Jayaweera - Finance
T H L Seneviratne - Production (DPUG)
U A G J Rupasinghe - Energy & Sustainability
P L D R Cooray - Regional Business Development
K M Nibras - Regional Business Development
D Gunawardena - Projects
N Navaparitthikul - Lab & Water Treatment (DPTL)
S Jindarat - Business Development (DPTL)

PLANTATIONS

A M Pandithage

Chairman

W G R Rajadurai

Managing Director – KVPL/TTEL

Kelani Vally Plantations PLC

S Siriwardena

Director, CEO

General Managers

Y U S Premathilake - Rubber

A Weerakoon - Tea

J A Rodrigo - Marketing & Corporate Affairs

Regional General Managers

B C Gunasekera - Rubber Group 1

S F Fernando - Rubber Group 11

Deputy General Managers

D I Gallearachchi - Blinkbonnie

A P Senanayake - Nuwara Eliya Group 1

K de J Seneviratne - Regional Administration

R G D Fernando - Rubber Marketing & Administration

N A A K Nissanka - Finance

Talawakelle Tea Estates PLC

D S Seneviratne

Director, CEO

L H Munasinghe

Director, Deputy CEO

General Managers

G D T Dharmaratne - Sustainability & Quality Management
Development

Deputy General Managers

M T D Rodrigo - Estates

Corporate Governance

Dipped Products PLC (DPL) continues to be committed to conducting the Company's business ethically and in accordance with high standards of good Corporate Governance.

The Board believes that a comprehensive Corporate Governance framework enables DPL to achieve ethical and stewardship obligations while supporting the creation of long term sustainable stakeholder value.

The Company is a subsidiary of Hayleys PLC. Principle Business of the Company are shown on the pages 162 to 163.

DPL Governance Guidelines provide Directors and management with a road map of their respective responsibilities. These guidelines, which will be updated periodically, detail clearly those matters requiring Board and Committee approval, advice or review. The DPL Governance Framework is depicted in the following diagram.

The Company adopts the Code of Best Practice on Corporate Governance issued jointly by The Securities and Exchange Commission of Sri Lanka and The Institute of Chartered Accountants of Sri Lanka (Code), which are applicable to listed companies via the Colombo Stock Exchange Listing Rules. While we are adhering to the legal framework for Corporate Governance provided by listing rules, the Code use as a guideline for operational structures and processes for discharging Corporate Governance.

BOARD OF DIRECTORS

The Board of Directors is responsible for setting up the Governance Framework within the Company.

Composition and attendance at meetings

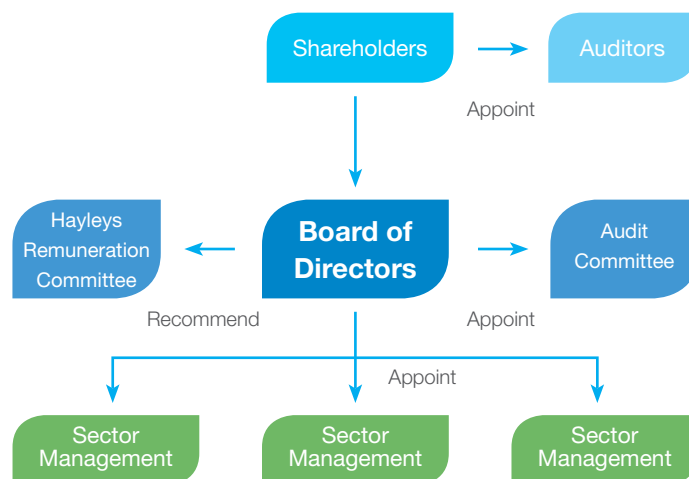
As at the end of the year under review, the Board consisted of twelve Directors; Six Non-Executive Directors and Six Executive Directors .These Directors are named below and their profiles are available in pages 28 and 29 of this Report. Details of Directors share holding

in DPL and directorates in other related companies are given in pages 162 and 163 respectively.

The Board meets quarterly as a matter of routine. Ad hoc meetings are held as and when necessary. During the year under review the Board met on four occasions. The attendance at these meetings was:

Name of Director	Attendance
A M Pandithage - Chairman	4/4
Dr. K I M Ranasoma - Managing Director	4/4
R K Witanachchi - Deputy Managing Director (Resigned w.e.f. November 30, 2015)	3/3
D.K.Welmillage - Deputy Managing Director (Appointed w.e.f. December 07, 2015)	1/1
F Mohideen**	4/4
K A L S Fernando	4/4
S C Ganegoda *	4/4
Dhammika Perera*	1/4
M Bottino	3/4
S Rajapakse**	2/4
N A R R S Nanayakkara	4/4
S P Peiris**	4/4
K.D.G.Gunaratne** - (Appointed w.e.f August 06, 2015)	2/2
S.M.Shaikh (Alternate Director to Mr S C Ganegoda - Appointed w.e.f October 20, 2015)	2/2
Ms.Y.Bhaskaran (Alternate Director to Mr Dhammika Perera - Appointed w.e.f. June 01, 2015)	2/2

*Non-Executive **Independent Non-Executive



Reference to Requirement
ICASL & SEC
code

Compliance Details of compliance

SECTION 1: THE COMPANY

A. DIRECTORS

Principle: A.1 The Board

As at the end of the year under review, the Board consisted of twelve Directors - six Non-Executive Directors and six Executive Directors including the Chairman.

The Board considered that the present composition and expertise is sufficient to meet the needs of the group. The Non-Executive Directors contribute with their knowledge and experience collectively gained from experience in serving variety of public and private organisations. The profiles of the Directors are found on pages 28 and 29 of this Annual Report. Details of Directors shareholdings in DPL and the directorates they hold in other companies are given on pages 162 and 163.

A.1.1	Board meetings	Complied	The Board meets quarterly. Ad hoc meetings are held as and when required. During the year under review the Board met on four occasions. The attendance at these meetings was depicted in the table given in this section.
A.1.2	Responsibilities of the Board	Complied	<p>The Board of Directors is responsible for setting up the governance framework within the company.</p> <p>The Board is responsible to:</p> <ol style="list-style-type: none"> Enhance shareholder value. Ensure all stakeholder interests are considered in corporate decisions. Formulate and communicate business policy and strategy to ensure sustained growth, and monitor its implementation. Approve any change in the group's business portfolio and sanction major investments and disinvestments in accordance with parameters set. Ensure Executive directors have the skills/ knowledge to implement strategy effectively, with proper succession arrangements in place. Ensure effective remuneration, reward and recognition policies are in place to ensure employee commitment and motivation. Set and communicate values/standards, with adequate attention being paid to accounting policies/practices. Ensure effective information, control, risk management and audit systems are in place. Ensure compliance with laws. Ensure that ethical standards are in place. Approve annual budgets and monitor performance against these. Adapt annual and interim results before these are published. Consult and consider inputs from 'experts' in relevant areas. Approve key appointments within the Company and ensure all senior management staff receives appropriate training.

Corporate Governance

Reference to ICASL & SEC code	Requirement	Compliance	Details of compliance
A.1.3	Compliance with the laws of the country and agreed to obtain independent professional advice	Complied	The Board collectively, and Directors individually act in accordance with the laws and regulations of the country, and to the Group policies. At any time, all the members of the Board are allow to obtain independent professional advice where necessary, at the Company's expense.
A.1.4	Access to the advice and services of the Company Secretary	Complied	The services and advice of the Company Secretary are available to all the Directors as necessary. The Company Secretary is kept informed and is the responsible person to the Board in ensuring that Board Procedures are followed and that applicable rules and regulations are complied with. The removal of the secretary is a matter for the Board as a whole.
A.1.5	Independent judgment of the Directors	Complied	Non-Executive Directors are independent of the management and free from any business and other relations. None of other Directors are related to each other. This enables all the members of the Board to bring independent judgment to bear on issues of strategy, performance, resources and standards of business conduct.
A.1.6	Dedication of adequate time and effort of the Directors	Complied	The Board of Directors were allocated adequate time and effort before a meeting to review Board papers and call for additional information and clarification, and to follow up on issues consequent to the meeting. Hence, they are able to familiarize with the business changes, operations, risks and controls which ultimately help to satisfactorily discharge the duties and responsibilities owed to the Company.
A.1.7	Training for new and existing Directors	Complied	Every new Director and current Directors are given a training if necessary and appropriately. This training curriculum encompasses both general aspects of directorship and matters specific to the industry. The Board is in the view that necessity of continuous training and development of skills are vital when effectively performing the duties.

Principle: A.2 Chairman and Chief Executive Officer (CEO)

Chairman and the Chief Executive Officer of the Company are two different positions which clearly distinguished the power and authority when conducting the business of the Board and facilitating executive responsibility for the management. Managing Director acts as the Chief Executive Officer of the Company. Therefore no person has unfettered of decision making powers.

A.2.1	Division of responsibilities of Chairman and CEO	Complied	The Chairman and the Chief Executive Officer of the Company are two different personnel where it clearly distinguishes the power and authority. The Chairman of the Company is also the Chairman of Hayleys PLC. Chief Executive Authority is vested in the Managing Director of the Company. The separation between the position of the Chairman and officers with executive powers in the Company ensures a balance of power and authority.
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Reference to Requirement
ICASL & SEC
code

Compliance Details of compliance

Principle: A.3 Chairman's role

The Chairman is the most responsible person for guiding the Board in formulating the appropriate business strategies and gives direction to the Company. He preserves the good corporate governance in the Company.

A.3.1	Chairman's role	Complied	<p>The Chairman is responsible for the efficient conduct of Board meetings and ensures, inter alia, that:</p> <ol style="list-style-type: none"> The effective participation of both executive and Non – Executive Directors is secured; All directors are encouraged to make an effective contribution for the benefit of the Company; A balance of power between Executive and Non – Executive directors is maintained; The view of directors on issues under consideration are ascertained; and The board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders. <p>The Chairman maintains close contact with all Directors and, where necessary, holds meetings with Non – Executive Directors without Executive Directors being present.</p>
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Principle: A.4 Financial Acumen

A.4.1	Financial acumen	Complied	<p>The Board includes two senior Chartered Accountants, who possess the necessary knowledge and competence to offer the Board guidance on matters of finance. One of them serves as Chairman of the Audit Committee. The other one is a Director of Hayleys PLC. Other members of the Board have ample of experience in handling the matters of finance by serving in different organisations. Hence the Board is with sufficient financial acumen and knowledge to offer guidance on matters of finance.</p>
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Principle: A.5 Board Balance

A.5.1	Non-Executive Directors	Complied	<p>Six out of twelve Directors on the Board are Non-Executive Directors. The composition of the Executive and Non-Executive Directors (the latter are over one third of the total number of Directors), satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The Chairman and the Managing Director is not the same person.</p>
A.5.2	Independence of Non-Executive Directors	Complied	<p>Four of six Non-Executive Directors are independent. The Board has determined that four Non-Executive Directors satisfy the criteria for "independence" set out in the Listing Rules.</p>

Corporate Governance

Reference to ICASL & SEC code	Requirement	Compliance	Details of compliance
A.5.3	Independence of Non-Executive Directors	Complied	Non-Executive Directors' profiles reflect their caliber and the weight their views carry in Board deliberations. Each is independent of management and free from any relationship that can interfere with independent judgment. The balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board ensures that no individual Director or small group of Directors dominates board discussion and decision making.
A.5.4,	Annual declaration of independence - Non Executive Directors	Complied	Each Non-Executive Director has submitted a declaration stating the independence or non-independence in a prescribed format. This information is made available to the Board.
A.5.5	Board determination of independence of Non-Executive Directors and disclosure in Annual Report	Complied	The Board considered the declaration of independence submitted by each Non-Executive Director with the basis for determination given in Code of Best Practices as a fair representation and will continue to evaluate their independence on this basis annually. Brief resume of all the Directors is available in pages 28 and 29.
A.5.6, A.5.7	Requirement to appoint Senior Independent Director	Not Applicable	This is not applicable as the Chairman and the Managing Director is not the same person.
A.5.9	Chairman's meetings with Non-Executive Directors	Complied	The Chairman holds meetings with the Non-Executive Directors, without Executive Directors, at least once in each year and at any other time where necessary.
A.5.10	Record in the Board minutes of Concerns not unanimously resolved	Complied	All the matters of the Company which cannot be unanimously resolved are recorded in the Board Minutes, if applicable.

Principle: A.6 Supply of information

A.6.1	Timely information to the Board	Complied	Directors are provided with quarterly reports on performance and such other reports and documents as are necessary. The Chairman ensures all Directors are adequately briefed on issues arising at meetings.
A.6.2	Information provided in advance to the Board meetings	Complied	The Board meetings are arranged in advance and all Directors are informed. The Directors are provided with minutes, the agenda and the Board papers in advance to prepare and clearly comprehend with the matters discussed or consent.

Reference to Requirement
ICASL & SEC
code

Compliance Details of compliance

Principle: A.7 Appointments to the Board

A.7.1, A.7.2	Appointment to the Board	Complied	<p>Hayleys PLC, the parent company's Nominations Committee functions as the Nominations Committee of the company and makes recommendations to the Board on all new Board appointments. The nomination committee comprises of the following members.</p> <p>A M Pandithage* - Chairman Dhammika Perera** W D N H Perera*** Dr. H Cabral, PC***</p> <p><i>*Executive Director</i> <i>**Non-Executive Director</i> <i>***Independent Non-Executive Director</i></p> <p>The Board annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.</p>
A.7.3	Disclosure of new appointments	Complied	<p>A brief resume of the Director, nature of his experience and names of the companies he holds the directorship and the independency is informed to the Colombo Stock Exchange and disclose in the Annual Report.</p>

Principle: A.8 Re-election

A.8.1, A.8.2	Re-election of Directors	Complied	<p>The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting, and seek re-appointment by the shareholders at that meeting.</p> <p>The Articles call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment /re-appointment. Retiring Directors are generally eligible for re-election.</p> <p>The Managing Director does not retire by rotation.</p>
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Principle: A.9 Appraisal of Board Performance

A.9.1 ,A.9.2, A.9.3	Appraisal of Board Performance	Complied	<p>The performance of the Board and Sub-Committees is evaluated annually on self-assessment basis.</p>
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Corporate Governance

Reference to Requirement
ICASL & SEC
code

Compliance Details of compliance

Principle: A.10 Disclosure of Information in respect of Directors

A.10.1	Disclosures about Directors	Complied	<p>Name, qualification, brief profile and nature of expertise are given in the pages 28 and 29 of this Annual Report.</p> <p>Directors' interest in contracts is given on page 142 of this Report.</p> <p>The number of Board meetings attend by the Directors is available in the page 32 of this Report.</p>
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Principle: A.11 Appraisal of Chief Executive Officer

A.11.1, A.11.2	Evaluation the performance of the CEO	Complied	<p>The short, medium and long-term objectives including financial and non-financial targets that should meet by the CEO are set and evaluate at the commencement of each Financial year. The performances were evaluated in each quarter and ascertain whether the targets were achieved or achievement is reasonable in the circumstances.</p>
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B. DIRECTORS REMUNERATION

Principle: B.1 Remuneration procedure

B.1.1, B.1.2, B.1.3, B.1.4, B.1.5	Establishment of remuneration committee.	Complied	<p>Hayleys PLC, the parent company's Remuneration Committee functions as the Remuneration Committee of the Company and recommends the remuneration payable to the Managing Director and Executive Director(s) and sets guidelines for the remuneration of management staff within the Company. The Board makes the final determination after considering such recommendations.</p> <p>The remuneration committee comprises of following members.</p> <p>Dr. H Cabral, PC** - Chairman Dhammika Perera* W D N H Perera* M D S Goonatileke** (<i>resigned w.e.f. 12.05.2016</i>) M H Jamaldeen**</p> <p><i>*Non-Executive Director</i> <i>**Independent Non-Executive Director</i></p> <p>Payment of remuneration to Directors is disclosed in page 84 of this report.</p> <p>No Director is involved in deciding his own remuneration.</p>
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Reference to ICASL & SEC code	Requirement	Compliance	Details of compliance
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Principle: B.2 The level and make up of remuneration

B.2.1, B.2.2, B.2.3, B.2.4	Levels of remuneration	Complied	The Remuneration Committee structures the remuneration package to attract, retain and motivate the Directors needed to run the Company successfully but avoid paying more than is necessary for this purpose. The remuneration levels relative to other companies and performance of the Directors are taken in to account when considering the remuneration levels of the Directors.
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Principle: B.3 Disclosure of the remuneration

B.3.1	Disclosure of the remuneration	Complied	The total of Directors' Remuneration is reported in Note 7 to the Financial Statements.
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C. RELATIONS WITH SHARE HOLDERS

Principle: C.1 Constructive use of the AGM and conduct of General Meetings

C.1.1	Use of proxy	Complied	The Company ensures that all proxy votes are counted and the level of proxies are lodged on each resolution is conveyed to the Chairman.
C.1.2	Separate resolution for substantially separate issues	Complied	A separate resolution is proposed at an Annual General Meeting on each substantially separate issue. Adoption of the annual Report of the Board of Directors on the affairs of the Company, Statement of Compliance and the Financial Statements with the Independent Auditor's Report is considered as a separate resolution.
C.1.3	Answer questions at the Annual General Meeting (AGM)	Complied	The Board arranges the Chairman of the Audit and Remuneration committees to be available to answer the queries at the AGM, when necessary. The active participation of shareholders at the AGM is encouraged. The Board believes the AGM is a means of continuing effective dialogue with shareholders. The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the Financial Statements for the year.

Corporate Governance

Reference to ICASL & SEC code	Requirement	Compliance	Details of compliance
C.1.4, C.1.5	Notice of Annual General Meeting and General Meetings	Complied	<p>The Notice of Meeting is included in the Annual Report. The Notice contains the Agenda for the AGM as well as instructions on voting for shareholders, including the appointment of proxies. A Form of Proxy is enclosed with the Annual Report. The period of notice prescribed by the Companies Act No 7 of 2007 has been met.</p> <p>The Notice and the Agenda of the Annual General Meeting together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting.</p>

Principle: C.2 Major Transactions

C.2.1	Disclosure of Major Transactions to shareholders	Complied	There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act No 7 of 2007.
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D. ACCOUNTABILITY AND AUDIT

Principle: D.1 Financial Reporting

D.1.1	Balance and understandable information to shareholders	Complied	<p>The Board places great emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality, and on the adoption of sound reporting practices. Financial information is disclosed in accordance with the Sri Lanka Accounting Standards. Revisions to existing accounting standards and adoption of new standards are carefully monitored.</p> <p>The Annual Report includes descriptive, non-financial content through which an attempt is made to provide stakeholders with information to assist them make more informed decisions.</p>
	Communication with Shareholders		<p>Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the company considers as its principal communication with them and other stakeholders. The Company has duly complied with all the requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar of Companies. These reports are also provided to the Colombo Stock Exchange.</p> <p>Shareholders may bring up concerns they have, with the Chairman, the Managing Director or the Secretaries, as appropriate</p>
	Price Sensitive Information		Due care is exercised with respect to share price sensitive information.
	Shareholder Value & Return		The Board strives to enhance shareholder value and provide a total return in excess of the market. It has been the policy of the Board to distribute a reasonable dividend to the shareholders whilst retaining sufficient resources for capital needs.

Reference to ICASL & SEC code	Requirement	Compliance	Details of compliance
D.1.2	Statement of Directors' Responsibility	Complied	The Statement of Directors' Responsibilities for the Financial Statements is given in page 87 of this Report.
D.1.3	Auditors' Report	Complied	The Auditors' Report for the year ended March 31, 2016 is available on page 91 of this Report.
D.1.4	Management Discussion & Analysis	Complied	<p>Management structure</p> <p>DPL Group comprises Dipped Products PLC and subsidiary companies. The Group is effectively divided in to two divisions to achieve the strategic objectives. The Hand Protection division includes the production operation of Dipped Products PLC and ten subsidiary companies and the Italian marketing company ICOQUANTI S.p.A. The division is managed by the Managing Director and functional units supervised by Executive Directors. The Plantation division is managed the Managing Director of Kelani Valley Plantation PLC and Talawakelle Tea Estates PLC, who is also a Director of DPL Plantations (Pvt) Ltd (Plantations Holding Company).</p> <p>The authority is exercised within the ethical framework and business practices established by the Board which demands compliance with existing laws and regulation as well as best practices in dealing with employees, customers, suppliers and the community at large. These are further describing elsewhere in this report.</p> <p>The Management Team and Group structure are given in pages 30 and 162.</p> <p>The Executive Directors, General Managers and key Managers of both divisions meet separately on a monthly basis to review progress and discuss strategic issues and other important developments that require consideration. Minutes are kept of decision made and major issues.</p> <p>The Managing Director of Dipped Products PLC attends the monthly meetings of the Group Management Committee of Hayleys PLC and report on progress and important issue.</p> <p>Management Report</p> <p>The joint letter from the Chairman and the Managing Director (page 22) in this Report provides an analysis of the Group's performance during the financial year.</p> <p>The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks. This process has been in place through the year under review. The potential risks, both internal as well as external, faced by the company and actions instituted for mitigating the same are reported in the joint letter from the Chairman and the Managing Director's Review (pages 22 to 25) in this Report.</p>

Corporate Governance

Reference to ICASL & SEC code	Requirement	Compliance	Details of compliance
D.1.5	Declaration of Going Concern	Complied	The Directors, after making necessary inquiries and reviews including reviews of budgets for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.
D.1.6	Summon an EGM to notify serious loss of capital	Complied	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders fund, the Directors will forthwith summon an Extraordinary General Meeting to notify shareholders' the remedial action being taken. However, such an event has not taken place since the adoption of the New Companies Act No 07 of 2007.

Principle: D.2 Internal Control

D.2.1, D2.2	Requirement of sound system of internal control	Complied	<p>The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls required, including financial, operational and compliance controls, and risk management. It is important to recognise, however that any system can provide only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time.</p> <p>The important procedures in place to discharge this responsibility are as follows:</p> <ul style="list-style-type: none"> • The Directors are responsible for the establishment and monitoring of financial controls appropriate for the operation within the overall Group policies. • The Board reviews the strategies of the divisions and constituent companies. • Annual budgeting and regular forecasting processes are in place and the Directors review performance. • The Board has established policies in areas of investment and treasury management and does not permit employment of complex risk management mechanism. • The Group is subjected to regular internal audits and system reviews. • The Audit Committee reviews the plans and activities of the internal audits and the management letters of External Auditors. • The Group carefully selects and trains employees and provides appropriate channels of communication to foster a control conscious environment.
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Reference to Requirement
ICASL & SEC
code

Compliance Details of compliance

The Board has reviewed the effectiveness of the system of financial control for the period up to the date of signing the accounts. The Directors' Responsibilities for the financial statements are described on page 87.

Principle: D.3 Audit Committee

D.3.1, D.3.2	Composition of Audit Committee	Complied	<p>An Audit Committee was established in 2007. The Committee consists of three Non-Executive Directors.</p> <p>The Chairman of the Audit Committee is an Independent Non-Executive Director, a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.</p> <p>The Company Secretary serves as Committee Secretary.</p> <p>The Chairman, Managing Director, and the Chief Financial Officer of Hayleys PLC are invited to attend the Meetings, and other Directors and Senior Managers attend meetings as required. The input of the External Auditors is obtained where necessary. The Audit Committee helps the Group achieve a balance between conformance and performance.</p>
D.3.3	Committees' purpose, duties and responsibilities	Complied	<p>The Committee is empowered to examine any matters relating to the Financial Reporting systems of DPL, and its external and internal audits. Its duties include the detailed review of Financial Statements, internal control procedures and risk management framework, accounting policies and compliance with applicable accounting standards and other rules & regulations.</p> <p>It reviews the adequacy of systems in place for compliance with relevant legal, regulatory and ethical requirements and Company policies.</p> <p>The Audit Committee makes recommendations to the Board pertaining to appointment, reappointment of External Auditors after assessing the independence and performance, and approves the remuneration and terms of engagement of the External Auditors.</p>
D.3.4	Disclosures of names of the members of Audit Committee	Complied	<p>During the year under review the committee met on four occasions, the attendance at these meetings are reported in 'Audit Committee Report' in page 82 of this report</p>

Corporate Governance

Reference to Requirement
ICASL & SEC
code

Compliance Details of compliance

Principle: D.4 Code of Business Conduct & Ethics

D.4.1	Disclosure on presence of Code of Business Conduct & Ethics	Complied	The Directors and members of the Senior Management team are bound with a Code of Business Conduct & Ethics which is developed by the Hayleys group. The Code consists of important topics like conflict of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of Company assets, compliance of laws, rules and regulations etc. The Board ensures the compliance with the code and non-compliance may reasons to go for a disciplinary action.
D.4.2	Affirmation of Code in the Annual Report by the Chairman	Complied	The Chairman affirms that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics in the Annual Report.

Principle: D.5 Corporate Governance disclosures

D.5.1	Disclosure of adherence to Corporate Governance	Complied	The extent to which the Company adheres to established principles and practices of good Corporate Governance is disclosed from pages 32 to 49 of this report.
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IT Governance

We continue to give attention to bringing DPL's IT systems in line with its strategies and objectives. Dedicated staff is deployed to support this.

DPL's investment in IT covers resources operated and managed centrally and resources deployed on the various factories and estates. The former includes an ERP system and internet and e mail services catering to most parts of the business.

IT Value and Alignment

Investments in IT projects and systems are made after consideration of their suitability for the related projects. Further aspects such as cost savings, the provision of timely information and the balance between cost and benefits/ needs are also considered when decisions are taken.

IT Risk Management

Risks associated with IT are assessed in the process of Risk Management. Use of licensed software, close monitoring of internet usage (for compliance with the IT Use Policy) and mail server operations and the use of anti-virus and firewall software, are some practices in place.

Reference to Requirement
ICASL & SEC
code

Compliance Details of compliance

SECTION 2: SHAREHOLDERS

E. INSTITUTIONAL INVESTORS

Principle: E.1. Shareholder Voting, E.2. Evaluation of Governance Disclosures

E.1, E.2	Use of the vote of Institutional Investors	Complied	All the investors are welcome to the Annual General Meeting and all comments, suggestions are opened to them. The company believes that the institutional investors have more understanding and awareness the matters including corporate governance, hence, conducts, and structured dialogues with them to raise matters. The company appreciates the way of using the votes at AGM on the weight they had regarding all relevant factors noted.
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F. OTHER INVESTORS

Principle: F.1. Investing /Divesting Decisions, F.2. Shareholders Voting

F.1, F.2	Adequate analysis for investment / divestment decisions and using of voting right	Complied	All shareholders are encouraged to actively participate in the AGM and they have the independence of using their votes as they wish. The company believes that the rational investors remain with the Company without divesting. There are no restrictions for investing or divesting in the Company shares.
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Levels of compliance with the CSE's Listing Rules - Section 7.10 Rules on Corporate Governance are given in the following table:

Rule No.	Subject	Applicable requirement	Compliance Status	Applicable section in the Annual Report
7.10.1(a)	Non-Executive Directors	At least one third of the total number of Directors should be Non-Executive Directors	Compliant	Corporate Governance A.5.1
7.10.2(a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher, should be Independent	Compliant	Corporate Governance A.5.2
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/non-independence in the prescribed format	Compliant	Corporate Governance A.5.4
7.10.3(a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	Compliant	Corporate Governance A.5.5
7.10.3(b)	Disclosure relating to Directors	The basis for the Board to determine a Director is Independent, if criteria specified for Independence is not met	Compliant	Corporate Governance A.5.5
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise	Compliant	Corporate Governance A.5.5
7.10.3(d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (a),(b) and (c) to the Exchange	Compliant	Corporate Governance A.7.3

Corporate Governance

Rule No.	Subject	Applicable requirement	Compliance Status	Applicable section in the Annual Report
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5
7.10.5(a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors a majority of whom will be independent	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5
7.10.5(b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out: <ul style="list-style-type: none"> Names of directors comprising the Remuneration Committee Statement of Remuneration Policy Aggregated remuneration paid to Executive & Non-Executive Directors 	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5
7.10.6	Audit Committee	The company shall have an Audit Committee	Compliant	Corporate Governance D.3.1,D.3.2
7.10.6(a)	Composition of Audit Committee	<ul style="list-style-type: none"> Shall comprise of Non-Executive Directors a majority of whom will be independent Non-Executive Directors shall be appointed as the Chairman of the committee Chief Executive Officer and Chief Financial Officer should attend Audit Committee Meetings The Chairman of the Audit Committee or one member should be a member of a professional accounting body 	Compliant	Corporate Governance D.3.1,D.3.2

Rule No.	Subject	Applicable requirement	Compliance Status	Applicable section in the Annual Report
7.10.6(b)	Audit Committee Functions	<p>Functions shall include:</p> <ul style="list-style-type: none"> Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards Overseeing of the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements Overseeing the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards Assessment of the independence and performance of the external auditors Make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditors 	Compliant	Corporate Governance D.3.3
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	<p>a) Names of Directors comprising the Audit Committee</p> <p>b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination</p> <p>c) The Annual Report shall contain a Report of the Audit Committee setting out of the manner of compliance with their functions</p>	Compliant	Corporate Governance D.3.4

Corporate Governance

Levels of compliance with the CSE Rules - Section 9 - Rules of Related Party Transactions given in the following table:

Rule No.	Subject	Applicable requirement	Compliance Status	Applicable section in the Annual Report
9.2	Related Party Transactions Review Committee (RPTRC) Functions	<ul style="list-style-type: none"> To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction. Seek any information the Committee requires from management, employees or external parties to with regard to any transaction entered into with a related party. Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons. To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction. To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders. Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties. To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged. To review the economic and commercial substance of both recurrent/non recurrent related party transactions To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction. 	Complaint	Refer RPTRC report page 81.

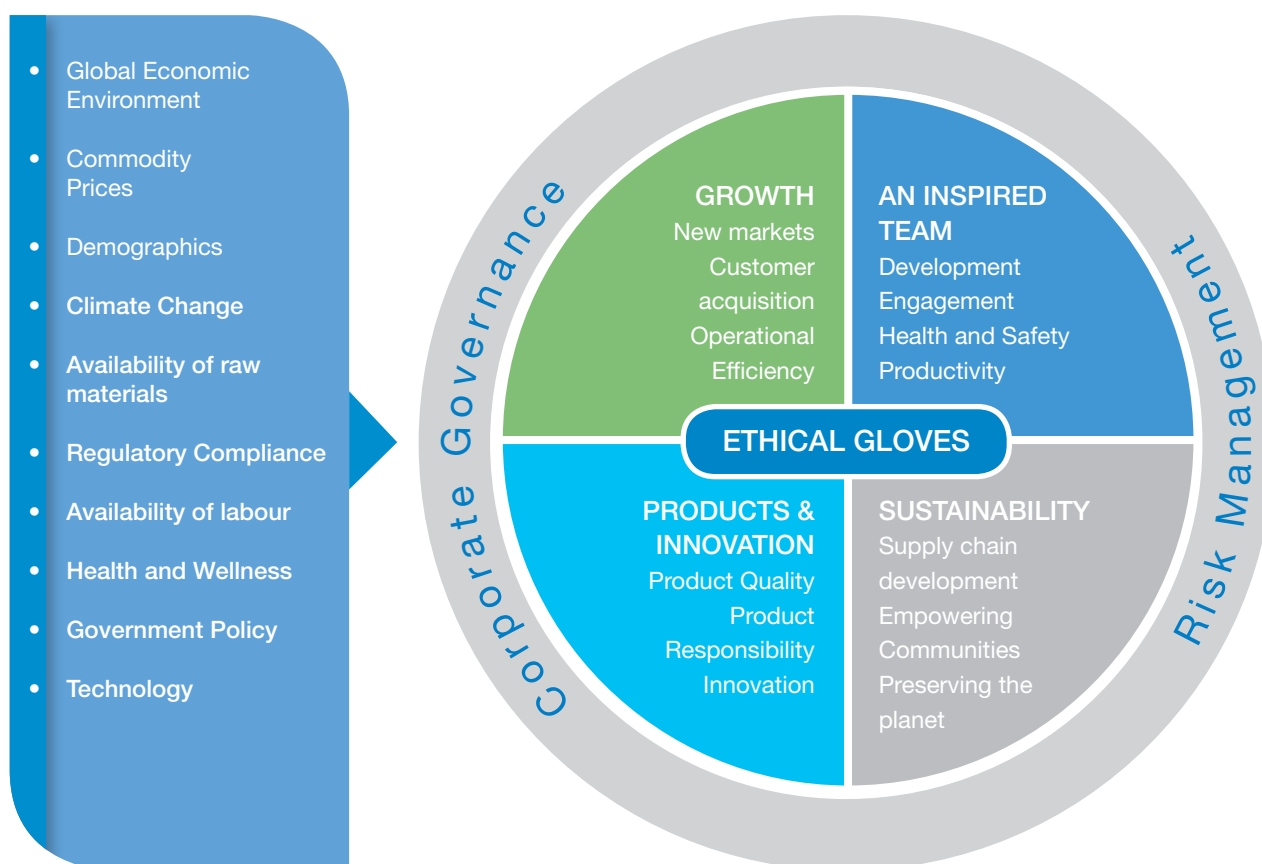
Rule No.	Subject	Applicable requirement	Compliance Status	Applicable section in the Annual Report
9.2.2	Composition	02 Independent Non-Executive Directors and 01 Executive Director	Complaint	Refer RPTRC report page 81. Annual Report of the Board of Directors page 84.
9.2.3	Related Party Transactions Review Committee. (RPTRC)	As per the Listing Rules of the CSE mandatory from January 1, 2016. If the parent Company and the subsidiary Company both are listed entities, the Related Party Transactions re-view Committee of the parent Company may be permitted to function as such Committee of the subsidiary.	Compliant	The Committee of the Parent Company which was formed on February 10, 2015 functions as the committee of the Company. Refer RPTRC report page 81.
9.2.4	Related Party Transactions Review Committee Meetings	Shall meet once a quarter	Complaint	Annual Report of the Board of Directors page 84.
9.3.2	Related Party Transactions Review Committee Disclosure in the Annual Report	<p>a) Non-recurrent Related Party Transactions - If aggregate value exceeds 10% of the equity or 5% Total assets whichever is lower.</p> <p>b) Recurrent Related Party Transactions - If aggregate value exceeds 10% Gross revenue/income as per the latest audited accounts</p> <p>c) Report by the Related Party Transactions re-view Committee</p> <p>d) A declaration by the Board of Directors</p>	Compliant	Not applicable Not applicable Refer RPTRC report page 81. Annual Report of the Board of Directors page 84.

Strategic Framework

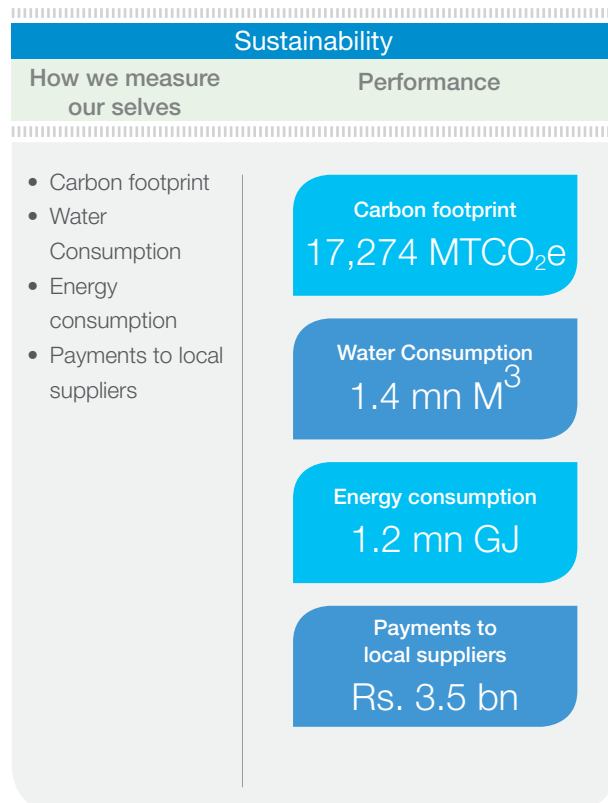
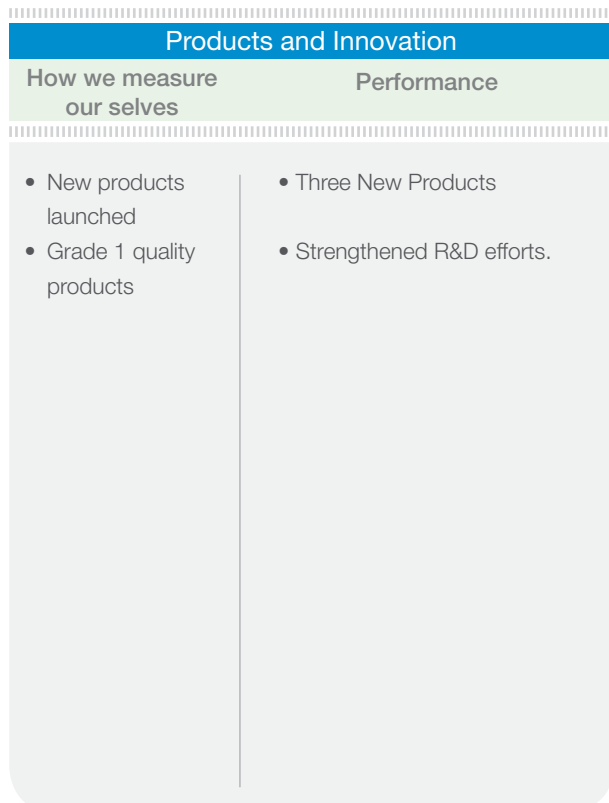
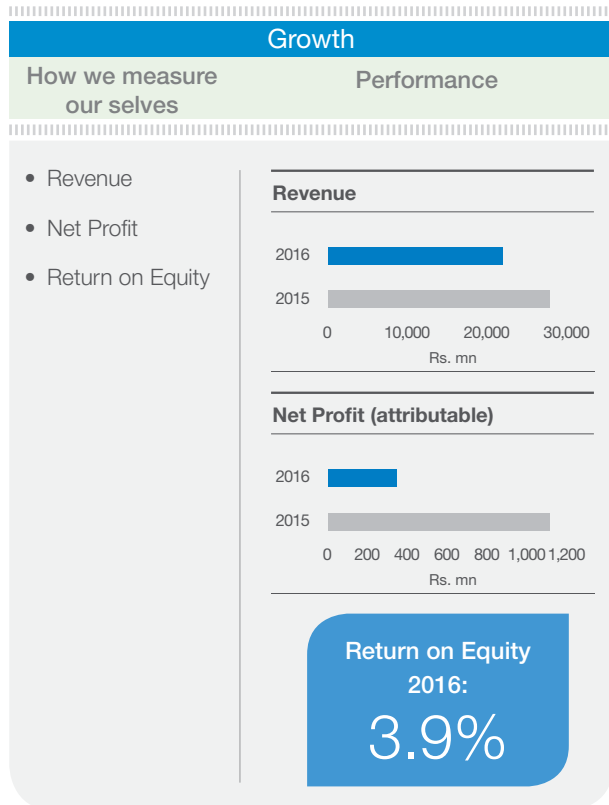
We understand that our financial and sustainability performance is intertwined, and our long-term strategy has been formulated considering broader stakeholder needs. While we remain

committed to generating sustainable value to our shareholders, adding value to our employees, value chain partners and communities is at the heart of our value proposition. Unwavering focus on

our strategic priorities has enabled us to weather numerous economic, social and environmental crises over the last few years providing a strong platform for future growth.



Our Strategic Performance



Risk Management

Risks are identified through a structured process involving the participation of all heads of departments and graded based on likelihood and significance of impact.

→ Risk considerations thus form a critical input in all business decisions and are aligned with our overall business strategy.

Effective risk management is critical in the pursuit of sustainable value creation and the Group adopts a proactive and holistic approach towards risk management. The Group's key risk exposures are identified through a review process which evaluates risks stemming from the economic and industry environments as well as social and environmental factors.

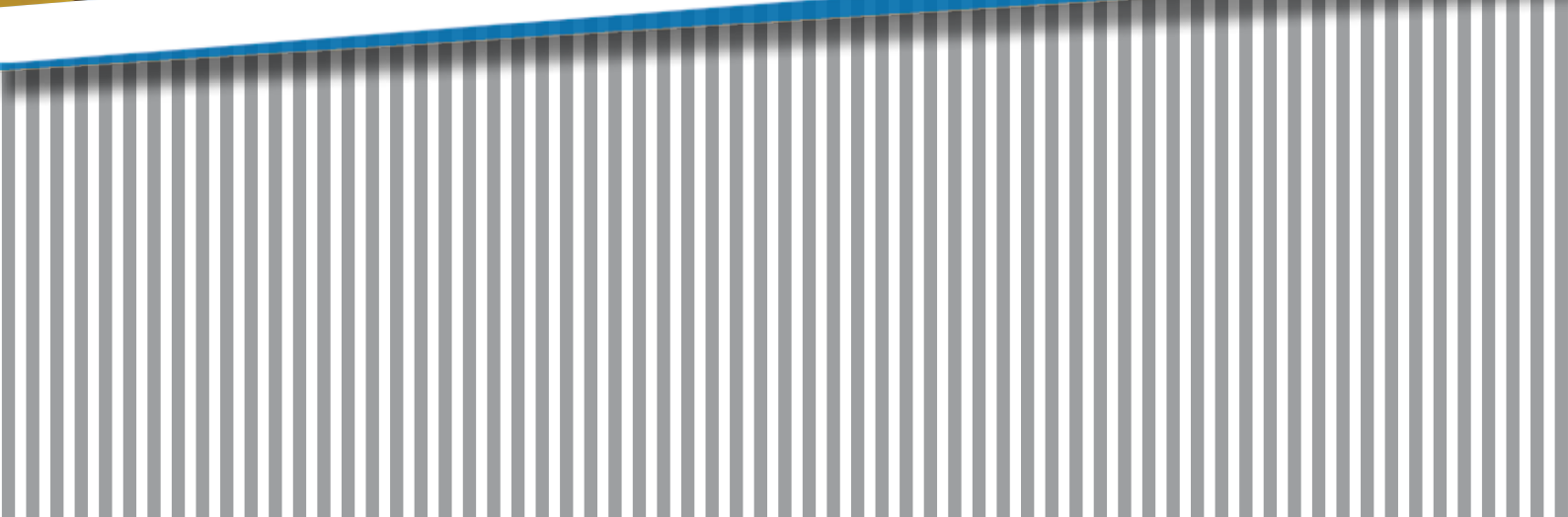
OUR APPROACH TO RISK MANAGEMENT

In Hand Protection, we have nurtured a risk culture that aptly balances risk across the entire Organisation. Risk considerations thus form a critical input in all business decisions and are aligned with our overall business strategy. Risks are identified through a structured process involving the participation of all heads of departments and graded based on likelihood and significance of impact. The Risk matrix is used to monitor risks on a continuous basis and mitigation strategies are formulated based on the risk exposure.

Risks	Potential Impact	Risk mitigation strategies
Market risk stemming from socio-economic factors in key buying markets	The Group's products are sold primarily in export markets and socio economic and political tensions in buying markets directly impact demand and pricing	<ul style="list-style-type: none"> The Group's medium to long-term plans take account of important trends in key buying markets Portfolio diversification to effectively respond to increasing competitive pressures Diversification to non-traditional markets
Customer Satisfaction related risks	Customer dissatisfaction can arise through delays in delivery, product related complaints, quantity discrepancies etc. This can lead to low customer retention levels	<ul style="list-style-type: none"> Increased training for quality management staff Continued efforts to improve product processes Expedite resolving issues with the plant and liners.
Exposure to fluctuations in commodity prices	Risks arising from occupational safety hazards and disposal of waste and effluents	<ul style="list-style-type: none"> Independent safety audits are conducted with monthly reviews of work place injuries Pursuing methods to increase re-usability of waste

Risks	Potential Impact	Risk mitigation strategies
Regulatory and compliance risk	As an export driven business fluctuations in foreign exchange rates directly impact the Group's profit margins. Currency fluctuations of competing countries also affect global competitive dynamics, particularly in the price sensitive glove business.	<ul style="list-style-type: none"> • Hedging mechanisms • Continued to support from Hayleys Group Treasury in monitoring exchange rate fluctuations
Non-availability of raw materials	Key inputs to the both the Group's business lines are natural resources which are prone to supply shortages due to a range of factors outside the control of the Organisation. These shortages can affect the continuity of operations while negative impacting profitability margins.	<ul style="list-style-type: none"> • Proactive engagement with our suppliers including the provision of technical knowledge, agricultural inputs, funding and community projects through our Firstlight initiative has enabled the Group to develop strong relationships with rubber smallholders, thereby contributing towards a sustainable supply of raw materials • Expansion outside Sri Lanka, to limit exposure to adverse conditions that could affect the supply of latex in Sri Lanka
Risk of non-availability of labour	Attraction and retention of labour can pose a significant threat to the sustainability of the Group's operations. This is particularly true for the plantation sector, in which labour migration of manual workers is an industry wide challenge	<ul style="list-style-type: none"> • Robust talent attraction and talent management mechanism • Structured mechanisms for identifying skills gaps and providing required training and development • Strong engagement with resident communities, particularly in estate communities

TRUST





We are a resilient and agile company, able to overcome our challenges and deliver value at every level of operation.

Management Discussion & Analysis

56	Operating Context	67	Manufactured Capital
61	Operational Review	68	Human Capital - An Inspired Team
Resource Allocation and Value Creation		72	Social and Relationship capital
63	Financial Capital	77	Natural Capital
66	Review of Our Value Drivers		



For more information:
www.dplgroup.com

Business integrity, industry expertise and stakeholder value creation are corporate characteristics now strongly associated with the Dipped Products brand.

Global demand for rubber gloves has grown at an estimated 6-7% over the last few years, driven by increased consumption of medical gloves and demand for cleanroom disposable gloves.

Summary of key points

- ➔ The demand for rubber gloves (primarily disposable gloves) stems primarily from industries such as healthcare, food and manufacturing.
- ➔ Sri Lanka is one of the largest exporter of rubber gloves in the world and earnings from rubber glove exports accounts for approximately 2% of the country's total industrial exports



GLOBAL ECONOMIC ENVIRONMENT

Global economic conditions continued to remain subdued in 2015 marked by modest yet uneven recovery, both in advanced and emerging economies. Growth in advanced economies is anticipated to be driven by a relatively resilient US economy. The European region, which is DPL's largest hand protection market, grew by 1.5% in 2015 as private consumption gradually picked up, although recovery continued to be uneven across individual markets. Economic rebalancing in China is anticipated to result in a relatively slower growth of 6.5% in 2016, while the outlook for Middle East and the Commonwealth of Independent States(DPL's largest tea market) continues to be weighed down by the sharp drop in oil prices and persistent geo political tensions.

COMMODITY PRICES

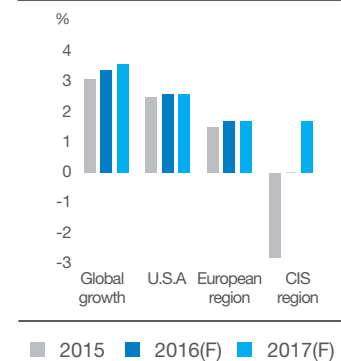
Oil prices continued its downward spiral in 2015, reflecting increased supply, decline in demand attributed to the relatively weaker global investment

climate, an appreciating US Dollar as well as the OPEC countries measures towards maintaining market share. Similarly, industrial and food commodity prices also experienced declines during the year with average tea (Colombo auctions) and rubber (RSS3) declining by 16% and 20% respectively.

THE SRI LANKAN ECONOMY

Sri Lanka's economy grew by 4.8% in 2015 led by broad based growth across all three sectors of Agriculture (+5.5%), Industry (+3.0%) and Services (+5.3%). The Agriculture sector performance was upheld by strong growth in the paddy sector while tea, rubber and spices recorded negative growth, primarily due to the sharp drop in commodity prices and geopolitical tensions in key markets. The Manufacture of value added rubber based products, however, increased by 4.7% during the year. Inflation (as measured by the CCPI) continued to be benign, clocking in at 0.9% for the year under review. Interest rates also remained low for the most part of the year, although a tightening of monetary policy resulted in

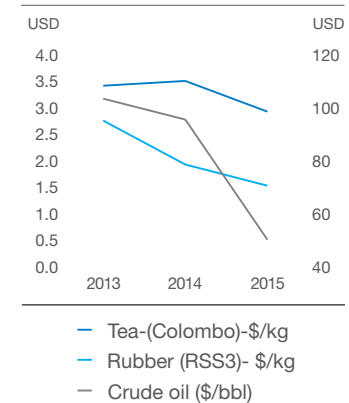
Global Economic Environment



Modest, yet uneven recovery across markets in 2015

Source: IMF, World Economic Outlook (Jan 2016)

Commodity Prices



Sharp decline in several key commodities

Source: World Bank, Commodities Price Data

→ The Manufacture of value added rubber based products, increased by 4.7% during the year.

Management Discussion and Analysis - Operating Context

a slight uptick in rates by the end of the year. The Sri Lankan Rupee depreciated by 10% against the US Dollar to close the year at Rs. 144.06/USD. The outflow of foreign funds invested in Government securities, together with a sharp increase in imports as well as repayment of foreign debt resulted in a sharper depreciation during 2016 and by end March 2016, the Rupee stood at approximately Rs. 147/USD.

Hand Protection Industry

Sri Lanka's rubber industry comprises of the rubber plantation sector and the manufacture of finished rubber goods, such as solid tyres, latex gloves, mats and miscellaneous goods which absorbs close to 70% of the country's natural rubber production. Sri Lanka is one of the largest exporter of rubber gloves in the world and earnings from rubber glove exports accounts for approximately 2% of the country's total industrial exports. Sri Lanka's rubber exports are also amongst the highest in terms of industrial value addition in the country's export basket, which is estimated at around 70%.

The hand protection (or rubber gloves) industry is a substantial sub-market of the rubber industry and is composed of natural rubber (NR) and synthetic rubber (SR) products. The demand for rubber gloves (primarily disposable gloves) stems primarily from industries such as healthcare, food and manufacturing. Global demand has grown at an estimated 6-7% over the last few years, driven by increased consumption of medical gloves and demand for cleanroom disposable gloves. Developed economies, primarily USA, Europe and Japan consume more than 60% of the global supply although in recent years there has been strong growth in demand from emerging economies such as India and China. The supply of rubber gloves is concentrated in the South East Asian region, led by Malaysia,

Thailand and Indonesia and is intensely price competitive, with few large players dominating the global market.

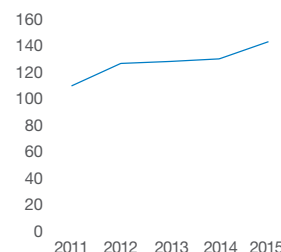
DEMOGRAPHICS

The healthcare industry is a key consumer of rubber gloves, and as world's aged population increases higher demand for healthcare services is anticipated to drive up growth for rubber gloves. The pace of world population ageing is accelerating and according to the United Nations between 2015 and 2030, the number of people aged over 60 is projected to increase by 56%, with older persons accounting for 1 in 6 people globally, compared to 1 in 8 in 2015.

Exchange Rate

USD 144.06

LKR/USD



Depreciation of the SLR against the USD

Source: Dept. of Census and Statistics

Summary of the year

- Sri Lanka is one of the largest exporter of rubber gloves in the world and earnings from rubber glove exports accounts for approximately 2% of the country's total industrial exports.
- Sri Lanka's rubber exports are also amongst the highest in terms of industrial value addition in the country's export basket, which is estimated at around 70%.
- Global demand has grown at an estimated 6-7% over the last few years, driven by increased consumption of medical gloves and demand for cleanroom disposable gloves.



Sri Lanka is one of the largest exporter of rubber gloves in the world and earnings from rubber glove exports accounts for approximately 2% of the country's total industrial exports.

HEALTH AND WELLNESS

Demand for gloves is also positively correlated to the outbreak of disease. For instance during the severe acute respiratory syndrome epidemic (SARS) in 2003, the A(H1N1) influenza and virus epidemic in 2009 and the outbreak of Ebola in West Africa in 2015 the demand for gloves demonstrated a spike.

GOVERNMENT POLICY AND HEALTHCARE REFORMS

Globally the last few decades have seen a trend of rising healthcare expenditure, driven by an increasingly

aging population and higher incidences of non-communicable diseases.

Accordingly, the healthcare spending as a percentage of GDP has also been on the rise while countries (particularly developed economies) are increasingly introducing more stringent healthcare laws and reforms which include new protocols such as the use of gloves to increase hygiene levels in the medical and healthcare industry. These trends have contributed towards driving demand for medical gloves.

AVAILABILITY OF RAW MATERIALS

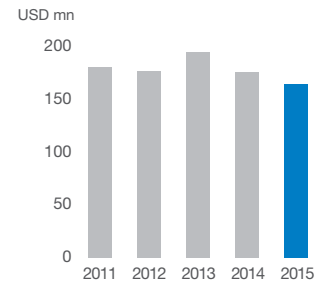
The key raw material in the manufacture of rubber gloves is latex/ natural rubber and Sri Lanka's production of natural rubber has been on a declining trend over the past few years, affected by adverse weather conditions, rising cost of production as well as a sharp drop in auction prices. Accordingly, inadequate supply and difficulties in sourcing raw materials have been a key challenge faced by Sri Lankan glove exporters as well as manufacturers of other value added rubber products and has driven exporters to pursue other regional markets to ensure a sustainable supply of raw materials.

ENERGY

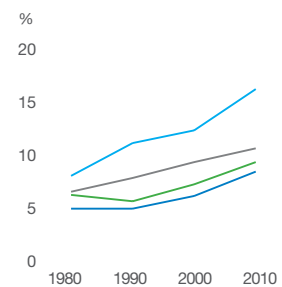
The manufacture of rubber gloves is relatively energy intensive. DPL uses energy supplied by the Ceylon Electricity Board and also relies on biomass sources, furnace oil and LPG. Sri Lanka's total electricity generation increased

Glove exports

USD 165mn



Healthcare expenditure

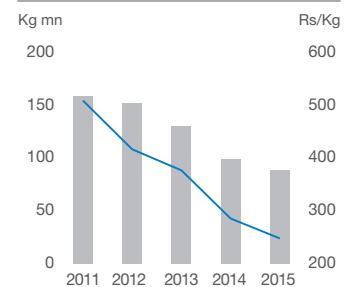


Governments are increasing spend on healthcare

Source: OECD

Sri Lanka's Rubber Production

886kg mn



The country's rubber production has been on a declining trend

Source: Central Bank of Sri Lanka



The healthcare industry is a key consumer of rubber gloves, and as world's aged population increases higher demand for healthcare services is anticipated to drive up growth for rubber gloves...

by 5.9% to 13,090 Gwh in 2015, as increased rainfall during the first few months of 2015 boosted hydro power generation. During the second half of the year, power generation was led by coal sources as drought conditions were prevalent in most catchment areas. Overall, hydro and thermal contributed 38% and 51% to the country's power mix during the eight months to August 2015.

ENVIRONMENTAL MANAGEMENT

The glove manufacturing process requires sound environmental management systems to ensure that natural inputs (primarily raw materials, energy and water) are obtained in an environmentally friendly and sustainable manner while impacts such as waste, effluents and carbon footprint resulting from the production process are well managed.

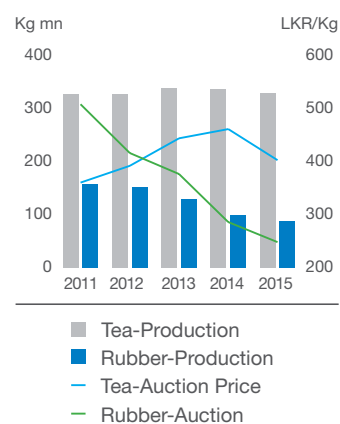
Plantation Sector

Tea is amongst the most consumed beverages in the world and supply of tea is limited to certain regions due to the specific agro climatic conditions required for its cultivation. Sri Lanka is the 4th largest tea producer in the world and has ranked among the worlds' finest due to its strong flavour and aroma. Prices commanded at the Colombo Tea Auction have consistently been at a premium in comparison to its regional global

counterparts. The plantation sector is a vital component of Sri Lanka's economy, with tea and rubber generating 15% of total export earnings and accounting for more than 30% of the country's total agricultural workforce.

The year under review was a challenging one for Sri Lanka's tea sector, characterised by both demand and supply side issues. Adverse weather conditions, particularly during the second half of the year resulted in total production declining by around 3% to 328 million kg in 2015. Meanwhile, the sharp drop in oil prices as well as

Plantation Sector trends



Decline in tea and rubber auction prices

Source: Central Bank of Sri Lanka

geopolitical tensions in several key buying markets has resulted in a slowdown in demand and a decline in prices. Average prices at the Colombo Tea Auction dipped by 13% during the year. Meanwhile, rubber production was also affected by inclement weather with total production and prices falling by 10% and 13% respectively during the year.



Operational Review

HAND PROTECTION SEGMENT

The industry landscape presented multiple challenges for the hand protection segment during the year under review; the sharp depreciation of regional currencies allowed competing manufacturers to be more competitive thereby negating the impact of the fall in latex prices during the year. The segment's revenue declined by 15% during the period whilst narrowing margins resulted in a more pronounced 63% drop in pre-tax profit.

Rs. mn	2015/16	2014/15
Revenue	12,728.47	14,970.31
Pre-tax profit	550.46	1,500.11
Assets	11,414.51	12,040.94
Capital expenditure	835.29	1,459.24
Operating cash flow	842.09	1,388.56

That said, having successfully weathered the disruption to operations during the last financial year, DPL is now poised for strong business growth driven by a holistic and focussed strategy. Following the successful implementation of our new factory in the Biyagama Export Processing Zone, D P L Premier Gloves (DPGL) have returned to normalcy while the expanded production capacity and regained sales volumes is expected to support business growth over the short-to- medium term. As anticipated D P L Universal Gloves (DUGL) was commissioned during the year, with commercial production of supported gloves anticipated to commence in June 2016. Dipped Products Thailand continued to contribute positively to our overall performance, with net profit growing by 60% during the year. Meanwhile, our marketing subsidiary in



Italy, ICOGUANTI S.p.A recorded modest results during the year due to weak Euro currency against USD.

During the year, we also focussed on optimising our product portfolio with the objective of strengthening our value added product offerings. Research and development capabilities were enhanced to drive innovation and identify new applications. As a strategy we are pursuing growth in the industrial glove segment, which presents significant potential for differentiation and value addition. We also refined our sales and marketing model facilitating a higher level of customer engagement through a territory-based strategy. We also focussed on strengthening our presence in non-traditional markets such as the Middle Eastern region, the initial response of which has been very encouraging.

PLANTATIONS

Due to a combination of internal and external challenges, Sri Lanka's plantations sector experienced one of the

Having successfully weathered the disruption to operations during the last financial year, DPL is now poised for strong business growth driven by a holistic and focused strategy

Management Discussion and Analysis - Operational Review

As the entire industry recorded weaker than expected profitability, TTEL and KVPL continued to lead its counterparts in the prices fetched by its tea and rubber respectively.



Continued focus will be placed on expanding the range and capacity of our portfolio and another production facility for the manufacture of nitrile industrial gloves will be commissioned in the coming financial year.

most challenging years in recent history. Economic risks and political tensions in several of Sri Lanka's key tea buying markets resulted in a sharp drop in demand and prices. On the other hand, unfavourable weather conditions and an industry-wide 'go slow' campaign by estate sector workers affected production levels. The sector's total revenue declined by 29% during the period, as supply side factors and pricing dynamics came into play. Operational costs also increased due to elevated maintenance and running costs caused by prolonged industrial action, which affected the quantity and quality of the harvest. Overall, the sector's pre-tax profits dipped by 61% to Rs. 152.72 million in comparison to the previous year.

in the prices fetched by its tea and rubber respectively. The sector also remained true to its sustainability commitments and continued to invest in preserving and nurturing the natural environment while engaging with the estate communities through its multi-dimensional CSR initiative.

Way Forward

Having successfully withstood unprecedented challenges, the hand protection is sector is now positioned for strong growth and will continue to drive our strategy towards customer

acquisition and increased profitability. Continued focus will be placed on expanding the range and capacity of our portfolio and another production facility for the manufacture of nitrile industrial gloves will be commissioned in the coming financial year. All future capacity increases will take place only in industrial and export processing zones. Our sustainability objectives form a crucial component of our overall strategy and we will continue to invest in enhancing our social and environmental performance to fulfil the expectations of all our stakeholders.

Rs. mn	2015/16	2014/15
Revenue	9,503.33	13,408.45
Pre-tax profit	152.72	390.21
Assets	9,676.30	9,824.44
Capital expenditure	1,914.93	1,326.33
Operating cash flow	1,388.95	836.73

As the entire industry recorded weaker than expected profitability, TTEL and KVPL continued to lead its counterparts



Resource Allocation and Value Creation

Financial Capital

We maintained focus on our strategic pillars, pursuing expansion through innovation and penetrating new markets thereby providing a strong platform to capture growth opportunities in the next financial year.

The year under review was a challenging one marked by significant market uncertainties in both of our key business

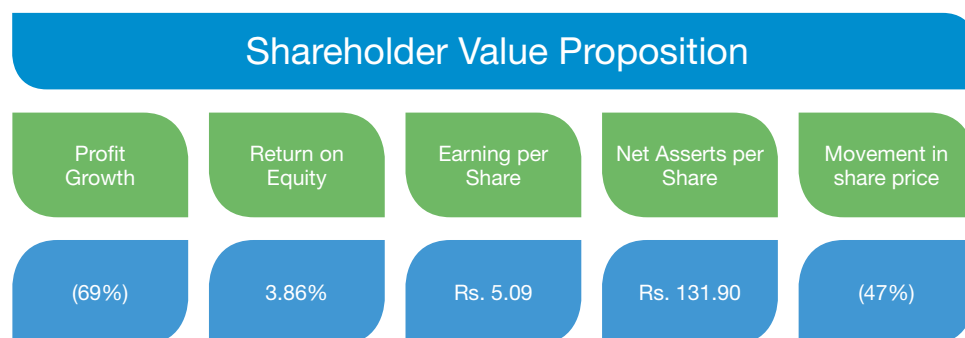
lines. Despite these challenges, we maintained focus on our strategic pillars, pursuing expansion through innovation and

penetrating new markets thereby providing a strong platform to capture growth opportunities in the next financial year.

		2016	2015	Y-O-Y Growth
Revenue	Rs. mn	21,931	27,739	(21%)
Gross Profit	Rs. mn	3,478	4,790	(27%)
Earnings before interest and tax	Rs. mn	868	2,167	(60%)
Net Finance Cost	Rs. mn	220	386	(43%)
Profit for the year	Rs. mn	434	1,395	(69%)
EPS	Rs.	5.09	18.58	(73%)
DPS	Rs.	2.00	7.00	(71%)
ROE	%	3.86	13.83	(72%)
Total Assets	Rs. mn	21,063	21,774	(3%)
Total Debt	Rs. mn	4,350	4,493	(3%)
Total Equity	Rs. mn	10,275	10,529	(2%)
Debt/Equity	Times	0.42	0.43	(2%)
Current Ratio	Times	1.54	1.37	12%
Share price	Rs.	73.00	138.00	(47%)

Resource Allocation and Value Creation - Financial Capital

SHAREHOLDER VALUE PROPOSITION



TURNOVER

The DPL Group's turnover decreased by 21% to Rs. 21.93 billion during the year ending March 31, 2016, reflecting challenging market conditions in both business lines. In hand protection, the sharp depreciation of regional currencies during the year enabled other regional manufacturers to compete effectively on price. This, together with subdued economic conditions in key markets where the order level saw a negative growth contributed to the segment's revenue dipping by 15% to Rs. 12.73 billion during the year. In plantations, adverse weather conditions together with subdued demand and a steep drop in global prices resulted in the segment's revenue falling by 29% during the year.

GROSS PROFIT

The decline of gross profit of 27% to Rs. 3.48 billion during the year, was more pronounced than the drop in revenue, reflecting a narrowing of GP margins. The Group's GP margin for the year was 15.9% (2015/16: 17.3%) a reflection of the drop in latex prices during the year. In plantations however, margins declined in view of the fall in global tea and rubber prices.

OPERATING PROFIT AND MARGINS

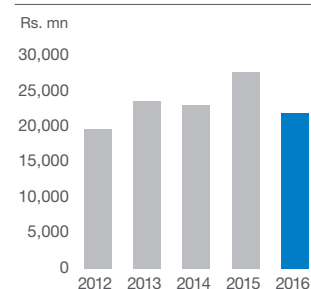
As a result of continued efforts to improve operational efficiency and labour productivity, the Group's total overhead expenses remained relatively unchanged at Rs. 2.85 billion. Decreased Group earnings before interest and tax (EBIT) for the year was Rs. 867.96 million compared to Rs. 2.17 billion the previous year is attributable to the decline in top line level as well as the narrowing of profit margins. The EBIT margin contracted from 7.8% the previous year, to 4.0% in 2015/16 as lower capacity utilisation as well as costs associated with setting up the new unsupported gloves production facility in Biyagama drove down profitability of the hand protection margins, while the plantation sector was affected by lower capacity due to adverse weather conditions during the second half of the year and a "go slow" industrial action by estate sector workers which impacted the entire plantation sector. Profitability for the year was driven by the hand protection segment which contributed nearly 68% to the Group's EBIT.

NET FINANCE COST

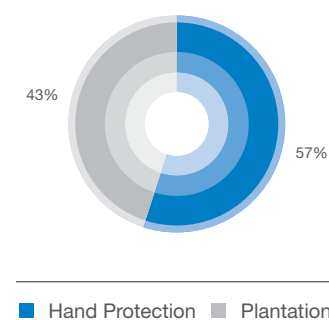
DPL's net finance cost reduced by 43.1% to Rs. 219.78 million during the year, supported by the fall in market interest rates. The Group pursued a strategy of converting its short-term borrowings to longer-tenured loans, resulting in a

Turnover

Rs.21,931mn



Revenue breakdown



decline in its Average Weighted Cost of Debt. The hand protection segment accounted for 21% of the Group's net finance cost.

PRE-AND POST-TAX PROFIT

The Group's pre-tax profit for the year was Rs. 648.18 million, compared to Rs. 1780.32 million the previous year. The hand protection business contributed 85% (or Rs. 550.46 million) to consolidated pre-tax profit during the year. Meanwhile, taxation expenses for the year amounted to Rs. 214.65 million. Overall, DPL's profit after tax for the reviewed period declined 69% to Rs. 433.53 million whilst return on equity was 3.86% for the year.

CASH FLOW

Net cash inflow from operating activities improved by 1% y-o-y to Rs. 2,256.03 million primarily due to the reduction in operational activity during the year. Net cash flow from investing activities amounted to Rs. 2,952.55 million and comprised primarily of capital expenditure on expanding capacity for supported industrial gloves. Net cash inflow from financing activities was Rs. 1573.96 million, due to a long-term loan obtained during the period under review to fund the Group's capital expenditure.

ASSETS

The DPL Group's total asset base decreased by 3.3% to Rs. 21.06 billion primarily due to a reduction in working capital requirements, non-current assets increased in line with additions to property, plant and equipment in line with capacity expansions and introduction of new product lines in the hand protection segment. Working capital recorded a decline during the year as inventory holdings and trade and other receivables were reduced by 13% and 15% respectively. Accordingly, the Group's cash conversion (working capital) cycle declined to 73 days, from 64 days the preceding year. Overall, the Group's asset composition tilted towards the longer term with non-current assets accounting for 65% of the total asset base.

CAPITAL EXPENDITURE

The Group's Manufactured Capital in the Hand Protection segment comprises of manufactured physical objects that are available to the organisation for use in the production of goods, which includes building, machinery and equipment used in its hand protection factories. During the year, DPL added value to its manufactured capital through capex amounting to Rs. 2.75 billion.

CAPITAL STRUCTURE

Total equity accounted for 70% (or Rs. 10.28 billion) of the DPL Group's total capital employed during the year. Equity funds dipped marginally during the year due to provisions for payment of super gain tax and dividend outflows. Total debt declined by 3% to Rs. 4.35 billion during the year which translated to a debt to equity ratio of 0.42 times. Several short-term facilities were also restructured to long-term facilities in order to take advantage of the low interest rate scenario which prevailed during the year. The Group's debt protection metrics weakened slightly during the year as debt levels increased and performance was challenged by difficult market conditions.

Total assets

Rs.21,063mn



SHAREHOLDER RETURNS

The Group's EPS was Rs. 5.09 during the year while its share price declined by 47% during 2015/16 to close the year at Rs. 73.00, reflecting weak sentiments across the board at the Colombo Stock Exchange, which was reflected in the All Share Price Index declining by 748 points (or 11%) in 2015.

		2015/16	2014/15
Net Assets per Share	Rs.	131.90	134.37
Price Earnings ratio	Times	14.3	7.4
Dividend Yield	%	2.7	5.1
Dividend Cover	Times	2.5	2.7

Resource Allocation and Value Creation

Review of Our Value Drivers

Our value addition over the past decade exceeds Rs. 62 billion...

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Value addition										
Rs. mn	3,308	3,815	4,064	4,085	4,457	5,796	8,494	9,113	11,160	7,876

	2016 Rs '000	2016 %	2015 Rs '000	2015 %
To employees as remuneration	6,231,164	79	7,557,045	68
To Government of Sri Lanka & overseas as taxes	149,761	2	360,198	3
To Shareholders as dividends	119,723	1	419,031	4
To lenders of capital	363,237	5	587,916	5
Retained in the business	1,012,374	13	2,236,193	20
	7,876,259	100	11,160,383	100

Manufactured Capital

Our manufactured capital enables us to design and produce a wide spectrum of natural and synthetic-latex based household, industrial and medical gloves.

Factory	Location	Product range (Gloves)
Dipped Products PLC	Kottawa	Household & Industrial
Grossart (Pvt) Limited	Kottawa	Fabric supported, household & Industrial
Neoprex (Pvt) Limited	Kottawa	Household & Industrial
Hanwella Rubber Products Limited	Hanwella	Household & Industrial
D P L Premier Gloves Limited	EPZ - block B, Biyagama	Household & Industrial
D P L Universal Gloves Limited	EPZ - block A, Biyagama	Fabric supported & Industrial
Dipped Products (Thailand) Limited	Khun Nieng, Songkhla (Thailand)	Medical Examination



Spartan – Tougher palms for tougher tasks



Resist-O – No more grief with oil & grease



Hammer It – Just Hammer It



Ruf It – Rough on tough

Resource Allocation and Value Creation

Human Capital - An Inspired Team

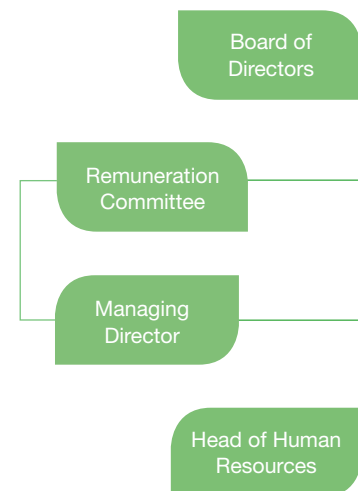
DPL prides itself in being a people-driven organisation, and recognises the critical importance of nurturing long-term, mutually beneficial relationships with its people. In the hand protection sector, our team of value creators comprise of 1,505 employees in 3 countries. The work ethic, shared values and unique competencies of our people have enabled us to demonstrate resilience in a challenging external and internal environment.

OUR PEOPLE HIGHLIGHTS (HAND PROTECTION)

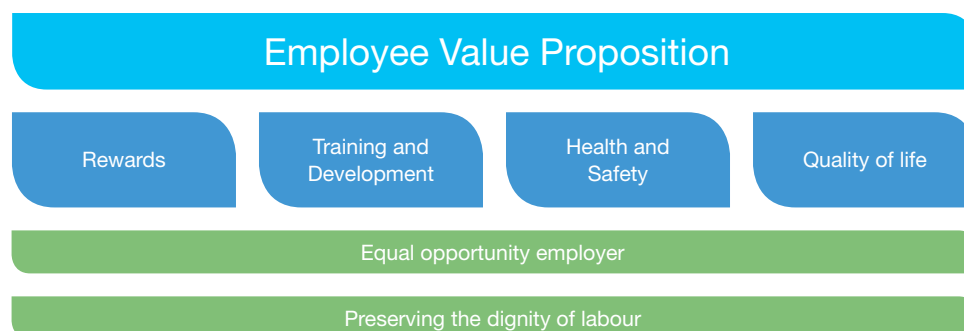
		2016
Total employees	Number	1,505
New hires	Number	370
Total rewards	Rs. mn	1,770
Retention rate	%	80
Investment in training	Rs. mn	3.1
Total training	Hours	7,764
Average training	Hours	5.16
Workplace injuries	Number	26
Employee grievances filed	Number	22
Revenue per employee	Rs. mn/employee	8.46
Net profit per employee	Rs. mn/employee	0.26
Carbon footprint per employee	MTCO ₂ e/employee	11.5

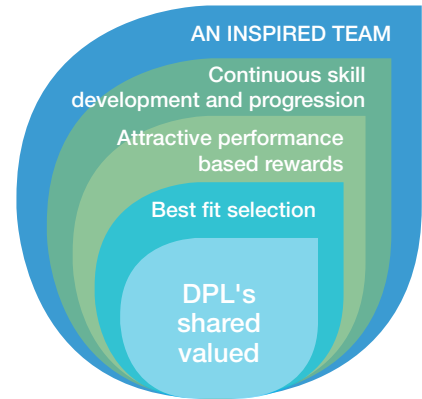
HUMAN CAPITAL GOVERNANCE

Comprehensive and formalised policy frameworks covering all human resource related aspects and clearly defined governance structures ensure that the Group's HR strategy is effectively implemented and that all employees are treated fairly.



OUR VALUE PROPOSITION TO EMPLOYEES





Relevant Sustainability Development Goal



- ✓ By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- ✓ By 2020, substantially reduce the proportion of youth not in employment, education or training
- ✓ Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- ✓ Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

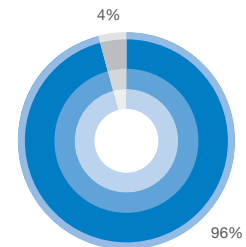
OUR APPROACH TO PEOPLE MANAGEMENT

DPL's people strategy is focussed towards developing a high-performing, inspired team through nurturing a learning-oriented and performance based culture. Our HR strategy is broadly aligned to that of the Hayleys Group, which is amongst Sri Lanka's top employers with the ability to attract and retain the country's best young.

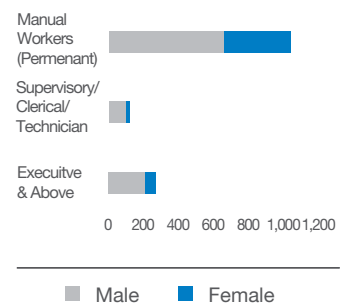
THE TALENT POOL

Rigorous employee selection mechanisms ensure the best possible fit between employee and Company expectations. During the year, 370 new recruits were hired to the hand protection sector at multiple levels. We are an equal opportunity employer, and do not discriminate based on gender, age or religion. Our HR policies also ensure that we do not engage in child, forced or compulsory labour. When recruiting, we give preference to candidates from the respective local communities, and the majority of our total workforce is hired from surrounding communities. In hand protection, we also partner with universities and technical institutes to provide internship opportunities for graduates and during the year we provided 40 such opportunities.

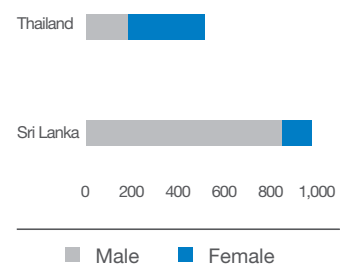
Segmental breakdown of employees



Employees by contract and gender



Employees by region and gender



Resource Allocation and Value Creation - Human Capital-An Inspired Team

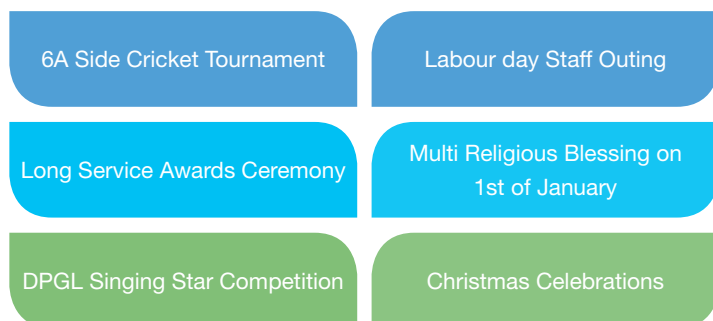
New Recruits Profile

Age	Hand Protection	
	Male	Female
< 30 years	147	78
30-50 years	74	67
>50 years	3	1
Total	224	146

	Hand Protection	
	Male	Female
Executives and above	24	8
Clerical and supervisory	20	6
Manual	180	132
Total	224	146

ENGAGEMENT

Key engagement mechanisms include annual performance appraisals, staff meetings, employee satisfaction surveys and year-round work-life balance initiatives. In the plantations sector engagement with our estate employees occurs primarily through trade union representatives and numerous community engagement initiatives targeting the estate communities.

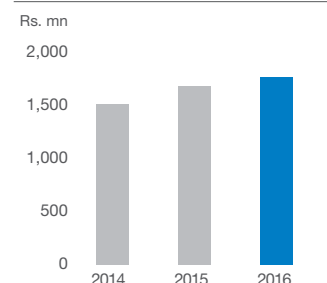


REWARDS AND RECOGNITION

The performance of clerical and executive staff is assessed against pre-defined objectives on an annual basis. For labourers and estate workers performance is assessed on an ongoing basis through the evaluation of indicators such as attendance, conduct and productivity. The Group's reward structures are competitive and encourage high performance through focus on meritocracy. In the plantations sector, estate sector wages are set through collective agreements which are negotiated on a bi-annual basis. The Group contributes 12% and 3% of consolidated salary to the Employees' Provident Fund and Employees' Trust Fund respectively.

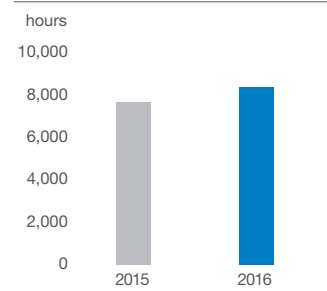
Payments to employees - Hand protection

Rs. 1,769mn



Training hours

7,764hrs.



TRAINING AND DEVELOPMENT

The Group's training agenda aims to support life-long learning and enhance competencies and skills required for continuous development. Our talent proposition includes numerous structured and on the job training opportunities including overseas exposure as well as a mentoring culture which enables the propagation of organisational tacit knowledge. During the year under review, the Group's total investment in training and development amounted to Rs. 6.1 million while an average employee received 5.4 hours of training.

Key training initiatives carried out during the year include,

Training Initiatives	No. of participants
Leadership development for supervisory level	8
Technical aspects of glove manufacturing	6
First aid training	132

INDUSTRIAL RELATIONS

In hand protection, our employees are represented in 2 unions. We engage pro-actively with union representatives and have been successful in nurturing a harmonious and congruous relationship. During the year under review there were no instances of union or other employee action.

HEALTH AND SAFETY

Comprehensive health and safety policy frameworks have been implemented across all our factories, and are complemented by regular health and safety training programmes. During the year, the hand protection segment carried out several health and safety training sessions.

	Total
Injury rate	4
Absentee days	30
Work related fatalities	0

RETENTION

During the year, 295 employees left employment, translating to a turnover rate of 20%. Turnover arose primarily from the manual labour category while in other employee categories, retention levels were high.

	Male	Female	Total
Executives and above	27	6	33
Clerical and Supervisory	19	6	25
Manual (permanent)	154	83	237
Total	200	95	295
Turnover rate(%)			20

GRIEVANCE MECHANISM

The Group has in place a formalised grievance mechanism which ensures anonymity and impartial treatment. Grievances are initially brought to the attention of the respective business unit head and subsequently discussed with the head of HR depending on the severity of the grievance.



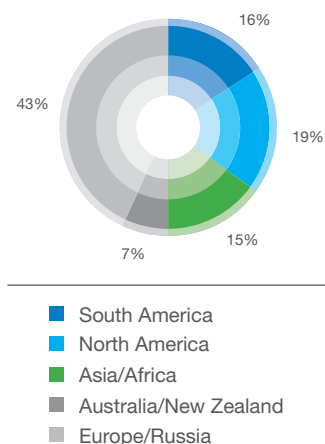
Resource Allocation and Value Creation

Social and Relationship Capital

DPL's social and relationship capital forms a crucial element of our value creation process. Nurturing long-term and mutually beneficial relationships with our key stakeholder groups is vital in maintaining our social license to operate and identify potential areas for value creation.



Customer Profile



CUSTOMER VALUE CREATION

Our strategy is essentially a customer-centric one, and we strive to foster long-term, sustainable relationships with our customers founded upon excellence in product quality, loyalty and shared value creation.

Our Customer Highlights

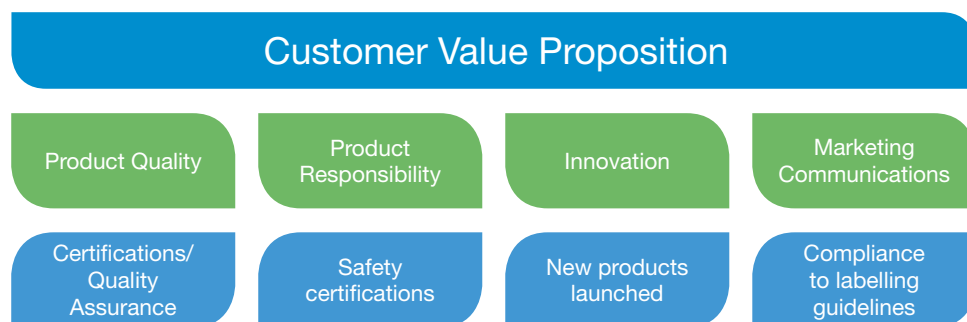
	2016
Total sales (Rs. mn)	12,728.47
Customer retention rate (%)	90%
Customer acquisitions (Number)	35
Average length of customer relationship	10 years
Customer satisfaction score	80%

CUSTOMER PROFILE

In hand protection, our customers comprise of global distributors and end-consumers of our products in all regions of the world. In plantations, our tea produce is sold to licensed brokers at the Colombo Tea Auction, who in turn sell it to exporters for packaging and/or value addition while rubber is also sold through the Rubber Auctions, primarily for domestic consumption in industries such as manufacturing of gloves, tyres and other rubber based products.



Our Customer Value Proposition



Customer Engagement

Customer engagement occurs through multiple platforms including the Group's market development teams, satisfaction surveys and face to face communication as detailed on page 72 of this Report. During the year, we restructured our marketing and business development model to operate with a region-specific focus, which facilitated a higher level of engagement and interaction with our customers

WHAT OUR CUSTOMERS SAY ABOUT US

- Product Quality: 98% satisfaction rate
- Customer relationship: 96% satisfaction rate
- Product information: 92% satisfaction rate
- Product range: 89% satisfaction rate

Relevance to Sustainability Development Goal



- ✓ By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases
- ✓ By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
- ✓ Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks

Our Product Portfolio

In hand protection, we manufacture 312 varieties of household, industrial and medical gloves which have multiple applications.

Product Types

- Unsupported natural rubber gloves
- Unsupported natural and synthetic rubber blended gloves
- Unsupported synthetic rubber gloves
- Fabric supported gloves with cut and sewn liner
- Fabric supported gloves with seamless knitted liner
- Electrical insulation gloves
- Powder free nitrile examination gloves
- Powder free latex examination gloves
- Pre powdered latex examination gloves

DPL Brands



Resource Allocation and Value Creation - Social and Relationship Capital

Product Quality and Responsibility

Manufacturing high quality products is a crucial aspect in our customer value proposition and plays a vital role in brand building. In hand protection, a tailor-made Process Control Information system ensures that defined quality parameters are complied with at each stage of the manufacturing process. DPL has also obtained multiple certifications for its product portfolio and manufacturing process, including ISO 9001:2008, BRC Global standard and ISO 13485 among others (please refer page 11 for a full list of certifications).

Innovation

We have continued to harness our research capabilities to drive powerful innovations across our product portfolio. Research capabilities complemented with the deep industry insights of our product development team have enabled DPL to successfully anticipate customer needs and develop formulate requisite products. During the year, we launched the following new products;

" Arctic" for cold protection "Neotherm" for heat protection.

Both products are liquid proof and offer chemical and cut resistance properties.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- ✓ By 2030, achieve the sustainable management and efficient use of natural resources
- ✓ By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
- ✓ By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

SUPPLIER VALUE CREATION

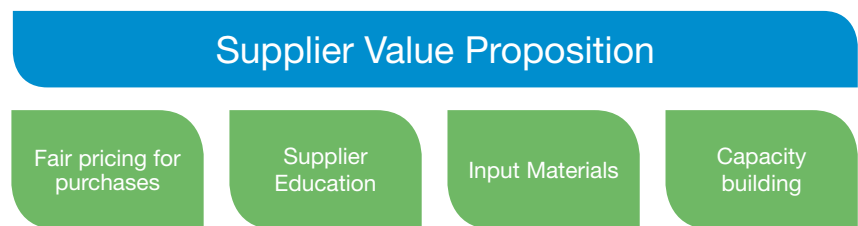
Our procurement initiatives are designed to generate sustainable value to our supplier base and provide an anchor for boosting economic growth in the communities we operate in. The Hand Protection sector's supplier base

consists of 1,370 suppliers of whom approximately 85% are smallholders. In terms of value around 66% of our raw material is sourced locally.

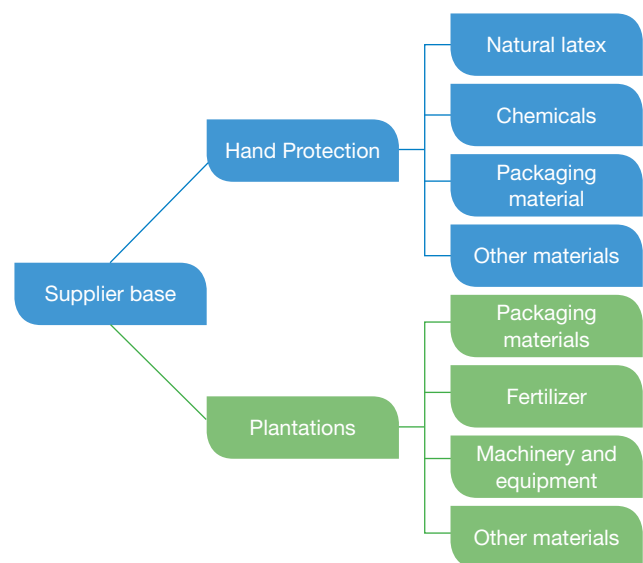
Our Supplier Highlights

FY 2016		
Payments to suppliers	Rs. mn	4,639
Suppliers	Number	1,370
Quantity of latex rubber purchases	MT	8,610
Smallholder suppliers	%	85
Spending on local suppliers	%	66

Our Value Proposition



PROFILE OF OUR SUPPLIERS



DPL Firstlight

The Group's flagship supplier and community development initiative, DPL Firstlight aims to empower farmers and contribute towards their socio economic progress through multi-faceted programmes which include fair trade in rubber latex, farmer education and community projects. The multi-award winning initiative which commenced in 2008 in the Moneragala district, now directly uplifts the livelihood of over 830 farmers.

- **A fair price for field latex**
For Firstlight farmers, the price paid for the supply of field latex is indexed to the published auction prices of RSS1, the highest grade of the most commonly consumed form of raw rubber. Firstlight farmers are thus able to benefit from better prices, as several cost components such as middlemen's margins, brokerage, transporting and warehousing costs are eliminated. Payment is made twice a month on fixed dates through a secure payment system in place through the rural banking network. Through this mechanism, DPL successfully manufactured the World's first ethical rubber glove.
- **Educate and empower smallholders**
Multiple farmer education programmes are carried out, including training on tapping techniques, maintaining field hygiene, nursery maintenance, planting techniques as well as quality control to improve yields and enhance productivity. During the year, six (06) such programmes were carried out with a total participant base of 520 farmers. A quarterly newsletter is also circulated among participating farmers.

Key principles of DPL Firstlight



- **Provision of farming inputs**
We provide input materials required for setting up of rubber plant nurseries as well as distribution cups, tapping knives, rain guards, aprons, fertilizer and flashlights.

Engaging Communities

We understand the importance of nurturing relationships with the communities we operate in and strive to promote opportunities which enable us to play a more productive role in meeting community expectations. Wrongful accusations pertaining to the water discharge of two DPL factories in Rathupaswala and Hanwella had unfortunately strained the Group's relationship with the surrounding communities. However, DPL has now been cleared of all accusations in both sites; in Rathupaswala, the Central Environmental Authority (CEA) issued a report to the Courts, confirming that the discharged water quality had no impact on the ground water of the area. In Hanwella, DPL received a favourable judgement from the High Court and is now required to publish performance evaluation reports to the Magistrates Court.

Meanwhile, through the hand protection segment's Firstlight initiative and the Plantation sector's multi-faceted 'A house for every plantation worker' programme we continue to engage with, empower and directly contribute to the socio economic progress of over 152,000 individuals residing in the communities we operate in. The Hand Protection segment is also a key contributor to the Hayleys' Group's flagship CSR initiative, Sath Diyawara, which aims to combat the rising prevalence of Chronic Kidney Disease (CKD) through providing purified water to the families in affected areas.

Resource Allocation and Value Creation

Our community engagement highlights

		FY 2016
Total beneficiaries	Number	2,025
Investment in community engagement	Rs. mn	5.25
Staff volunteer	Hours	514



We understand the importance of nurturing relationships with the communities we operate in and strive to promote opportunities which enable us to play a more productive role in meeting community expectations.

Our value proposition to our Communities



Helping CKD affected village

The Chronic Kidney Disease is estimated to have affected around 400,000 individuals and claimed more than 20,000 lives so far, spreading rapidly in the North Western, Eastern and Uva Provinces. Affecting predominantly male farmers in agricultural communities, the disease has caused a myriad of socio economic challenges for residents, emerging as a major health problem in rural Sri Lanka.

DPL sponsored and commissioned a Reverse Osmosis Plant, with a total beneficiary population of over 1,250 individuals in the Prangiyawadiya village in Horowpathana. This project is part of the corporate efforts by Hayleys groups "Puritas Sath Diyawara" community initiatives. In addition to water purification, the project encompasses broader community development programmes as follows;

- Awareness sessions / campaigns on safe handling of pesticides, best agricultural, health and sanitation practices
- Health camps and screening of villagers to identify the affected people and the level
- Entrepreneurship development activities to increase the income level of the villagers.
- Initial and continuous monitoring activities to measure the effectiveness of the project



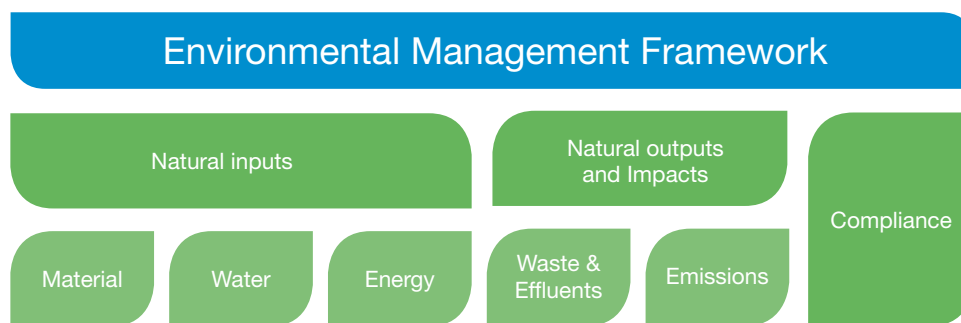
Handing over of Reverse Osmosis Plant at Parangiyawadiya in Horowpathana.

Natural Capital

We understand that in creating value through our operations, we negatively impact natural capital, through the use of renewable and non-renewable resources as well as emissions, effluents and waste. As a Group, we are strongly committed to minimising the negative environmental impacts of our operations and have invested in capital projects and robust monitoring mechanisms to minimise our environmental footprint.

Our Environmental Highlights

		FY 2016
Raw materials (Latex)	MT	8,610
Energy consumption	GJ mn	1.2
Water consumption	M ³ mn	1.4
Waste generated	MT	2,862
GHG Emissions	MTCO ₂ e	17,274



APPROACH TO ENVIRONMENTAL MANAGEMENT

In the hand protection segment, all Sri Lankan operations comply with the requirements of ISO 14001: 2004 Environmental Management Systems while the plantation segment has obtained multiple accreditations which provide assurance on its environmental management frameworks (refer page 11 for full list). The key principles of the Group's Environmental Policy are :

- Conformance To Environmental Standards Relating To Liquid, Solid, Atmospheric And Sound Pollution
- Minimal generation of waste
- Reduction Of Carbon Footprint And Energy Usage
- Safe disposal of hazardous material

Resource Allocation and Value Creation - Natural Capital



- ✓ By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
- ✓ By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity



- ✓ By 2030, increase substantially the share of renewable energy in the global energy mix
- ✓ By 2030, double the global rate of improvement in energy efficiency



- ✓ Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
- ✓ Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation and impact reduction

Materials

In hand protection, we engage consistently with our latex suppliers to ensure that sustainable agricultural

practices are adopted in the tapping of natural rubber. In plantations we proactively engage with our bought leaf suppliers to provide technical support

and guidance in order to ensure the quality of the materials and the long-term sustainability of the crops.



Energy

Key energy sources in the hand protection segment are electricity, diesel and furnace oil. In plantations, the sector strives to reduce dependence on fossil fuel through the generation of renewable energy through four hydro power plants. Overall, the hand protection segment's energy consumption increased by 11% to 1.2 million GJ during the year due to increased operational activity. Energy reduction initiatives carried out during the year include,

Water

Water is a key natural input both in the hand protection and plantation segments. The Group's key sources of water withdrawal are municipal lines, local streams and aquifers. In hand protection our water management policy focuses on recycling and re-use with state of the art recycling plants established at all our facilities. In plantations, we strive to improve the efficiency of water usage through implementing monitoring systems



at all processing centres, awareness programmes targeting the estate communities, watershed protection and enrichment among others. DPL has continued to widen the scope of its water recycling and during the year recycled over 16% of its total consumption. The hand protection sector's total water consumption amounted to 1.4 mn M3.

Waste and Effluents

Solid waste generated from our operations are segregated at source and disposed with minimal environmental damage. Recyclable material and e-waste are sent to approved third-party recyclers while wood ash from boilers is disposed in line with the environmental regulations. Hazardous solid waste and slurry are sent to Geocycle for incineration. Treated waste water generated from our operations are further treated at Reverse Osmosis plants and reused. We have continued to comply with the Central Environmental Authority's quality parameters on water discharge.



Resource Allocation and Value Creation - Natural Capital

Waste by method of disposal

Method of disposal	Tonnes
Recycled waste	3
Incineration	2,161
Land fill	1,578
Composting	20

Carbon Footprint

Tonnes CO ₂ e	2015/16
Scope 1	12,761
Scope 2	4,513
Scope 3	17,274

Initiatives

Expenditure (Rs. mn)

Environmental management	0.45
Specific initiatives	57.00
Total	57.45

Compliance and Investment

The Group's manufacturing facilities fully comply with the CEA Environmental Protection Licenses and waste management agreements. DPL (Thailand) Limited, similarly complies with the relevant standards applicable to manufacturing facilities. During the year, the hand protection segment was cleared of all wrongful accusations pertaining to water pollution in its Rathupaswela and Hanwella factories (Please refer to page 75 for further details). Accordingly, there were no incidences of fines/penalties imposed on the Group for contravention of any environmental regulations or guidelines. During the year under review, the hand protection sector invested Rs. 57.45 million in environmental sustainability initiatives.



Related Party Transactions Review Committee Report

Hayleys PLC, the parent Company established the Related Party Transaction Review Committee with effect from February 10, 2015 in terms of the Code of Best practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange which functions as the Committee of the Company.

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Executive Director. The Committee comprised of the Following members;

Dr. H Cabral, PC (IND/NED) - Chairman

Mr. M D S Goonatilleke (IND/NED) - *(resigned w.e.f. 12.05.2016)*

Mr. S C Ganegoda (ED)

(ED- Executive Director, IND- Independent Director, NED- Non-Executive Director)

The duties of the Committee

- To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from management, employees or external parties to with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.

- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

TASK OF THE COMMITTEE

The Committee re-viewed the related party transactions and their compliances of Dipped Products PLC and its subsidiaries communicated the same to the Board.

The Committee in its re-view process recognized the adequate of the content and quality of the information forwarded to its members by the management.

MEETINGS

The Committee met 2 times during the year under review. The attendance at the meetings given in table on page 84 of the Annual Report.



Dr. Harsha Cabral, PC.

Chairman

Related Party Transactions Review Committee of Hayleys PLC

May 18, 2016

Audit Committee Report

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee, appointed by and responsible to the Board of Directors, comprises the following three Independent Non-Executive Directors.

Mr. S Rajapakse (Chairman)

Mr. F Mohideen

Mr. S P Peiris

The Chairman of the committee, Mr. S Rajapakse is an Independent Non - Executive Director. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and holds an MBA from Postgraduate Institute of management, University of Sri Jayewardenepura.

Brief profiles of each member are given on pages 28 and 29 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

Company secretary acts as the secretary to the audit committee. The Chairman & Chief Executive, Group Chief Finance officer and Head - Group Management Audit & System Review attend meetings of the Committee by invitation.

CHARTER OF THE AUDIT COMMITTEE

The audit committee Charter is periodically reviewed and revised with the concurrence of Board of Directors. The terms of reference of the committee are clearly defined in the Charter of the Audit Committee.

'Rules on Corporate Governance' under listing rules of corporate governance under Colombo Stock Exchange and 'Code of Best Practice on Corporate Governance' issued jointly by Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka further regulate the composition, role and functions of the Board Audit Committee.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee met 4 times during the year. The attendance of the members at these meetings is as follows:

Mr. S Rajapakse (Chairman)	4/4
Mr. F Mohideen	4/4
Mr. S P Peiris	4/4

THE OBJECTIVE AND ROLE OF THE AUDIT COMMITTEE

The role of the committee, which has specific terms of reference, is described in the Corporate Governance Report on page 47.

TASKS OF THE AUDIT COMMITTEE

FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance and Directors-in-charge of operating units. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system, also recognized the adequacy of the content and quality of routine management information reports forwarded to its members.

INTERNAL AUDITS

The Committee reviewed the process to assess the effectiveness of the Internal Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements. The Hayleys Group Management Audit & Systems Review Department (MA & SRD) reports on key control elements and procedure in Group companies that are selected according to an annual plan were reviewed.

Internal Audits are outsourced wherever necessary, to leading audit firms in line with an agreed annual audit plan. Follow up reviews are scheduled to ascertain that audit recommendations are being acted upon. The Committee appraised the independence of the Group MA&SRD and other internal auditors, in the conduct of their assignments.

SUBSIDIARY COMPANY AUDIT COMMITTEES

Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC the other quoted companies in the Group have independent Non-Executive Directors constituted in their own Audit Committee to review activities. Their terms of reference are similar to the terms of the DPL Group Audit Committee and reports from these committees will be forwarded to the DPL Group Audit Committee.

EXTERNAL AUDITS

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of Group Companies. Actions taken by the management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial action was recommended wherever necessary.

The Audit Committee has reviewed the other services provided by the External Auditors to the group to ensure that their independence as External Auditors has not been compromised.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended to the Board of Directors that Messers Ernst & Young; continued as Auditors for the financial year ending March 31, 2017.

SUPPORT TO THE COMMITTEE

The Committee received information and support from management during the year to enable it to carry out its duties and responsibilities effectively.

ETHICS AND GOOD GOVERNANCE

The committee continuously emphasized on upholding ethical values of the staff members. In this regard, Code of Ethics and Whistle-Blowers Policies were put in place and followed educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistle-Blowing or identified through other means. The Whistle-Blower Policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

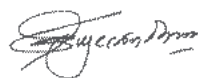
SRI LANKA ACCOUNTING STANDARDS

The Committee continued to monitor the progress of the mandatory implementation of Sri Lanka Accounting Standards (SLFRS/LKAS) which converged with International Financial Reporting Standards (IFRS) effective from January 1, 2012.

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendation to the Board of Directors.

The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

The committee has pursued the support of Messers Ernst and Young to assess and review the existing SLFRS policies and procedures adopted by the Group.



S Rajapakse

Chairman

Audit Committee.

May 12, 2016

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

The Directors of Dipped Products PLC present their report together with the audited Financial Statements of the Company and of the Group for the year ended March 31, 2016.

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best accounting practices.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW OF THE YEAR

The principal activities of the Group and its management team are shown on pages 162 to 163 and 30 in this Report. The joint letter from the Chairman and the Managing Director describe the Group's affairs and mention important events of the year. The results for the year are set out in the statement of profit or loss on page 92.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Group are given on pages 92 to 151.

INDEPENDENT AUDITOR'S REPORT

Independent Auditors' Report on the Financial Statements is given on page 91.

ACCOUNTING POLICIES

The accounting policies adopted by the Company and its subsidiaries in the preparation of the Financial Statements are given on pages 98 to 115.

INTEREST REGISTER

Directors' Interest in Transactions: Directors of the Company and its subsidiaries have made the general disclosures provided for in Section 192(2) of the Companies Act No. 7 of 2007. Note 33 to the Financial Statements dealing with related party disclosures include details of their interests in transactions.

The Company maintains an interest register and the details of the entries with regards to the Directors shares are as follows.

Mr. S P Peiris purchased 1,300 shares during the year.

Directors' Remuneration: The Executive Directors' remuneration is determined within an established framework. The total remuneration of Executive Directors of the Company for the year ended March 31, 2016 is Rs. 41,141,375/- (2015- Rs. 20,041,177/-) which includes the value of perquisites granted to them as part of their terms of service. The total remuneration of Non-Executive Directors for the year ended March 31, 2016 is Rs. 3,060,000/- (2015 - Rs. 2,490,000/-) determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

Remuneration paid to the Directors of the subsidiary companies for financial year ended March 31, 2016 is Rs. 19,987,000/- (2015- Rs.18,770,000/-).

Details of Directors' Shareholdings as defined in Colombo Stock Exchange Rules.

	No. of Shares	
	As at 31st March 2016	As at 1st April 2015
Mr. A M Pandithage - <i>Chairman</i>	-	-
Dr. K I M Ranasoma - <i>Managing Director</i>	300	300
Mr. D K Welmillage - <i>Deputy Managing Director (Appointed w.e.f.07/12/2015)</i>	7,000	7,000
Mr. F Mohideen	-	-
Mr. K A L S Fernando <i>(Resigned w.e.f. 16/05/2016)</i>	56,264	56,264
Mr. S C Ganegoda	-	-
Mr. Dhammika Perera*	1,000	1,000
Mr. M Bottino	-	-
Mr. S Rajapakse	-	-
Mr. N A R R S Nanayakkara	14,526	14,526
Mr. S P Peiris	6,100	4,800
Mr. K D G Gunaratne <i>(Appointed w.e.f.06/08/2015)</i>	-	-
Ms. Y Bhaskaran <i>(Alternate to Mr. Dhammika Perera- Appointed w.e.f.01/06/2015)</i>	-	-
Mr. S M Shaikh <i>(Alternate to Mr. S C Ganegoda- Appointed w.e.f.20/10/2015) (Director w.e.f.16/05/2016)</i>	-	-

*Mr. Dhammika Perera holds directly and indirectly 50.44% of the total issued shares of Hayleys PLC which in return holds 42.12% of shares in Dipped Products PLC.

RELATED PARTY TRANSACTIONS

The Board of Directors has given the following statement in respect of the related party transactions.

The related party transactions of the Company during the financial year have been re-viewed by the Related Party Transaction Review Committee of Hayleys PLC, the parent Company of Dipped Products PLC and are in compliance with section 09 of the CSE Listing Rules.

The Committee met two (02) times during the financial year 2015/16.

Attendance

Meetings held on January 22, 2016 and March 23, 2016.

Dr. H Cabral**	2/2
Mr. M D S Goonatileke** (resigned w.e.f 12/05/16)	2/2
Mr. S C Ganegoda*	2/2

*Executive **Independent Non-Executive

DONATIONS

The donations made by the Company and the Group are disclosed in Note 7 on Page 118.

The total amount of donations made by the company was Rs. 28,000/- (2015 - Rs. 123,650/-). This has not exceeded the amount of Rs. 300,000/- approved by the shareholders at the last Annual General Meeting.

No donations were made for political purposes.

DIRECTORATE

The names of the Directors are given on pages 28 and 29 in this Report.

Messrs. K D G Gunaratne and D K Welmillage were appointed to the Board as Directors on August 6, 2015 and December 7, 2015 respectively.

Messrs. S M Shaikh and H S R Kariyawasan were appointed to the Board as Directors on May 16, 2016.

In terms of the Articles 27(2) of the Articles of Association of the Company shareholders will be requested to re-elect them at the Annual General Meeting.

In terms of Article No. 29(1) of the Articles of Association of the Company, Messrs. A M Pandithage and S Rajapakse retire by rotation and being eligible offer themselves for re-election.

Ms. Y Bhaskaran was appointed as the alternate Director to Mr. Dhammika Perera on June 1, 2015.

Mr. S M Shaikh was appointed as the alternate Director to Mr. S C Ganegoda on October 20, 2015 and ceased on May 16, 2016 to take up the position as a Director.

Mr. R K Witanachchi who served as a Director resigned on November 30, 2015.

Mr. K A L S Fernando who served as a Director resigned with effect from May 16, 2016.

The Directors of the subsidiaries are given on pages 162 to 163.

INSURANCE & INDEMNITY

The Company is covered by Directors and officers (D & O) cover of the parent Company Hayleys PLC and a premium of Rs. 4.6 million and the limit on liability of the cover is USD 5 million.

AUDITORS

The Auditors, Messrs Ernst & Young, Chartered Accountants, will be paid Rs. 1,182,500/- (2015 - Rs. 1,012,200/-) and Rs. 12,653,200/- (2015 - Rs. 11,152,730/-) as audit fees by the Company and its Subsidiaries respectively. Messrs Ernst & Young, Chartered Accountants will be paid Rs. 1,154,020/- (2015 -

Rs. 473,776/-) and Rs. 3,566,504/- (2015 - Rs. 3,812,729/-) by the Company and the Group, for non-audit related work, which consisted mainly of tax consultancy services.

In addition to the above, Rs. 5,291,231/- (2015 - Rs. 5,299,610/-), and Rs. 653,004/- (2015 - Rs. 673,580/-) were paid as audit fees by ICOGUANTI S.p.A. and Dipped Products (Thailand) Ltd., respectively.

As far as the Directors are aware, the Auditors of the Company and of the subsidiaries do not have any relationships (other than that of an Auditor) with the Company or any of its subsidiaries other than those disclosed above. The Auditors also do not have any interests in the Company or any of its Group Companies.

Messrs Ernst & Young, Chartered Accountants, are deemed re-appointed, in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company.

A resolution proposing the Directors be authorised to determine their remuneration will be submitted at the Annual General Meeting.

TURNOVER

The gross turnover of the Group during the year was Rs. 21,931,302,593/- (2015 - Rs. 27,738,672,387/-). The Group turnover from international trade in Hand Protection Sector amounted to Rs. 12,704,979,634/- (2015 - Rs. 14,924,881,436/-). Further information on Group turnover is detailed in Note 3. to the Financial Statements.

PROFITS

	2016 Rs.'000	2015 Rs.'000
After making provisions for all known liabilities and depreciation on property, plant & equipment the profit earned by the Group before taxation was	648,181	1,780,322
And taxation on Group profits amounting to were deducted	(214,653)	(384,093)
The Group was left with a profit of	433,528	1,396,229
And the amount attributable to non-controlling interest of	(128,924)	(282,580)
And the balance of the previous year net of final dividend and appropriations were adjusted	5,032,018	4,646,428
The profit before appropriation was	5,336,622	5,760,077
Appropriations		
Your Directors have made appropriations as follows:		
Interim dividend of Rs. Nil /- per share (2015 - Rs. 3.00/- per share)	Nil	179,585
Proposed final dividend of Rs. 2/- per share (2015 - Rs. 4.00/- per share)	119,723	239,446
Total appropriations	119,723	419,031

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

RESERVES

The total Group reserves as at March 31, 2016 amount to Rs. 7,297,123,170/- (2015 - Rs. 7,444,890,864 /-) comprising capital reserves of Rs. 450,164,274/- (2015 - Rs. 444,331,638 /-), available-for-sale reserve of Rs. 13,812/- (2015 - Rs. 15,393/-) and revenue reserves of Rs. 6,846,945,084/- (2015 - Rs. 7,000,543,833/-)

DIVIDEND

The Board of Directors has recommended the payment of a first and final dividend of Rs. 2.00 per share payable on July 8, 2016 to the shareholders of the issued ordinary shares of the Company as at close of business on June 28, 2016. The proposed dividend is subject to shareholder approval at the forthcoming Annual General Meeting.

The Directors have confirmed that the company satisfies the solvency test requirement under Section 56 of the Companies Act No. 7 of 2007 for the said first and final dividend proposed. A solvency certificate by the auditors has been sought in respect of the first and final dividend proposed.

STATUTORY PAYMENTS

The Directors are satisfied that all statutory payments in relation to Employees and the Government have been made up to date.

TAXATION

The Company has entered into an agreement with the Board of Investment of Sri Lanka and has been granted a 10-year tax holiday as 'Thrust Industries' up to March 31, 2009 and after completion of tax exemption period Company is liable to income tax at concessionary rate for a further period of ten years on its business activity. Concessionary rate applied for this year is 12% and other income of the Company is liable to taxation at corporate tax rate.

CAPITAL EXPENDITURE

Group expenditure on Property, Plant and Equipment during the year amounted to Rs. 2,751,585,689/- (2015 - Rs. 2,722,470,923/-). The movement in Property, Plant and Equipment during the year is set out in Note 11 to the Financial Statements

MARKET VALUE OF PROPERTIES

The value of land owned by the Group is stated at cost or valuation. Information on valuation of land is explained in Note 11 to the Financial Statements.

EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting period end which would require adjustment to or disclosure in, other than those disclosed in Note 38 to the Financial Statements.

GOING CONCERN

The Directors' after making necessary inquiries and reviews including review of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

STOCK MARKET INFORMATION

Information relating to earnings, dividend, net assets per share and share trading are given on pages 154 to 160.

MAJOR SHAREHOLDINGS

The twenty major shareholders as at March 31, 2016 are given on page 159 in this Report.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Registered Office, No 400, Deans Road, Colombo 10, Sri Lanka on June 28, 2016 at 3.00 p.m. The Notice of the Annual General Meeting appears on page 169.

For and on behalf of the Board,



A M Pandithage
Chairman



Dr. K I M Ranasoma
Managing Director



Hayleys Group Services (Pvt) Limited
Secretaries

400, Deans Road,
Colombo 10

May 16, 2016

Statement of Directors Responsibilities

The Directors are responsible under sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 7 of 2007, to ensure compliance with the requirements set out therein to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year.

The Directors are also responsible, under section 148, for ensuring that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of financial statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the financial statements presented. The Directors confirm that in preparing the financial statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting standards, Companies Act No 07 of 2007 and the listing rules of the Colombo Stock Exchange. Further, the financial statements provide the information required by the Companies Act and the listing rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the company, key operations and specific inquiries that adequate resources exist to support the Company on a going concern basis over the next year. These financial statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

As required by Section 56(2) of the Companies Act No.07 of 2007, the Board of Directors has authorized distribution of the dividends now proposed, being satisfied, based on information available to it, that the Company would satisfy the Solvency Test after such distributions, in accordance with section 57 of the Companies Act No.07 of 2007 and have sought in respect of the dividend now proposed, a Certificate of Solvency from its Auditors.

The external Auditors, Messrs Ernst & Young deemed re-appointed in terms of Section 158 of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on page 91 sets out their responsibilities in relation to the Financial Statements.

COMPLIANCE REPORT


The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or where relevant, provided for.

By order of the Board



Hayleys Group Services (Pvt) Limited
Secretaries

May 16, 2016



We are confident that
the year ahead will be an
exciting one, our future full
of promise.

Financial Information

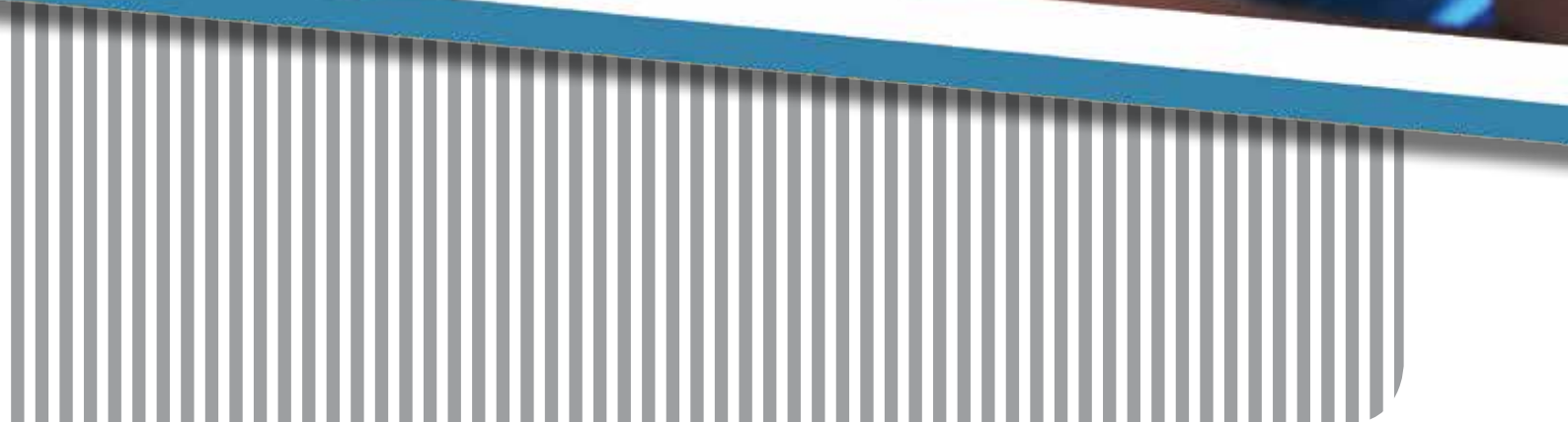
90	Financial Calendar	95	Statements of Changes in Equity
91	Independent Auditors Report	96	Statements of Cash Flows
92	Statements of Profit or Loss	98	Notes to the Financial Statements
93	Statements of Comprehensive Income		
94	Statements of Financial Position		



For more information:
www.dplgroup.com



TRUST



Financial Calendar

INTERIM REPORTS

Quarter ended June 30, 2015	August 7, 2015
Quarter ended September 30, 2015	October 30, 2015
Quarter ended December 31, 2015	February 3, 2016
Quarter ended March 31, 2016	May 17, 2016
Annual Report - 2015/16	June 3, 2016
Fortieth Annual General Meeting	June 28, 2016
Final dividend proposed	June 28, 2016
Final dividend payable	July 8, 2016

Independent Auditors Report



Ernst & Young
Chartered Accountants
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TO THE SHAREHOLDERS OF DIPPED PRODUCTS PLC

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Dipped Products PLC (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statements of financial position as at 31 March 2016, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and, statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

BOARD'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors (the "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 controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial

performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- The basis of opinion, scope and limitations of the audit are as stated above.
- 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 the financial position as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
 - the financial statements of the Company and the Group comply with the requirements of section 151 and 153 of the Companies Act No. 07 of 2007.

16 May 2016
Colombo

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

A member firm of Ernst & Young Global Limited

Statements of Profit or Loss

Year ended March 31,	Notes	Group		Company	
		2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Revenue	3	21,931,303	27,738,672	1,685,401	2,564,913
Cost of sales		(18,452,976)	(22,948,805)	(1,242,316)	(1,939,746)
Gross profit		3,478,327	4,789,867	443,085	625,167
Other income and gains	4	240,004	218,787	191,942	575,550
Distribution costs		(577,651)	(563,788)	(25,598)	(24,541)
Administrative expenses		(2,247,927)	(2,233,917)	(410,935)	(369,523)
Other expenses	5	(24,796)	(44,134)	(19,041)	(8,675)
Impairment reversal / (loss) on investment and other amounts due		-	-	15,290	(105,000)
Finance costs	6.1	(346,711)	(414,231)	(66,880)	(73,840)
Finance income	6.2	126,935	27,738	5,001	7,134
Profit before tax	7	648,181	1,780,322	132,864	626,272
Tax expense	8	(214,653)	(385,449)	5,760	(11,217)
Profit for the year		433,528	1,394,873	138,624	615,055
Attributable to:					
Equity holders of the parent		304,604	1,112,293	138,624	615,055
Non-controlling interest		128,924	282,580	-	-
		433,528	1,394,873	138,624	615,055
Basic earnings per share (Rs.)	9	5.09	18.58	2.32	10.27
Diluted earnings per share (Rs.)	9	5.09	18.58	2.32	10.27
Dividends per share (Rs.)	10	2.00	7.00	2.00	7.00

Figures in brackets indicate deductions.

The Notes on pages 98 to 151 form an integral part of the Financial Statements.

Statements of Comprehensive Income

Year ended March 31,	Notes	Group		Company	
		2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Profit for the year		433,528	1,394,873	138,624	615,055
Other Comprehensive Income					
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods (net of tax)					
Currency translation of foreign operations		11,940	(90,010)	-	-
Net gain/(loss) on available-for-sale financial assets		(2)	7	-	-
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Revaluation of land	11.1	-	16,043	-	16,043
Actuarial gain/(loss) on defined benefit plans	26	(60,800)	(9,820)	(45,999)	1,054
Tax effect on actuarial gain/(loss)	19	7,505	1,356	5,520	(126)
Other comprehensive income for the year, net of tax		(41,357)	(82,424)	(40,479)	16,971
Total comprehensive income for the year, net of tax		392,171	1,312,449	98,145	632,026
Attributable to:					
Equity holders of the parent		269,538	1,074,167	98,145	632,026
Non-controlling interest		122,633	238,282	-	-
Total comprehensive income for the period, net of tax		392,171	1,312,449	98,145	632,026

Figures in brackets indicate deductions.

The Notes on pages 98 to 151 form an integral part of the Financial Statements.

Statements of Financial Position

As at March 31,	Notes	Group		Company	
		2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
ASSETS					
Non-Current Assets					
Tangible assets					
Property, plant and equipment	11	12,188,554	12,058,013	475,894	463,161
Lease rentals paid in advance	12	59,501	60,762	-	-
Formers (moulds)	13	249,059	214,111	38,328	37,164
Investment properties	14	369,268	389,735	281,201	299,929
Biological assets	15	342,798	307,477	-	-
Intangible assets					
Investments in subsidiaries	17.1	-	-	3,147,684	3,147,684
Investment in equity accounted investee	17.2	260,000	-	-	-
Amounts due from related parties	22.1	-	-	19,789	-
Other non-current financial assets	18	22	24	-	-
Deferred tax assets	19.1	43,430	29,592	20,744	14,457
		13,687,833	13,236,372	3,983,640	3,962,395
Current Assets					
Inventories	20	3,169,682	3,637,490	361,065	370,192
Trade and other receivables	21	3,566,017	4,198,740	767,916	720,604
Advances and prepayments		301,423	307,893	89,433	43,605
Amounts due from related parties	22.2	-	-	501,123	932,561
Cash and short term deposits		337,958	393,646	46,458	124,163
		7,375,080	8,537,769	1,765,995	2,191,125
Total assets		21,062,913	21,774,141	5,749,635	6,153,520
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	598,615	598,615	598,615	598,615
Capital reserves		450,164	444,331	195,128	195,128
Available-for-sale (AFS) reserve		14	16	-	-
Revenue reserves		6,846,945	7,000,544	2,467,722	2,606,900
Equity attributable to equity holders of the parent		7,895,738	8,043,506	3,261,465	3,400,643
Non-controlling interest		2,397,327	2,485,501	-	-
Total equity		10,275,065	10,529,007	3,261,465	3,400,643
Non-Current Liabilities					
Interest-bearing loans and borrowings	24.1	2,085,929	1,372,989	-	-
Deferred income	25	673,864	644,975	-	-
Defined benefit obligations	26.2	2,632,694	2,461,136	380,492	320,790
Agents' indemnity fund	27	52,563	51,350	-	-
Deferred tax liabilities	19.2	565,781	494,555	-	-
		6,010,831	5,025,005	380,492	320,790
Current Liabilities					
Trade and other payables	28	2,493,949	3,061,671	313,066	497,010
Interest-bearing loans and borrowings	24.2	2,263,857	3,119,888	295,234	540,509
Amounts due to related parties	29	-	-	1,499,378	1,394,568
Income tax payable		19,211	38,570	-	-
		4,777,017	6,220,129	2,107,678	2,432,087
Total liabilities		10,787,848	11,245,134	2,488,170	2,752,877
Total equity and liabilities		21,062,913	21,774,141	5,749,635	6,153,520

The Notes on pages 98 to 151 form an integral part of the Financial Statements.

The Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



N A R R S Nanayakkara

Director - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by,



A M Pandithage

Chairman

May 16, 2016

Colombo



Dr. K I M Ranasoma

Managing Director

Statements of Changes in Equity

Year ended March 31, 2016

GROUP	Attributable to Equity holders of the Parent									Non-Controlling Interest	Total Equity	
	Stated Capital	Capital Reserves			Other Components of Equity		Revenue Reserves					Total
		Reserve on Scrip Issue	Revaluation Reserve	Other Capital Reserves	Available -for- Sale Reserve	General Reserve	Timber Reserve	Retained Earnings	Exchange Fluctuation Reserve			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000			Rs.'000
As at April 1, 2014	598,615	167,409	259,108	30,734	11	1,169,700	64,404	4,797,049	240,133	7,327,163	2,322,191	9,649,354
Profit for the year	-	-	-	-	-	-	21,402	1,090,891	-	1,112,293	282,580	1,394,873
Other comprehensive income	-	-	16,043	-	5	-	-	(9,773)	(44,401)	(38,126)	(44,298)	(82,424)
Total comprehensive income	-	-	16,043	-	5	-	21,402	1,081,118	(44,401)	1,074,167	238,282	1,312,449
Dividends	-	-	-	-	-	-	-	(359,169)	-	(359,169)	(185,374)	(544,543)
Acquisition of non - controlling interest	-	-	-	-	-	21,250	283	(20,193)	-	1,340	(33,716)	(32,376)
Share issue in subsidiaries	-	-	-	-	-	-	-	-	-	-	144,118	144,118
Transfers/adjustments	-	-	(35,224)	6,261	-	-	27,830	1,138	-	5	-	5
Balance as at March 31, 2015	598,615	167,409	239,927	36,995	16	1,190,950	113,919	5,499,943	195,732	8,043,506	2,485,501	10,529,007
Super Gain Tax	-	-	-	-	-	-	-	(179,983)	-	(179,983)	(24,781)	(204,764)
Adjusted balance as at April 1, 2015	598,615	167,409	239,927	36,995	16	1,190,950	113,919	5,319,960	195,732	7,863,523	2,460,720	10,324,243
Profit for the year	-	-	-	-	-	-	17,036	287,568	-	304,604	128,924	433,528
Other comprehensive income	-	-	-	-	(2)	-	-	(44,786)	9,722	(35,066)	(6,291)	(41,357)
Total comprehensive income	-	-	-	-	(2)	-	17,036	242,782	9,722	269,538	122,633	392,171
Dividends	-	-	-	-	-	-	-	(239,446)	-	(239,446)	(103,782)	(343,228)
Adjustment due to change of non-controlling interest	-	-	-	-	-	-	-	-	-	-	(100,244)	(100,244)
Unclaimed dividend-write back	-	-	-	-	-	-	-	2,123	-	2,123	-	2,123
Transfers	-	-	-	5,833	-	-	-	(5,833)	-	-	-	-
Balance as at March 31, 2016	598,615	167,409	239,927	42,828	14	1,190,950	130,955	5,319,586	205,454	7,895,738	2,379,327	10,275,065

Year ended March 31, 2016

COMPANY	Stated Capital	Capital Reserves		Revenue Reserves	Total Equity
		Revaluation Reserve	Other Capital Reserves	Retained Earnings	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at April 1, 2014	598,615	178,905	180	2,350,086	3,127,786
Profit for the year	-	-	-	615,055	615,055
Other comprehensive income	-	16,043	-	928	16,971
Total comprehensive income	-	16,043	-	615,983	632,026
Dividends	-	-	-	(359,169)	(359,169)
Balance as at March 31, 2015	598,615	194,948	180	2,606,900	3,400,643
Profit for the year	-	-	-	138,624	138,624
Other comprehensive income	-	-	-	(40,479)	(40,479)
Total comprehensive income	-	-	-	98,145	98,145
Dividends	-	-	-	(239,446)	(239,446)
Unclaimed dividend-write back	-	-	-	2,123	2,123
Balance as at March 31, 2016	598,615	194,948	180	2,467,722	3,261,465

Figures in brackets indicate deductions.

The Notes on pages 98 to 151 form an integral part of the Financial Statements.

Timber Reserve relates to changes in fair value of managed trees and commercial timber plantations cultivated on estates.

Exchange Fluctuation Reserve comprises all foreign currency differences arising from translation of the Financial Statements of foreign operations.

General Reserve comprises profits set aside for future distribution and investment.

Statements of Cash Flows

Year ended March 31,	Notes	Group		Company	
		2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Cash flows from/(used in) operating activities					
Cash generated from operations (Note A)		3,083,238	3,208,337	664,960	292,218
Interest paid	6.1	(234,314)	(305,336)	(29,068)	(32,844)
Taxes paid		(188,961)	(383,798)	(500)	(1,853)
Super gain tax paid		(179,983)	-	-	-
Retiring gratuity paid	26.2	(220,900)	(287,401)	(25,240)	(22,108)
Agents' indemnity paid	27	(3,042)	(6,513)	-	-
Net cash flow from operating activities		2,256,038	2,225,289	610,152	235,413
Cash flows from/(used in) investing activities					
Purchase & construction of property, plant & equipment	11.1	(2,751,586)	(2,722,470)	(64,325)	(81,412)
Payment of lease rentals in advance	12	-	(63,089)	-	-
Purchase of formers (moulds)-net		(68,206)	(31,568)	-	-
Acquisition of intangible assets	16	-	(240)	-	-
Grants received	25	64,287	22,231	-	-
Proceeds from disposal of property, plant & equipment		28,928	256,685	7,347	159
Proceeds from disposal of investment property		12,923	-	12,923	-
Development cost (net) incurred on biological assets	15	(7,511)	(12,560)	-	-
Investments in group companies		-	-	-	(500,000)
Investment in equity accounted investee		(110,000)	-	-	-
Interest received	6.2	7,174	17,537	814	7,134
Dividend received from subsidiary companies		-	-	41,910	564,105
Net payments to non-controlling interest		(128,563)	(73,632)	-	-
Net cash flows from/(used in) investing activities		(2,952,554)	(2,607,106)	(1,331)	(10,014)
Cash flows from/(used in) financing activities					
Long term loans obtained	24.1.1	2,571,093	475,841	-	-
Repayment of long term loans	24.1.1	(578,913)	(592,628)	-	-
Loan given to subsidiary company	22.1	-	-	(25,000)	-
Capital payment on finance lease		(1,953)	(3,094)	-	-
Dividend paid		(416,251)	(189,302)	(416,251)	(189,302)
Net cash flows from/(used in) financing activities		1,573,976	(309,183)	(441,251)	(189,302)
Net increase/(decrease) in cash & cash equivalents		877,460	(691,000)	167,570	36,097
Change in cash reserve due to deemed disposal of HGBL		(11,115)	-	-	-
Cash & cash equivalents at the beginning of the year		(2,419,721)	(1,728,721)	(416,346)	(452,443)
Cash & cash equivalents at the end of the year (Note B)		(1,553,376)	(2,419,721)	(248,776)	(416,346)

Year ended March 31,	Notes	Group		Company	
		2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
A) CASH GENERATED FROM OPERATIONS					
Profit before tax		648,181	1,780,322	132,864	626,272
Adjustments for:					
Interest cost	6.1	234,314	305,336	29,068	32,844
Gain on fair value change in biological assets	15	(27,810)	(31,681)	-	-
Deemed disposal gain due to change in controlling interest	17.2	(45,664)	-	-	-
Depreciation on property, plant & equipment	11.1	819,947	866,057	51,592	48,889
Amortisation of lease rentals paid in advance	12	1,261	1,065	-	-
Depreciation on investment property	14	7,544	7,780	5,805	6,040
Impairment of formers		33,258	36,861	4,258	4,130
Amortisation of intangible assets	16	1,299	1,573	-	-
Write off of intangible assets	16	158	-	-	-
Net gain on disposal of property, plant & equipment	4/5	(24,779)	(11,292)	(7,347)	-
Amortisation of grants	25	(35,398)	(44,419)	-	-
Impairment provision for/(reversal of) bad & doubtful debts	21	(23,363)	14,503	1,227	(790)
Provision for retiring gratuity	26.2	344,001	401,364	38,943	46,876
Provision for agents' indemnity fund	27	5,008	4,742	-	-
Impairment loss/(reversal on) investment and other amounts due	22.2	-	-	(15,290)	105,000
Provision for/(reversal of) slow moving/obsolete inventories	20	52,569	(72,000)	16,490	(5,132)
Interest and dividend income	4/6.2	(7,174)	(17,537)	(177,511)	(571,239)
Differences of exchange on translation of foreign entities		30,232	(125,015)	-	-
		2,013,584	3,117,659	80,099	292,890
(Increase)/decrease in trade and other receivables		659,317	29,000	417,267	(627,759)
(Increase)/decrease in advances and prepayments		6,470	27,463	(45,828)	32,169
(Increase)/decrease in inventories		395,685	52,877	(7,363)	177,271
Increase/(decrease) in trade and other payables		8,182	(18,662)	220,785	417,647
		1,069,654	90,678	584,861	(672)
		3,083,238	3,208,337	664,960	292,218
B) ANALYSIS OF CASH & CASH EQUIVALENTS AT END OF THE YEAR					
Cash at bank and cash in hand		284,590	335,450	46,458	124,163
Short term deposits		53,368	58,196	-	-
Short term loans and overdraft	24.2	(1,891,334)	(2,813,367)	(295,234)	(540,509)
		(1,553,376)	(2,419,721)	(248,776)	(416,346)

Figures in brackets indicate deductions.

The Notes on pages 98 to 151 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 General

Dipped Products 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 given on the back inner cover in this report.

The Consolidated Financial Statements of Dipped Products PLC, as at and for the year ended March 31, 2016 encompass the Company and its Subsidiaries (together referred to as the 'Group') and the Group's interest in Equity Accounted Investees. All subsidiaries in the Group are limited liability companies incorporated and domiciled in Sri Lanka other than Dipped Products (Thailand) Ltd. and ICOGUANTI S.p.A which are incorporated and domiciled in Thailand and Italy respectively.

Descriptions of the nature of the operations and principal activities of the Company and its Subsidiaries are given on the pages 162 to 163 There were no significant changes in the nature of the principle activities of the Company and the Group during the financial year under review.

The Company's ultimate Parent undertaking and controlling entity is Hayleys PLC which is incorporated in Sri Lanka.

The Financial Statements of all companies in the Group other than those mentioned in Note 2.2.5 to the Financial Statements are prepared for a common financial year which ends on March 31.

The Consolidated Financial Statements of the Group for the year ended March 31, 2016 were authorised for issue by the Directors on May 16, 2016.

1.2 Responsibility for Financial statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report.

1.3 Basis of Preparation

1.3.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007.

1.3.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following items in the Statement of Financial Position:

- Lands which are recognized as property plant and equipment are measured at cost at the time of the acquisition and subsequently carried at fair value.
- Financial instruments- fair value through profit or loss are measured at fair value.
- Financial instruments- available-for-sale financial assets are measured at fair value.
- Consumable biological assets are measured at fair value.

Where appropriate, the specific policies are explained in the succeeding Notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

1.3.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupee which is the Group's functional currency except for certain subsidiaries whose functional currencies are different as they operate in different economic environments. All financial information presented in Sri Lankan Rupees have been given to the nearest thousand (Rs. '000), unless stated otherwise.

1.3.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements.

Items of a dissimilar nature or function are presented separately unless they are immaterial.

1.3.5 Changes in Accounting Policies.

The accounting policies adopted by the Group are consistent with those used in the previous financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with SLFRS/LKAS's 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. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

2.1.1 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.1.2 Taxation

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based

on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

2.1.3 Employee Benefit Liability - Gratuity

The cost of the defined benefit plan - gratuity, is determined using an actuarial valuation. Actuarial valuation involves making assumptions about inter alia discount rates, future salary increases, remaining working life of employees and mortality rates. Due to the long term nature of these obligations such estimates are subject to significant uncertainty any change in assumptions will impact carrying amount of the defined benefit liability. Description of employee benefits is given in Note 26.

2.1.4 Measurement of the Recoverable Amount of Cash-Generating Units Containing Goodwill

Annually, Group tests whether the goodwill is subject to any impairment in accordance with the accounting policy stated in Note 2.10. The basis of determining the recoverable amounts of cash-generating units and key assumptions used are given in Note 16.

2.1.5 Revaluation of Land

The Group measures land at revalued amount and change in value being recognised in the Statement of Other Comprehensive Income. The valuer has used valuation techniques such as open market value and direct capital comparison method. Further details on revaluation lands are disclosed in Note 11 of the Financial Statements.

2.1.6 Fair Valuation of Biological Assets

The group measures consumable Biological Assets at fair value and changes in value being recognised in the statement of profit or loss. Fair valuation involves assumptions which are given in Note 15. Such estimations are subject to significant uncertainties.

2.2 Basis of Consolidation

The Consolidated Financial Statements (referred to as the 'Group') comprise the Financial Statements of the Company and its Subsidiaries. List of subsidiaries are disclosed in Note 17 to the Financial Statements.

2.2.1 Subsidiaries

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Notes to the Financial Statements

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee.

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting right.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in statement of profit or loss. Any investment retained is recognised at its fair value.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2.2.2 Business combination and goodwill

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

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in statement of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with LKAS 39 either in the statement of profit or loss or to Other Comprehensive Income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does

not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/LKAS.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain on bargain purchase is recognised in statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.2.3 Transactions with Non-Controlling Interests

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Parent, directly or indirectly through subsidiaries, is disclosed separately under the heading 'Non-Controlling Interest'.

The Group applies a policy of treating transactions with Non-Controlling Interests as transactions with parties external to the Group.

Total comprehensive loss within a subsidiary is attributed to the Non-Controlling Interest even if that results in a deficit balance.

2.2.4 Transactions Eliminated on Consolidation

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and intra-group dividends are eliminated in full in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2.2.5 Companies with Different Accounting Years

The Financial Statements of all subsidiaries in the Group other than those mentioned below are prepared on a common financial year, which ends on March 31.

The subsidiaries with December 31, financial year ends prepare additional financial information as of the same date as the Financial Statements of the Parent for consolidation purpose except for ICOGUANTI S.p.A as explained below.

ICOGUANTI S.p.A's financial year ends on December 31. However for consolidation purpose, financial statements for the 14 months period from January 1, 2015 to February 29, 2016 have been used.

Dipped Products (Thailand) Ltd.'s financial year ends on December 31. Financial statements for the 15 months period from January 1, 2014 to March 31, 2015 had been consolidated in previous financial year.

2.3. Foreign Currency Translation

The Group's Consolidated Financial Statements are presented in Sri Lanka Rupees, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

2.3.1 Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change

in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or statement of profit or loss.

2.3.2 Foreign Operations

The results and financial position of all Group entities that have a functional currency other than the Sri Lanka Rupee are translated into Sri Lanka Rupees as follows:

- assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated to Sri Lanka Rupees at the exchange rate at the reporting date;
- income and expenses are translated at the average exchange rates for the period.

Foreign currency differences are recognised in exchange fluctuation reserve through Other Comprehensive Income.

When a foreign operation is disposed off, the relevant amount in the translation reserve is transferred to statement of profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is re-attributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to statement of profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in Other Comprehensive Income in the exchange fluctuation reserve.

Notes to the Financial Statements

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.3.3 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

2.3.4 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as owner occupied land, at fair value. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 34.
- Quantitative disclosures of fair value measurement hierarchy Note 34.
- Property (land) under revaluation model Note 34.
- Financial instruments (including those carried at amortised cost) Note 34.

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in

its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

2.4 Property, Plant and Equipment

2.4.1 Property, plant & equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

2.4.2 Basis of recognition

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

2.4.3 Measurement

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, whilst land is measured at fair value.

Owned Assets

The cost of Property, Plant and Equipment includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs if it is a qualifying asset.

Purchased software that is integral to functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of

the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case, the increase is recognised statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

2.4.4 Subsequent Costs

The cost of replacing a component of an item of Property, Plant and Equipment is recognised 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 derecognised in accordance with the derecognition policy given below.

The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in statement of profit or loss as incurred.

2.4.5 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in statement of profit or loss and gains are not classified as revenue. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

2.4.6 Depreciation

Depreciation is recognised in Statement of Profit and Loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The Group reviews its residual values, useful lives and method of depreciation at each reporting date. Judgement by management is exercised in the estimation of these values, rates and methods and hence they are subject to uncertainty.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 years
Plant and Machinery	10 years
Furniture & Fittings	6-8 years
Office & Other Equipment	6-8 years
Motor Vehicles	4-5 years
Stores Equipment	5 years
Laboratory Equipment	5 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

Leased Assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Notes to the Financial Statements

Group as a Lessee

A lease is classified at the inception as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a Finance Lease. Finance lease items are capitalised on the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

2.5 Formers (Moulds)

In respect of formers, a 10% provision on the written down value is recognised as an impairment in statement of profit or loss.

2.6 Intangible Assets

Basis of recognition

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

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

The amortisation period and method are reviewed annually.

2.6.1 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in statement of profit or loss. During the period of development, the asset is tested for impairment annually.

2.6.2 Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill is recognised in statement of profit or loss as incurred.

2.6.3 Amortisation

Amortisation is recognised in statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and brand name, from the date on which they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Development Cost - 15 years
- Computer Software - 5 years
- Right to generate Hydro Power - 15 years
- ERP systems - 5 to 10 years

2.6.4 De-recognition of intangible assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains

or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.7 Investment Property

Investment property is land, building or land and building held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at its cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. If the investment property meets the definition of a qualifying asset.

Investment properties are derecognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes

an investment property, the Group accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change in use.

2.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

2.8.1 Financial Assets - Initial Recognition and Subsequent Measurement

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

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

The Group's financial assets include Financial assets in loans and receivable and available for sale category. This include cash and short-term deposits, trade and other receivables, loans and other receivables, amounts due from subsidiaries, amounts due from equity accounted investees, quoted and unquoted financial instruments.

Subsequent Measurement

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

Loans and Receivables

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

Available-For-Sale Financial Investments

Available-for-sale financial investments include equity investments and debt Securities.

Equity investments classified as available-for-sale are those that are neither classified as held-for- trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of the time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

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

Notes to the Financial Statements

Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. If the management has the ability and intention to hold these assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to the statement of profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

Financial Assets

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

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or

delinquency payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement

of profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Available-For-Sale Financial Investments

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

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in their fair value after impairment are recognised directly in Other Comprehensive Income.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates among other factors, the duration or extent to which the fair value of the investment is less than its cost.

2.8.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The Group's financial liabilities include trade and other payables, bank overdrafts, loans, borrowing and financial guarantee contracts.

Subsequent Measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of LKAS 39 are satisfied. The group has

not designated any financial liability at fair value through profit or loss.

Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

Financial Guarantee Contracts

Dipped Products PLC provides corporate guarantees to banks in respect of banking facilities obtained by its subsidiaries. Fair value of such guarantees are measured on a periodic basis and the same is recognised as finance income through inter-company current accounts.

Derecognition

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

2.8.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if;

Notes to the Financial Statements

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.8.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 34.

2.8.5 Derivative Financial Instruments

Initial Recognition and Subsequent Measurement

The Group uses derivative financial instruments such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets

when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss.

2.8.6 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in statement of profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2.9 Inventories

Inventories are measured at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- All inventory items, except manufactured inventories and work-in-progress are measured at weighted average directly attributable cost
- Manufactured inventories and work-in-progress are measured at weighted-average factory cost which includes all direct expenditure and appropriate shares of production overhead based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.10 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If

no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for

the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit to which goodwill relates. Where the recoverable value of the cash generating unit is less than the carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets on a pro-rata basis to carrying amount to each asset in the unit.

2.11 Cash and Short Term Deposits

Cash and short term deposits in the statement of financial position comprise cash at banks and cash on hand and short term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and

cash equivalents consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

2.12 Employee Benefits

2.12.1 Defined Contribution Plans

A 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 further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in Statement Profit or Loss in the periods during which services are rendered by employees.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund respectively.

2.12.2 Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 on 'Employee Benefits'. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 26. Any changes in these assumptions will impact the carrying value of defined benefit obligations.

Notes to the Financial Statements

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 on 'Employee Benefits'. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded. This liability is computed on the following basis:

Length of service (Years)	Number of months salary for each completed year of service
up to 20	1/2
20 up to 25	3/4
25 up to 30	1
30 up to 35	1 1/4
over 35	1 1/2

2.12.3 Short Term Benefits

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

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in Equity or in Other Comprehensive Income.

Current Tax

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

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Tax withheld on dividend income from Subsidiaries recognised as an expense in the Consolidated statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

Deferred Taxation

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries and equity accounted investees when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investees deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss. Deferred tax impact of items that are directly recognized in equity are recognized through other comprehensive income.

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

Tax benefits acquired as part of a business combination, but not satisfying

the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the statement of profit or loss.

Tax withheld on dividend income from subsidiaries is recognised as an expense in the consolidated statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

2.15 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes 31 and 32 to the Financial Statements.

2.16 Statements of Profit or Loss

For the purpose of presentation of the statement of profit or loss, the function of expenses method is adopted.

2.16.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligation in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and taxes. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed 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.

Rendering of services

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

Rental income

Rental income is recognised in profit and loss as it accrues

Dividend income

Dividend income is recognised in profit and loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Gain on disposal of Property, Plant and Equipment

Gains on disposal of an item of Property, Plant and Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant and Equipment and are recognised net within 'other operating income' in statement of profit or loss.

Grants

Grants are recognised initially as a deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised

Notes to the Financial Statements

in statement of profit or loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in statement of profit or loss on a systematic basis over the useful life of the asset.

Other income

Other income is recognised on an accrual basis.

2.16.2 Expenses

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. 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 statement of profit or loss in the year in which the expenditure is incurred.

Operating Leases

Payments made under operating leases are recognised in statement of profit or loss on a straight-line basis over the term of the lease.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in Statements of Profit or Loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the statement of profit or loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign currency gains and losses are reported on a net basis.

2.17 Cash Flow Statement

The Cash Flow Statement has been prepared using the 'indirect method'.

Interest paid is classified as an operating cash flow. Grants received, which are related to purchase and construction of Property, Plant and Equipment are classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities.

2.18 Segment Reporting

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

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

Segment capital expenditure is the total cost incurred during the period to acquire Property, Plant and Equipment and intangible assets other than goodwill.

2.19 Events After the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

2.20 Earnings Per Share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares

2.21 Plantations

The plantation companies in the Group adopt certain accounting policies, which differ from that of the Group, since their nature of operations is significantly different from that of the rest of the Group. The accounting policies adopted are in accordance with LKAS 41 Agriculture and CA Sri Lanka ruling on bearer biological assets.

Those accounting policies that significantly vary from the rest of the Group are given below.

2.21.1 Property, Plant and Equipment

Land Development Costs

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold land.

The costs have been capitalised and amortised over the remaining lease periods.

Permanent impairments to land development costs are charged to the statement of profit or loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

2.21.2 Biological Assets

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea and rubber trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets.

Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

2.21.2.1 Bearer Biological Asset

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber) which comes into bearing during the year, is transferred to mature plantations.

2.21.2.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the statement of profit or loss in the year in which they are incurred.

2.21.2.3 Consumable Biological Assets

Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using Discounted cash flow (DCF) method taking into consideration the current

market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 15.

The main variables in DCF model concerns

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each spices in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic useful life	Estimate based on the normal life span of each spices by factoring the forestry plan of the Company.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature areas are deducted.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in statement of profit or loss for the period in which it arises.

Permanent impairments to Biological Asset are charged to the statement of profit or loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

Notes to the Financial Statements

2.21.2.4 Nursery Plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

2.21.2.5 Depreciation

Depreciation is recognised in statement of profit or loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Description	Years
Buildings	31
Roads	5
Plant & Machinery	20
Plant & Machinery - Effluent Treatment Plant	10
Electronic Machinery	10
Hydropower Plant	30
Motor Vehicles - Utility	10
Motor Vehicles - Supervisory Equipment	5
Equipment	4
Furniture & Fittings	10

Mature Plantations (Replanting and New Planting)

Description	Years
Mature Plantations - Tea	33 1/3
Mature Plantations - Rubber	20

No depreciation is provided for immature plantations.

2.21.2.6 Amortisation of leased Assets

The leasehold rights of assets taken over from Janatha Estates Development Board/ Sri Lanka State Plantations Corporation (JEDB/SLSPC) are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

Description	Years
Right to use Land	53
Improvements to Land	30
Mature Plantations (Tea and Rubber)	30
Buildings	25
Machinery	20
Development cost	15

2.21.2.7 Borrowing Costs

Borrowing costs incurred in respect of specific loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant immature plantation. The capitalisation will cease when the crops are ready for commercial harvest.

2.21.2.8 Inventories

Finished Good Manufactured from Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated net realisable. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

Input Material, Spares and Consumables

At actual cost on weighted average basis.

Agricultural Produce Harvested from Biological Assets

Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

2.21.2.9 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and related to income in equal amounts over the expected useful life of the related assets.

Where the Group receives non-monetary grants, the assets and the grants are recorded gross at nominal amounts and released to the statement of profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by Government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as in additional Government grant.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to statement of profit or loss on systematic basis over the useful life of the related Property, Plant & Equipment as follows:

Assets are amortised over their useful lives or unexpired lease period, whichever is less:

Buildings	40 Years
Roads	5 Years

Grants received for forestry are initially deferred and credited to statement of profit or loss once when the related blocks of trees are harvested.

2.22 Standards Issued But Not Yet Effective

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these Financial Statements. Those SLFRS will have an effect on the accounting policies currently adopted by the company and may have an impact on the future Financial Statements.

SLFRS 9 -Financial Instruments: Classification and Measurement

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new

general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

SLFRS 15 -Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Pending the completion of the detailed impact analysis, possible Impact from SLFRS 9 and SLFRS 15 is not reasonably estimable as of the reporting date.

The following amendments and improvements are not expected to have a significant impact on the Company's/ Group's consolidated financial statements.

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to LKAS 16 and LKAS 38)
- Equity Method in Separate Financial Statements (Amendments to LKAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SLFRS 10 and LKAS 28)

- Annual Improvements to SLFRSs 2012–2014 Cycle – various standards
- Investment Entities: Applying the Consolidation Exception (Amendments to SLFRS 10, SLFRS 12 and LKAS 28)
- Disclosure Initiative (Amendments to LKAS 1)
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to SLFRS 11)

Notes to the Financial Statements

3. REVENUE

	Group	
	2016	2015
	Rs.'000	Rs.'000
Hand Protection (Note 3.1)	12,728,466	14,970,312
Plantations (Note 3.2)	9,503,326	13,408,450
	22,231,792	28,378,762
Inter-group sales/services	(300,489)	(640,090)
	21,931,303	27,738,672

3.1 Hand Protection

	Group	
	2016	2015
	Rs.'000	Rs.'000
Dipped Products PLC	1,685,401	2,564,913
Grossart (Pvt) Ltd.	1,059,438	1,298,938
Venigros (Pvt) Ltd.	-	43,210
Neoprex (Pvt) Ltd.	423,309	1,103,688
Texnil (Pvt) Ltd.	-	7,323
Dipped Products (Thailand) Ltd.	2,585,749	3,072,183
ICOGUANTI S.p.A.	4,246,218	4,000,322
Feltex (Pvt) Ltd.	-	2,277
Hanwella Rubber Products Ltd.	1,254,624	1,531,595
D P L Premier Gloves Ltd.	1,971,940	2,048,149
D P L Universal Gloves Ltd.	70,260	-
	13,296,939	15,672,598
Intra-group sales/services	(568,473)	(702,286)
	12,728,466	14,970,312

3.2 Plantations

	Group	
	2016	2015
	Rs.'000	Rs.'000
D P L Plantations (Pvt) Ltd.	1,990	1,985
Kelani Valley Plantations PLC (KVPL)*	6,068,747	8,647,349
Hayleys Plantation Services (Pvt) Ltd. (HPSL)*	3,434,579	4,761,101
	9,505,316	13,410,435
Intra-group sales/services	(1,990)	(1,985)
	9,503,326	13,408,450

* Represents Group figures of KVPL and HPSL.

4. OTHER INCOME AND GAINS

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Gain on disposal of property, plant and equipment	27,754	45,272	7,347	-
Lease rental income	9,261	8,610	12,085	11,445
Amortisation of government grants	35,398	44,419	-	-
Gain on fair value change in biological assets	27,810	31,681	-	-
Dividend income	-	-	172,510	564,105
Deemed disposal gain due to change in controlling interest of HGBL	45,664	-	-	-
Sale of trees	43,148	34,500	-	-
Sundry income	50,969	54,305	-	-
	240,004	218,787	191,942	575,550

5. OTHER EXPENSES

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Research expenses	21,821	10,154	19,041	8,675
Loss on disposal of property, plant & equipment	2,975	33,980	-	-
	24,796	44,134	19,041	8,675

6. FINANCE COSTS/INCOME

6.1 FINANCE COST

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Interest on short-term borrowings	91,639	103,997	29,068	32,844
Interest on long-term borrowings	47,904	89,544	-	-
Interest on finance leases	94,771	111,795	-	-
Total interest expenses	234,314	305,336	29,068	32,844
Exchange loss	112,397	108,895	37,812	40,996
	346,711	414,231	66,880	73,840

6.2 FINANCE INCOME

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Interest income	7,174	17,537	814	1,576
Guarantee income	-	-	4,187	5,558
Exchange gain	119,761	10,201	-	-
	126,935	27,738	5,001	7,134

Notes to the Financial Statements

7. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following:

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Directors' emoluments	64,188	41,301	44,201	22,531
Auditors' remuneration				
Audit services	20,196	18,138	1,183	1,012
Non-audit services	4,752	4,317	1,154	474
Depreciation and amortisation of property, plant and equipment	819,947	866,057	51,592	48,889
Amortisation of lease rentals paid in advance	1,261	1,065	-	-
Depreciation of investment property	7,544	7,780	5,805	6,040
Impairment of formers (moulds)	33,258	36,861	4,258	4,130
Staff costs (Note 7.1)	6,230,685	7,558,980	356,226	338,379
Staff training and development cost	6,079	3,881	809	505
Provision for/(reversal of) impairment of trade receivables	(23,363)	14,503	1,227	(790)
Provision for/(reversal of) impairment of slow moving inventories/obsolete inventories	52,569	(72,000)	16,490	(5,132)
Legal fees	40,425	16,946	2,739	1,328
Donations	1,599	5,934	28	124

7.1 Staff Costs

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Defined contribution plan costs	678,059	711,312	41,805	37,402
Defined benefit plan costs	344,001	401,364	38,943	46,876
Staff costs - others	5,208,625	6,446,304	275,478	254,101
	6,230,685	7,558,980	356,226	338,379
No. of employees at year - end	20,866	22,526	329	337

8. TAX EXPENSE

8.1 Income Statement

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Income tax on current year profits	139,020	233,551	-	9,133
(Over)/Under provision in respect of previous years	(18,533)	48,693	(4,993)	-
Irrecoverable Economic Service Charges	1,112	(184)	-	-
	121,599	282,060	(4,993)	9,133
Deferred tax expense	64,893	25,251	(767)	2,084
Withholding tax on dividends	28,161	78,138	-	-
	214,653	385,449	(5,760)	11,217

8.2 Statement of Other Comprehensive Income

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Deferred tax effect on actuarial (gain)/loss on defined benefit obligation	(7,505)	(1,356)	(5,520)	126
	(7,505)	(1,356)	(5,520)	126

Reconciliation of accounting profit to income tax expense

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Profit before tax	648,181	1,780,322	132,864	626,272
Intra-group eliminations	242,950	522,305	-	-
	891,131	2,302,627	132,864	626,272
Disallowable expenses	1,213,824	1,820,647	127,419	212,203
Tax deductible expenses	(1,964,703)	(1,555,248)	(95,738)	(118,400)
Tax exempt income	(246,147)	(867,584)	(173,324)	(564,105)
Tax loss brought forward	(2,083,087)	(2,189,759)	(54)	(54,643)
Adjustments for tax loss brought forward	50,745	222,400	54	-
Tax loss carried forward	2,838,388	2,083,087	19,357	54
Investment tax allowance	(123,734)	(124,319)	(10,577)	(25,277)
Taxable income	576,417	1,691,851	-	76,104
Income tax @ 28%	10,242	40,392	-	-
Income tax @ 27.5%	66,426	88,716	-	-
Income tax @ 12%	22,185	71,987	-	9,133
Income tax @ 10%	6,591	6,943	-	-
Income tax @ other tax rates	33,576	25,513	-	-
Income tax on current year profits	139,020	233,551	-	9,133
Effective tax rate	31%	15%	-	2%

Dipped Products PLC, Grossart (Pvt) Ltd., Venigros (Pvt) Ltd., Neoprex (Pvt) Ltd, Texnil (Pvt) Ltd., Feltex (Pvt) Ltd. and Hanwella Rubber Products Ltd. have entered into an agreement with the Board of Investment of Sri Lanka (BOI) as 'Thrust Industries.

Kelani Valley Green Tea (Pvt) Ltd. and Kalupahana Power Company (Pvt) Ltd. have entered into agreements with BOI for tax exemption on its business activities.

Notes to the Financial Statements

The tax exemption granted on group companies are as follows:

Name of the Company	Tax Holiday Period	Expire as at March 31
Dipped Products PLC	10 Years	2009
Neoprex (Pvt) Ltd.	10 Years	2009
Venigros (Pvt) Ltd.	10 Years	2009
Grossart (Pvt) Ltd.	10 Years	2010
Feltex (Pvt) Ltd.	5 Years	2011
Hanwella Rubber Products Ltd.	10 Years	2011
Texnil (Pvt) Ltd.	10 Years	2013
Kelani Valley Instant Tea (Pvt) Ltd.	3 Years	2011
Dipped Products (Thailand) Ltd. (December 31)	8 Years	2012

D P L Premier Gloves Ltd., and D P L Universal Gloves Ltd. are in the finalising stage of the relevant tax exemptions.

After completion of tax exemption periods, the business income of above companies would be liable to income tax at concessionary rate of 12% except for Feltex (Pvt) Ltd. and Kalupahana Power Company (Pvt) Ltd. which are liable to income tax rate at 10%.

ICOGUANTI S.p.A., Italy is liable to a corporate tax rate of 27.5% and a regional tax of 3.9% on its taxable income.

Other income of the companies in the Group are liable for income tax at normal tax rate.

Super Gain tax

As per provisions of Part III of the Finance Act, No. 10 of 2015 which was certified on October 30, 2015, the Group was liable for Super Gain tax of Rs. 205 mn and full payment has been made as at December 31, 2015. According to the Act, Super Gain Tax was deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on April 1, 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standard; hence the expense of Super Gain Tax was 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 November 24, 2015.

9. EARNINGS PER SHARE

Basic Earnings Per Share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted - average number of ordinary shares outstanding during the year.

The following reflects the profit and share data used in the basic earnings per share computations:

	Group		Company	
	2016	2015	2016	2015
Amount used as the Numerator:				
Net profit attributable to the equity holders of the parent (Rs. '000)	304,604	1,112,293	138,624	615,055
Number of Ordinary Shares used as the Denominator:				
Weighted-average number of ordinary shares in issue	59,861,512	59,861,512	59,861,512	59,861,512
Earnings per ordinary share - basic (Rs.)	5.09	18.58	2.32	10.27

Diluted Earnings Per Share

There are no potentially dilutive ordinary shares of the Company and as a result, the diluted earnings per share is the same as the basic earnings per share shown above.

10. DIVIDENDS PER SHARE

	Company	
	2016	2015
Interim dividend - Rs. Nil per share (2015 - Rs. 3.00 per share) (Rs. '000)	-	179,585
Final dividend proposed Rs. 2.00 per share (2015 - Rs. 4.00 per share) (Note 38) (Rs. '000)	119,723	239,446
Gross dividend (Rs. '000)	119,723	419,031
Number of shares	59,861,512	59,861,512
Dividend (inclusive of proposed dividend) per share (Rs.)	2.00	7.00

Dividends of Rs. 2.00 per share (2015 - Rs. 7.00 per share) distributed to shareholders comprise redistribution of dividends received by the Company.

Proposed final dividend for 2016 has not been recognised as a liability as at March 31, 2016.

11. PROPERTY, PLANT & EQUIPMENT

11.1 Group

	Land	Mature/	Buildings &	Plant &	Stores	Laboratory	Office and	Furniture	Vehicles	2016	2015
		Immature	Others	Machinery	Equipment	Equipment	Canteen	and		Total	Total
		Plantations					Equipment	Fittings			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold											
Cost/Valuation											
At beginning of the year	216,388	2,230,907	2,432,053	5,550,281	497,848	48,767	196,084	175,116	604,913	11,952,357	11,120,908
Effect of movement in foreign exchange	30	-	(2,693)	3,841	108	8	134	(459)	(351)	618	35,098
Additions	-	94,577	365,865	938,371	28,698	22,323	29,417	13,479	58,896	1,551,626	1,408,564
Revalued by	-	-	-	-	-	-	-	-	-	-	16,043
Disposals	-	-	-	(7,592)	-	(3)	(17)	(1,011)	(36,114)	(44,737)	(628,256)
Disposals/transfers due to change in controlling interest	-	-	(2,425)	(24,081)	-	-	(3,256)	(5,562)	(28,180)	(63,504)	-
At end of the year	216,418	2,325,484	2,792,800	6,460,820	526,654	71,095	222,362	181,563	599,164	13,396,360	11,952,357
Depreciation and Impairment											
At beginning of the year	-	521,779	607,591	2,556,798	301,160	42,325	161,225	136,165	373,716	4,700,759	4,342,480
Effect of movement in foreign exchange	-	-	414	4,755	288	8	57	(326)	(145)	5,051	22,297
Charge for the year	-	63,151	98,240	397,715	38,047	4,800	16,307	12,024	70,068	700,352	720,036
Disposals	-	-	-	(4,476)	-	(1)	(4)	(859)	(35,248)	(40,588)	(384,054)
Disposals/transfers due to change in controlling interest	-	-	(7)	(891)	-	-	(922)	(596)	(5,851)	(8,267)	-
At end of the year	-	584,930	706,238	2,953,901	339,495	47,132	176,663	146,408	402,540	5,357,307	4,700,759
Net book value at year end	216,418	1,740,554	2,086,562	3,506,919	187,159	23,963	45,699	35,155	196,624	8,039,053	7,251,598
Capital work-in-progress	-	-	-	-	-	-	-	-	-	2,152,561	1,314,815
Disposals/transfers due to change in controlling interest	-	-	-	-	-	-	-	-	-	(1,723,897)	-
Carrying value of freehold property, plant and equipment	-	-	-	-	-	-	-	-	-	8,467,716	8,566,413

Notes to the Financial Statements

11.1 Group Contd...

	Land	Mature/ Immature Plantations	Buildings & Others	Plant & Machinery	Stores Equipment	Laboratory Equipment	Office and Canteen Equipment	Furniture, and Fittings	Vehicles	2016 Total	2015 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Leasehold											
Cost/Valuation											
At beginning of the year	547,067	3,966,534	148,426	48,501	-	-	-	-	-	4,710,528	4,239,572
Additions	-	348,833	-	-	-	-	-	-	-	348,833	473,457
Transfers from	-	-	-	-	-	-	-	-	-	-	3,272
Effect of movement in foreign exchange	-	-	-	-	-	-	-	-	-	-	72
Disposal	-	-	-	-	-	-	-	-	-	-	(5,845)
At end of the year	547,067	4,315,367	148,426	48,501	-	-	-	-	-	5,059,361	4,710,528
Amortisation and Impairment Losses											
At beginning of the year	72,701	963,801	133,925	48,501	-	-	-	-	-	1,218,928	1,077,504
Charge for the year	14,800	98,858	5,937	-	-	-	-	-	-	119,595	146,021
Effect of movement in foreign exchange	-	-	-	-	-	-	-	-	-	-	56
Disposal	-	-	-	-	-	-	-	-	-	-	(4,653)
At end of the year	87,501	1,062,659	139,862	48,501	-	-	-	-	-	1,338,523	1,218,928
Carrying value of leasehold property, plant & equipment at year end	459,566	3,252,708	8,564	-	-	-	-	-	-	3,720,838	3,491,600
Carrying value of property, plant & equipment										12,188,554	12,058,013

11.2 Company

	Land	Buildings & Others	Plant & Machinery	Stores Equipment	Laboratory Equipment	Office and Canteen Equipment	Furniture, and Fittings	Vehicles	2016 Total	2015 Total	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Freehold											
Cost/Valuation											
At beginning of the year		143,677	104,055	380,145	45,699	31,682	71,934	13,935	55,163	846,290	806,226
Additions		-	615	15,928	647	10,171	7,444	958	25,736	61,499	24,191
Revalued by		-	-	-	-	-	-	-	-	-	16,043
Disposals		-	-	-	-	-	-	(13,981)	(13,981)	(13,981)	(170)
Disposals/transfers due to changing controlling interest		-	-	-	-	-	-	-	-	-	-
At end of the year		143,677	104,670	396,073	46,346	41,853	79,378	14,893	66,918	893,808	846,290
Depreciation and Impairment											
At beginning of the year		-	75,435	199,289	34,877	26,529	59,599	10,407	34,845	440,981	392,103
Charge for the year		-	3,078	27,681	4,116	3,152	4,400	893	8,272	51,592	48,889
Disposals		-	-	-	-	-	-	(13,981)	(13,981)	(13,981)	(11)
At end of the year		-	78,513	226,970	38,993	29,681	63,999	11,300	29,136	478,592	440,981
Net book value		143,677	26,157	169,103	7,353	12,172	15,379	3,593	37,782	415,216	405,309
Capital work-in-progress										60,678	57,852
Carrying value of property, plant & equipment										475,894	463,161

(l) The value of land which has been revalued by an independently qualified valuer is indicated below together with the last date of revaluation. Details of valuer is given under Note 14.2.

Company	Location & date of last revaluation	Extent	Written up as at	
			March 31, 2016 Rs.'000	March 31, 2015 Rs.'000
Dipped Products PLC	Brahmanagama, Kottawa (March 31, 2015)	10A-2R-10.34P	131,326	131,326

There are no tax implications or tax liabilities pertaining to revaluation of land.

- (i) The cost of revalued land given above, amounts to Rs. 12,532,671/-.
- (ii) Leasehold Property, Plant & Equipment include the leasehold rights to bare land on all estates of Kelani Valley Plantation PLC and Talawakelle Tea Estates PLC, the immovable leased assets standing there on at the inception of the Company and improvements to leasehold property since the formation of the Company. Unexpired lease periods of Land are 30 years and 29 years respectively for Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC.
- (iii) The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at reporting date is Rs. 173,163,548/- (2015 - Rs. 160,105,604/-) and for the Group is Rs. 1,225,707,812/- (2015 - Rs. 1,266,261,102/-).
- (iv) No. of buildings owned by the company and the group are 26 and 57 respectively.

12. LEASE RENTALS PAID IN ADVANCE

	Group	
	2016 Rs.'000	2015 Rs.'000
At the beginning of the year	62,024	-
Additions	-	63,089
Amortisation for the year	(1,261)	(1,065)
At the end of the year	60,763	62,024
Current portion (shown under advances and prepayments)	(1,262)	(1,262)
	59,501	60,762

12.1 Maturity Profile of Lease Rentals Paid in Advance

	Group	
	2016 Rs.'000	2015 Rs.'000
To be amortised with in one year	1,262	1,262
To be amortised from two to five years	5,047	5,047
To be amortised after five years	54,454	55,715
	60,763	62,024

Notes to the Financial Statements

12.2 Details of Leasehold Properties

Company	Date of Lease Agreement	No of Years	Lessor	Total Lease Rent Paid (Rs.)	Location	Land Extent (in Acres)
D P L Premier Gloves Ltd.	February 24, 2014	50 Years	Board of Investment of Sri Lanka	39,439,540	Export Processing Zone-Biyagama -Block B	5.26
D P L Universal Gloves Ltd.	September 11, 2014	50 years	Board of Investment of Sri Lanka	23,649,334	Export Processing Zone-Biyagama -Block A	3.10

13. FORMERS (MOULDS)

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Cost	517,462	449,256	97,017	91,595
Provision for impairment	(268,403)	(235,145)	(58,689)	(54,431)
	249,059	214,111	38,328	37,164

14. INVESTMENT PROPERTIES

	Group				Company			
	Land Rs.'000	Building Rs.'000	2016 Total Rs.'000	2015 Total Rs.'000	Land Rs.'000	Building Rs.'000	2016 Total Rs.'000	2015 Total Rs.'000
Cost								
At beginning of the year	255,256	155,598	410,854	410,854	198,501	120,807	319,308	319,308
Disposals	-	(14,098)	(14,098)	-	-	(14,098)	(14,098)	-
At end of the year	255,256	141,500	396,756	410,854	198,501	106,709	305,210	319,308
Depreciation								
At beginning of the year	-	21,119	21,119	13,339	-	19,379	19,379	13,339
Charge for the Year	-	7,544	7,544	7,780	-	5,805	5,805	6,040
Disposals	-	(1,175)	(1,175)	-	-	(1,175)	(1,175)	-
At end of the year	-	27,488	27,488	21,119	-	24,009	25,009	19,379
Net carrying value	255,256	114,012	369,268	389,735	198,501	82,700	281,201	299,929

14.1 Rental Income

	Group/Company	
	2016 Rs.'000	2015 Rs.'000
Rental income derived from investment properties	9,261	8,610

14.2 Investment properties are stated at cost less depreciation and impairment losses if any. For disclosure purpose the fair value of Investment property has been determined based on a valuation performed by P B Kalugalgedara & associates (Chartered Valuation Surveyor -UK), an accredited independent valuer on December 31, 2014.

Based on an internal assessment directors are of the opinion that the fair value of the investment property as at reporting date does not significantly differ from the revaluation done on December 31, 2014.

There were no any direct operating expenses relevant to investment properties.

The details of the Investment properties of the group are disclosed below.

Company	Location & date of last revaluation	Area (Bldgs) SQ.FT.	Land in Acres	Value of Building Rs.'000	Value of Land Rs.'000	Total Rs.'000
Dipped Products PLC	No. 59, Potuwarawa Road, Malabe (31.12.2014)	57,595	2.28	88,820	198,825	287,645
Dipped Products PLC	Nadungamuwa, Weliveriya (31.12.2014)	-	7.85	-	81,588	81,588
Venigros (Pvt) Ltd.	Nadungamuwa, Weliveriya (31.12.2014)	55,581	7.09	87,838	68,106	155,944
		113,176	17.22	176,358	348,519	525,177

14.3 Depreciation of building is recognised in statements of profit or loss on a straight-line basis over 20 years.

15. BIOLOGICAL ASSETS

	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Group	
			2016 Rs.'000	2015 Rs.'000
At beginning of the year	6,669	300,808	307,477	266,508
Increase due to development	-	10,320	10,320	12,560
Gain arising from changes in fair value less cost to sell	-	27,810	27,810	31,681
Decrease due to harvest	-	(2,809)	(2,809)	-
Transfers	-	-	-	(3,272)
At end of the year	6,669	336,129	342,798	307,477

Managed trees include commercial timber plantations cultivated in estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.

The fair value of managed trees was ascertained since the LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka. The valuation was carried by Messrs Sunil Fernando Associates, chartered valuers, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried covering all the estates.

Information about Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average.)	Relationship of Unobservable Inputs to Fair Value
Consumable Managed Biological Assets	DCF	Discounting Rate	17.5%	Higher the discount rate, lesser the fair value
		Optimum rotation (Maturity)	25-35 Years	Lower the rotation period, higher the fair value
		Volume at rotation	25-85 cu.ft	Higher the volume, higher the fair value
		Price per cu.ft.	Rs. 450/ to Rs.1,800/-	Higher the price per cu. ft., higher the fair value

Notes to the Financial Statements

Key Assumptions Used in Valuation

1. The harvesting is approved by the Plantation Management Monitoring Division (PMMD) and Forest Department based on the forestry development plan
2. The price adopted are net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the cost is not taken into consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his/her own assumptions.

Sensitivity Analysis

Sensitivity Variation - Sales Price

Values of biological assets are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

Group	-10%	-	+10%
Managed Timber	Rs.'000	Rs.'000	Rs.'000
As at March 31, 2016	307,551	336,129	363,428
As at March 31, 2015	274,872	300,807	322,606

Sensitivity Variation - Discount Rate

Values of biological assets are very sensitive to changes of the discount rate applied. Simulations made timber trees show that a rise or decrease by 1.5% of the estimated discounted rate has the following effect on the net present value of biological assets:

Group	-1.50%	-	+1.50%
Managed Timber	Rs.'000	Rs.'000	Rs.'000
As at March 31, 2016	343,773	336,129	328,324
As at March 31, 2015	307,562	300,807	297,450

16. INTANGIBLE ASSETS

	Group				
	Goodwill	Development Cost	Computer Software	2016 Total	2015 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost					
At beginning of the year	167,621	18,297	4,759	190,677	190,437
Additions	-	-	-	-	240
Disposal / transfers	-	-	(1,826)	(1,826)	-
At end of the year	167,621	18,297	2,933	188,851	190,677
Amortisation					
At beginning of the year	-	10,138	3,881	14,019	12,446
Charge for the year	-	960	339	1,299	1,573
Disposal / transfers	-	-	(1,668)	(1,668)	-
At end of the year	-	11,098	2,552	13,650	14,019
Net book value					
At beginning of the year	167,621	8,159	878	176,658	177,991
At end of the year	167,621	7,199	381	175,201	176,658

Goodwill acquired through business combinations have been allocated to the following cash-generating units (CGUs) for impairment testing:

	2016 Rs.'000	2015 Rs.'000
Mabroc Teas (Pvt) Ltd	33,310	33,310
Talawakelle Tea Estates PLC	134,311	134,311
	167,621	167,621

The recoverable value of goodwill for all CGUs have been based on Value In Use (VIU) calculations which have been determined by discounting the future cash flows generated from the continuing use of the CGUs. Key assumptions used are given below:

- Business Growth - Based on historical growth rate and business plan
- Inflation - Based on the current inflation rate
- Discount Rate - Average market borrowing rate adjusted for risk premium
- Margin - Based on current margins and business plans

Notes to the Financial Statements

17. INVESTMENTS

17.1 Investments in Subsidiaries (at cost) - Unquoted Investments

	% Holding		No. of Shares		Company	
	2016	2015	2016	2015	2016	2015
					Rs.'000	Rs.'000
Palma Ltd.	100%	100%	4,000,000	4,000,000	40,000	40,000
Grossart (Pvt) Ltd.	100%	100%	4,200,000	4,200,000	42,000	42,000
DPL Plantations (Pvt) Ltd.	100%	100%	55,000,000	55,000,000	550,000	550,000
Venigros (Pvt) Ltd.	100%	100%	8,000,000	8,000,000	202,450	202,450
Neoprex (Pvt) Ltd.	100%	100%	4,000,000	4,000,000	40,000	40,000
Texnil (Pvt) Ltd.	100%	100%	7,500,000	7,500,000	75,000	75,000
Dipped Products (Thailand) Ltd.	99%	99%	4,516,250	4,516,248	1,466,742	1,466,742
ICOGUANTI S.p.A.	61%	61%	1,925,000	1,925,000	89,872	89,872
Feltex (Pvt) Ltd.	100%	100%	1,500,000	1,500,000	15,000	15,000
Hanwella Rubber Products Ltd.	73%	73%	18,152,000	18,152,000	151,620	151,620
D P L Premier Gloves Ltd.	100%	100%	45,000,000	45,000,000	450,000	450,000
D P L Universal Gloves Ltd.	100%	100%	35,000,000	35,000,000	350,000	350,000
					3,472,684	3,472,684
Impairment of investment in subsidiaries (Note 17.1.1)					(325,000)	(325,000)
					3,147,684	3,147,684

17.1.1 Investments in Subsidiaries (at cost) - Unquoted Investments

	Dipped Products (Thailand) Ltd. Rs.'000	Texnil (Pvt) Ltd. Rs.'000	2016 Total Rs.'000	2015 Total Rs.'000
At beginning of the year	250,000	75,000	325,000	345,000
Reversal made during the year	-	-	-	(20,000)
At end of the year	250,000	75,000	325,000	325,000

17.2 Investments in Equity Accounted Investee

Hayleys Global Beverages (Pvt) Ltd., (HGBL) has made a new share issue on March 31, 2016. As a result, ownership percentage belongs to Kelani Valley Plantations PLC (Subsidiary of Dipped Products PLC) has reduced to 40% from 51%. Accordingly, it has become an Equity Accounted Investee of Kelani Valley Plantations PLC with effect from March 31, 2016. Resulting gain from deemed disposal due to loss of control in subsidiary, has been reflected in the Financial Statements amounting to Rs. 45.66 million.

	% Holding	No. of Shares	Group 2016 Rs.'000	2015 Rs.'000
Investment	40%	26,000,000	260,000	-
Revenue reserve			(45,664)	-
Deemed disposal gain			45,664	-
Carrying amount			260,000	-

The following table illustrates the summarized financial information of the Group's investment in HGBL.

Statement of Financial Position	Group 2016 Rs.'000
Current assets	40,430
Non-current assets	1,792,516
Current liabilities	(103,248)
Non-current liabilities	(1,169,236)
Equity	560,462
Group's proportionate share of net assets of the investment (40%)	224,185

Statement of Profit or Loss and Other Comprehensive Income	2016 Rs.'000
Revenue	-
Cost of sales	-
Administrative expenses	(53,354)
Finance income	23
Loss before tax	(53,331)
Income tax expense	-
Loss for the year	(53,331)
Other comprehensive income	(1,702)
Total comprehensive income	(55,033)

Notes to the Financial Statements

18. OTHER NON-CURRENT FINANCIAL ASSETS

	Group	
	2016	2015
	Rs.'000	Rs.'000
Available-for-sale investments		
Quoted equity shares (Note 18.1.1)	22	24
Unquoted equity shares (Note 18.1.2)	-	-
Total available-for-sale investments	22	24
Total non-current Financial Assets	22	24

18.1.1 Quoted Equity Shares

	Group	
	2016	2015
	Rs.'000	Rs.'000
Royal Ceramic Lanka PLC		
(No. of shares in 2016 and 2015 - 220)	22	24
	22	24

18.1.2 Unquoted Equity Shares

	Group	
	2016	2015
	Rs.'000	Rs.'000
Wellassa Rubber Company Ltd.		
(No. of shares 2016 and 2015 - 255,000)	2,550	2,550
Provision for fall in value of investment	(2,550)	(2,550)
	-	-
Mabroc International (Pvt) Ltd.	732	732
Mabroc Japan	4,567	4,567
Total short term investments	5,299	5,299
Provision for fall in value of investment	(5,299)	(5,299)
	-	-

19. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
19.1 Deferred Tax Asset				
At end of the year (Note 19.2)	43,430	29,592	20,744	14,457
19.2 Deferred Tax Liability				
At beginning of the year	464,963	441,068	(14,457)	(16,667)
Recognised during the year - in Statement of Profit or Loss	64,893	25,251	(767)	2,083
- in Other Comprehensive Income	(7,505)	(1,356)	(5,520)	127
At end of the year	522,351	464,963	(20,744)	(14,457)
Deferred tax asset	43,430	29,592	20,744	14,457
Deferred tax liability	565,781	494,555	-	-

19.3 Recognised Deferred Tax Assets and Liabilities

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Deferred tax relates to the following:				
Accelerated depreciation for tax purposes	1,181,965	1,026,688	27,239	24,039
Biological assets	34,280	30,748	-	-
Defined benefit obligation	(390,425)	(367,510)	(45,659)	(38,496)
Losses available for offset against future taxable income	(287,357)	(192,685)	(2,324)	-
Others	(16,112)	(32,278)	-	-
Net deferred tax liability/(asset)	522,351	464,963	(20,744)	(14,457)

20. INVENTORIES

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Raw materials and consumables	1,066,229	1,055,543	305,676	286,721
Finished goods	1,212,732	1,402,180	69,357	82,972
Work-in-progress	137,117	93,004	25,471	23,447
Produce stock	948,110	1,228,700	-	-
	3,364,188	3,779,427	400,504	393,140
Provision for slow-moving/obsolete inventories	(194,506)	(141,937)	(39,439)	(22,948)
	3,169,682	3,637,490	361,065	370,192

Notes to the Financial Statements

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Trade receivables - Related Parties	8,014	4,042	497,700	358,901
- Others	3,351,106	4,106,536	254,538	347,535
Total trade receivables	3,359,120	4,110,578	752,238	706,436
Impairment provision for bad and doubtful debts	(45,187)	(68,550)	(1,227)	-
	3,313,933	4,042,028	751,011	706,436
Income tax recoverable	72,902	50,884	9,714	4,221
Other receivables	179,182	105,828	7,191	9,947
	3,566,017	4,198,740	767,916	720,604

21.1 Movement in Impairment Provision

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
At beginning of the year	68,550	54,047	-	791
Charge/(reversal) for the year	(23,363)	14,503	1,227	(791)
At end of the year	45,187	68,550	1,227	-

Age analysis of the Company's trade receivables is follows:

	Total Rs.'000	Neither past due nor impaired Rs.'000	Past due but not impaired				
			0 - 60 days Rs.'000	61 - 120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days Rs.'000
As at March 31, 2016	752,238	729,069	23,169	-	-	-	-
As at March 31, 2015	706,436	649,655	56,781	-	-	-	-

Age analysis of the Group trade receivables is follows:

	Total Rs.'000	Neither past due nor impaired Rs.'000	Past due but not impaired				
			0 - 60 days Rs.'000	61 - 120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days Rs.'000
As at March 31, 2016	3,359,120	2,786,700	554,180	3,707	1,816	4,854	7,863
As at March 31, 2015	4,110,578	2,929,388	1,061,058	21,070	7,990	90,783	289

22. AMOUNT DUE FROM RELATED PARTIES

22.1 Amounts due from Related Parties - Non-Current

	Company	
	2016	2015
	Rs.'000	Rs.'000
At beginning of the year	-	-
Loan granted during the year	25,000	-
Settlement of loan during the year	-	-
At end of the year	25,000	-
Receivable within one year (Transferred to current assets - Note 22.2)	(5,211)	-
Receivable after one year	19,789	-

Dipped Products PLC granted a loan to Kelani Valley Plantations PLC (KVPL) on February 17, 2016 at the rate of five percent (5%) per annum which shall be repayable in five (5) years.

22.2 Amounts due from Related Parties - Current

	Company	
	2016	2015
	Rs.'000	Rs.'000
Fully-owned subsidiaries	689,741	1,157,561
Partly-owned subsidiaries	15,881	-
Opening impairment provision	(225,000)	(250,000)
Reversal of impairment provision	15,290	25,000
Current portion of loan receivable from KVPL (Note 22.1)	5,211	-
	501,123	932,561

23. STATED CAPITAL

	Group/Company			
	2016		2015	
	Number	Rs.'000	Number	Rs.'000
Issued and fully-paid				
At beginning of the year	59,861,512	598,615	59,861,512	598,615
At end of the year	59,861,512	598,615	59,861,512	598,615

Notes to the Financial Statements

24. INTEREST-BEARING BORROWINGS

24.1 Interest-Bearing Borrowings - Non-Current

	Group	
	2016	2015
	Rs.'000	Rs.'000
Long term loans (Note 24.1.1)	1,505,684	790,717
Finance lease obligations net of Interest (Note 24.1.2)	580,245	582,272
	2,085,929	1,372,989

24.1.1 Long Term Loans

At beginning of the year	1,044,123	1,174,034
Obtained during the year	2,571,093	475,841
Repayments during the year	(578,913)	(592,627)
Effect of movement in foreign exchange	15,897	(13,126)
Transferred due to change in controlling interest of HGBL	(1,227,182)	-
At end of the year	1,825,017	1,044,122
Repayments due within one year of reporting date (included under current liabilities - Note 24.2)	(319,333)	(253,405)
Repayment due after one year	1,505,684	790,717

Analysis of Long Term Loans by the Year of Repayment

	Group	
	2016	2015
	Rs.'000	Rs.'000
Long term loans repayable within one year from the reporting date	319,333	253,405
Long term loans repayable between 2-5 years from the reporting date	1,446,581	723,298
Long term loans repayable after 5 years from the reporting date	59,103	67,419
	1,825,017	1,044,122

24.1.2 Finance Lease Obligations Net of Interest

	Group	
	2016 Rs.'000	2015 Rs.'000
At beginning of the year	2,614,187	2,706,400
Obtained during the year	-	-
Repayments during the year	(86,347)	(92,229)
Effect of movement in foreign exchange	-	16
Minimum lease payments at the end of the year	2,527,840	2,614,187
Finance cost allocated for future periods	(1,894,405)	(1,978,799)
Present value of minimum lease payments at the end of the year	633,435	635,388

	Group	
	2016 Rs.'000	2015 Rs.'000
Analysis of Finance Lease Obligation Net of Interest by the Year of Repayment		
Payable within One Year		
Minimum lease payments	84,532	84,532
Finance cost allocated for future periods	(31,342)	(31,416)
Present value of minimum lease payments transferred to current liabilities (Note 24.2)	53,190	53,116
Payable within Two to Five Years		
Minimum lease payments	338,126	338,126
Finance cost allocated for future periods	(178,625)	(178,709)
Present value of minimum lease payments	159,501	159,417
Payable after Five Years		
Minimum lease payments	2,105,182	2,191,529
Finance cost allocated for future periods	(1,684,438)	(1,768,674)
Present value of minimum lease payments	420,744	422,855
Present value of minimum lease payments payable after one year	580,245	582,272

24.2 Interest-Bearing Borrowings - Current

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Long term loans (Note 24.1.1)	319,333	253,405	-	-
Finance lease obligations net of interest (Note 24.1.2)	53,190	53,116	-	-
Short term loans and bank overdrafts	1,891,334	2,813,367	295,234	540,509
	2,263,857	3,119,888	295,234	540,509

Notes to the Financial Statements

24.3 Details of Term Loans

Company	Lender/rate of interest (p.a.)	March 31, 2016 Rs. '000	March 31, 2015 Rs. '000
D P L Premier Gloves Ltd.	HSBC 3 month LIBOR + 2% (USD 4.5 million)	651,105	-
Kelani Valley Plantations PLC.	DFCC Bank 7.50%	9,333	20,533
	DFCC Bank 6.50%	-	1,272
	DFCC Bank 6.50%	-	1,251
	DFCC Bank AWPLR - 0.50% for first 2 years	137,402	-
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	47,196	50,000
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	100,000	100,000
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	50,000	-
	NDB AWPLR - 0.50% first two years & AWPLR + 1.50% after two years	59,817	-
MABROC Teas (Pvt) Ltd.	Union Bank SLIBOR 3.50% with a floor rate of 4.50%	-	39,413
	Pan Asia Bank One month LIBOR + 4.00%	-	14,611
Hayleys Global Beverages (Pvt) Ltd.	Hatton National Bank AWPLR	-	240,000
	Hatton National Bank AWPLR	-	2,746
ICOGUANTI S.p.A	Alessandria Financing 1.95% (EURO 1 million)	103,478	117,062
Dipped Products (Thailand) Ltd.	HSBC - Thailand Minimum of 4.25% 1 month LIBOR + 2.00% (USD 4 million)	-	103,835
	HSBC 3 month LIBOR + 2.00%	406,698	-
Thalawakelle Tea Estates PLC	NDB Bank 9.42%	18,586	43,866
	NDB Bank 10.00%	-	68,935
	NDB Bank 10.00%	-	50,561
	NDB Bank AWPLR + 0.50%	147,500	-
	Sampath Bank 8.00%	34,780	47,824
	Sampath Bank AWDR + 5.00%	59,122	92,213
	DFCC Vardahana Bank 8.50%	-	50,000
		1,825,017	1,044,122

Repayment Rs. '000		Security
USD 125,000 x 36 inst. (with first 12 months grace period)	Monthly ending 27.04.2020	Primary mortgage over property at Biyagama Export Processing Zone Block B Walgama Malawana; carrying amount of which is Rs. 1,220 million.
933 x 90 inst.	Monthly ending 31.01.2017	Primary mortgage of Rs. 348 million over the leasehold rights of Halgolla, We Oya, Polatagama and Ederapola Estates and letter of undertakings from DPL Plantations (Pvt) Ltd., was given to subordinate management fee and dividends in a default situation of Term Loan; carrying amount of which is Rs. 56 million.
424 x 84 inst.	Monthly ending 30.06.2015	
139 x 84 inst.	Monthly ending 31.12.2015	
2,290 x 60 inst.	Monthly ending 14.03.2021	
as per schedule	Monthly ending 14.12.2021	Nil
as per schedule	Monthly ending 19.03.2023	Nil
as per schedule	Monthly ending 21.01.2023	Nil
1031 x 60 inst.	Monthly ending 11.02.2021	Primary mortgage over the leasehold rights, Buildings, Plant & Machinery of Pedro, Mahagastota & Panawatte Estates; carrying amount of which is Rs. 172 million.
USD 8,958.33 x 48 inst.	Monthly ending 31.12.2017	Primary mortgage over Tea bag machine.
as per schedule	Monthly ending 31.05.2017	Primary floating mortgage bond over envelop attachment for tea bag machine
12,000 x 20 inst.	Quarterly ending 31.10.2021	Negative pledge over project assets
137 x 20 inst.	Quarterly ending 31.10.2021	Negative pledge over project assets
Repayment over 2 years as per agreed schedule	Monthly ending 30.06.2025	Nil
USD 111,111 x 36 inst.	Monthly ending 30.09.2015	Mortgage over land, building & machinery and corporate guarantee by Dipped Products PLC.
USD 62,500 x 48 inst.	Monthly ending 27.12.2019	Corporate guarantee from Dipped Products PLC
975 x 96 Inst.	Monthly ending 31.12.2018	Primary mortgage over leasehold rights of Somerset, Great Western, Holyrood, Logie and Dessford Estates; carrying amount of which is Rs. 63 million.
2,453 x 60 Inst.	Monthly ending 30.11.2017	
1,858 x 60 Inst.	Monthly ending 30.06.2018	
2,500 x 60 inst.	Monthly ending 23.03.2021	
1,087 x 92 Inst.	Monthly ending 30.11.2018	Primary mortgage bond for Rs. 100 million over leasehold rights of Mattakelle Estate; carrying amount of which is Rs. 10 million.
1,103 x 96 Inst.	Monthly ending 31.12.2017	Primary mortgage over lease hold rights to the value of Rs. 30 million of Clarendon Estate and secondary mortgage over leasehold rights to the value of Rs. 20 million of Deniyaya Estate carrying amount of which is Rs. 17 million.
833 x 60 Inst.	Monthly ending 31.03.2021	Primary mortgage over lease hold rights of Logie Estate for Rs. 125 million.

Notes to the Financial Statements

25. DEFERRED INCOME

Government Grants

	Group	
	2016 Rs.'000	2015 Rs.'000
Grants		
At beginning of the year	892,597	870,366
Received during the year	64,287	22,231
At end of the year	956,884	892,597
Amortisation		
At beginning of the year	247,622	203,204
Amortised during the year	35,398	44,418
At end of the year	283,020	247,622
Carrying amount	673,864	644,975

Kelani Valley Plantations group received grants from the Plantation Reform Project (PRP), Plantation Human Development Trust, Ministry of Community Development, Asian Development Bank, Social Welfare Project, Estate Infrastructures Development Project, Plantation Development Support Project, Ceylon Electricity Board, Tea Board and Rubber Development Division of Ministry of Plantations Industry.

Hayleys Plantation Services group has received funding from the Tea Board during the year for replanting.

The amount spent is capitalized under relevant classification of improvement to leasehold property, plant & equipment. Corresponding grant component is reflected under deferred grants and subsidies and amortized over the useful life span of the asset.

26. DEFINED BENEFIT OBLIGATIONS

The Group measures the Present Value of Defined Benefit Obligation (PVDBO) which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit Method (PUC).

The actuarial valuation involves making assumptions about discount rate, average expected future working lives, salary escalation rate, promotion rates and mortality rates.

Due to the long term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

Accordingly, the employee benefit obligation actuarial valuation as of March 31, 2016, carried out by Messrs NMG Consulting, Actuaries.

The key assumptions used by the actuary include the following:

Assumptions regarding future mortality are based on a A1967/70 mortality table, issued by the Institute of Actuaries, London.

The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from service and retirement on medical grounds were considered.

	2016			2015		
	KVPL	HPSL	Other*	KVPL	HPSL	Other*
Discount rate (%)	11	10	11	10	10	10
Salary Escalation Rate (%)						
Workers (%)	22	20	10	22	20	9
Executive and clerical (%)	10	10	10	10	10	9
Retirement age						
Workers	60	60	55	60	60	55
Executive and clerical	60	60	60	60	55	60
Expected future working life						
Workers	10.8	9.8	3.9-9.9	11.7	11	2.3-6.5
Executive and clerical	10.5	11.7	6.2	9.8	12.3	3.5

* Other - Refers to companies in the Hand Protection sector excluding Dipped Products (Thailand) Ltd. and ICOGUANTI S.p.A.

26.1 Net Benefit Expense Categorised under Administrative Expenses and Other Comprehensive Income.

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Current service cost (under Administrative Expense)	166,789	180,651	7,703	15,248
Interest cost (under Administrative Expense)	177,212	220,712	31,240	31,628
Actuarial loss/(gain) (under Other Comprehensive Income)	60,800	9,820	45,999	(1,054)
	404,801	411,183	84,942	45,822

26.2 Movement in the Present Value of the Defined Benefit Obligations are as Follows:

	Group		Company	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
At beginning of the year	2,461,136	2,344,592	320,790	297,076
Effect of movement in foreign exchange	(103)	(5,741)	-	-
Benefits paid	(220,900)	(287,401)	(25,240)	(22,108)
Transferred to gratuity payable	(8,826)	(1,497)	-	-
Transfer due to change in controlling interest HGBL	(3,414)	-	-	-
Current service cost	166,789	180,651	7,703	15,248
Interest cost	177,212	220,712	31,240	31,628
Actuarial loss/(gain)	60,800	9,820	45,999	(1,054)
At end of the year	2,632,694	2,461,136	380,492	320,790

The liability as per Payment of Gratuity Act for Group and Company as at March 31, 2016 are Rs. 2,303,848,041/- and Rs. 315,719,755/- respectively.

26.3 Sensitivity Analysis - Salary escalation rate and discount rate:

Values appearing in the Financial Statements are very sensitive to the changes in financial and non-financial assumptions used.

A sensitivity analysis was carried out as follows:

	Group		Company	
	Rs.'000 +1%	Rs.'000 -1%	Rs.'000 +1%	Rs.'000 -1%
A one percentage point change in the salary escalation rate				
- The present value of defined benefit obligation	191,188	(61,309)	22,757	(20,976)
A one percentage point change in the discount rate				
- The present value of defined benefit obligation	(257,184)	187,700	(20,754)	22,904

26.4 Distribution of Defined Benefit Obligations Over Future Working Life:

	Group Rs.'000	Company Rs.'000
Within the next 12 months	203,780	27,247
Between 2 to 5 years	630,280	156,140
Beyond 5 years	1,798,634	197,105
	2,632,694	380,492

Notes to the Financial Statements

27. AGENTS' INDEMNITY FUND

	Group	
	2016	2015
	Rs.'000	Rs.'000
At beginning of the year	51,350	59,576
Provision for the year	5,008	4,742
Payments during the year	(3,042)	(6,513)
Effect of movement in foreign exchange rate	(753)	(6,455)
At end of the year	52,563	51,350

Agents' Indemnity Fund consist of provisions made for sales agents' retirement benefits of ICOGUANTI S.p.A as per the limits set by the provisions in Italian Law.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade payables - Related parties	24,753	36,463	64,976	56,895
- Others	1,181,488	1,505,530	112,116	194,664
Total trade payables	1,206,241	1,541,993	177,092	251,559
Other payables including accrued expenses - Related parties	17,796	19,376	6,004	7,880
- Others	1,262,318	1,313,780	122,376	51,049
Unclaimed dividends/Dividend payables	7,594	186,522	7,594	186,522
	2,493,949	3,061,671	313,066	497,010

29. AMOUNTS DUE TO RELATED PARTIES

	Company	
	2016	2015
	Rs.'000	Rs.'000
Fully-owned subsidiaries	1,296,169	1,334,329
Partly-owned subsidiaries	203,209	60,239
	1,499,378	1,394,568

30. SEGMENT INFORMATION

a. Geographical Segment Information

	2016	2015
	%	%
Asia/Africa	5.57	4.57
South America	4.07	5.14
Australia/New Zealand	3.19	2.60
Europe	37.84	33.47
North America	7.26	8.02
	57.93	53.80
Indirect exports	41.98	46.10
Sri Lanka	0.09	0.10
	100.00	100.00

b. Business Segment Information

	Hand Protection		Plantations		Inter - Segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	12,728,466	14,970,312	9,503,326	13,408,450	(300,489)	(640,090)	21,931,303	27,738,672
Profit before tax	550,463	1,500,110	152,718	390,212	(55,000)	(110,000)	648,181	1,780,322
Non cash Expenses								
Depreciation and impairment of property, plant & equipment and amortisation of leased assets	427,213	392,462	392,633	474,660	-	-	819,846	867,122
Depreciation of investment property	7,544	7,780	-	-	-	-	7,544	7,780
Provision for defined benefit obligation	62,576	62,921	281,425	338,562	-	-	344,001	401,363
Provision for agents indemnity fund	5,008	4,742	-	-	-	-	5,008	4,742
Provision for slow moving/obsolete Inventories	51,902	68,237	667	3,763	-	-	52,569	72,000
Finance cost	167,415	175,900	179,296	238,331	-	-	346,711	414,231
Finance income	120,846	13,266	6,089	14,472	-	-	126,935	27,738
Tax expense	153,551	299,729	61,102	85,720	-	-	214,653	385,449
Capital expenditure	835,299	1,459,237	1,914,926	1,326,322	-	-	2,750,225	2,785,559
Total Assets	11,414,511	12,040,943	9,676,300	9,824,439	(27,898)	(91,241)	21,062,913	21,774,141
Non - Interest bearing liabilities	2,355,665	2,833,753	4,076,258	4,003,918	(1,454)	(85,414)	6,430,469	6,752,257
Cash Flows								
- Cash flows from operating activities	842,088	1,388,558	1,388,950	836,731	25,000	-	2,256,038	2,225,289
- Cash flows from Investing activities	(868,012)	(1,154,951)	(2,029,542)	(1,342,155)	(55,000)	(110,000)	(2,952,554)	(2,607,106)
- Cash flows from Financing activities	893,538	(676,306)	650,438	257,123	30,000	110,000	1,573,976	(309,183)

31. CAPITAL EXPENDITURE COMMITMENTS

The approximate amount of capital expenditure approved by the Directors and not contracted for as at March 31, 2016 amounts to Rs. 1,550,709,592/- (2015 - Rs. 1,249,718,227/-). The approximate Capital expenditure contracted for which no provision is made in the Financial Statements as at March 31, 2016 amounts to Rs. 122,444,077/- (2015 - Rs. 132,159,999/-).

32. CONTINGENT LIABILITIES

The contingent liabilities as at March 31, 2016 amounting to Rs. 44,868,549/- (2015 – Rs.70,185,862/-). This include bank guarantees provided on behalf of the companies within the group of Rs.7,531, 453/- (2015 – Rs.540,000/-), Letter of Credit outstanding of Rs. 34,551,772/- (Rs. 66,465,862/-) and Contingent liabilities that may result, depending on the timing of the taxability of certain fair value adjustments in Plantation sector of Rs. 2,785,124/- (2015 - Rs. 3,180,000/-)

As per the Collective Agreement with plantation worker unions, Plantation sector wages has to be reviewed by April 1, 2015. However, negotiations are still going on and no agreement has been reached as at the reporting date.

Having discussed with the legal experts and based on information available, the Board of directors are confident that the ultimate resolution on the cases against the group are unlikely to have a material effect on the financial position of the group.

Notes to the Financial Statements

33. RELATED PARTY DISCLOSURES

Key Management Personal (KMP) comprise the directors of the group and the ultimate parent entity. Directors' remuneration in respect of the Company and the Group for the financial year ended March 31, 2016 are given in Note 7 to the Financial Statements. The remuneration to the Managing Director is paid by the parent and included within the services related expenses given below.

Mr. B A Mahipala who is a Director of Hanwella Rubber Products Ltd., is also a Director of Hanwella Estate Development (Pvt) Ltd. During the year, Hanwella Rubber Products Ltd., has paid Rs. 225,000/- (2015 - Rs. 217,500/-) and Rs. 450,000/- (2015 - Rs. 435,000/-) to Mr. B A Mahipala and Hanwella Estate Development (Pvt) Ltd., respectively for leasing of factory land.

	Group		Company	
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Transactions with related parties				
Subsidiaries				
Inventory transfers	-	-	(414,010)	503,113
Purchase of latex	-	-	(91,839)	(40,461)
Skim sales	-	-	2,599	6,402
Export sales	-	-	98,929	110,691
Services-related expenses reimbursed	-	-	379,777	270,882
Reimbursement of cost (electricity, fuel & water)	-	-	(35,646)	(51,218)
Rental income	-	-	2,824	2,835
Dividend income	-	-	149,338	414,105
Fund transfers	-	-	(742,965)	(118,932)
Processing-related expenses reimbursed	-	-	(21,518)	(6,074)
Current account interest paid	-	-	(15,886)	(15,748)
Flock purchases	-	-	(9,915)	(953)
Asset transfers	-	-	12,923	206,973
Interest on guarantee	-	-	4,187	5,558
Parent - Hayleys PLC				
Services-related expenses paid	(276,742)	(223,000)	(57,998)	(44,035)
Sales of scrap gloves	4	-	4	-
Affiliates				
Sales of scrap gloves	3,485	1,560	1,648	827
Services-related expenses	(131,470)	(145,412)	(57,284)	(70,906)
Rental income	9,261	8,610	9,261	8,610
Purchase of goods	(180,173)	(253,648)	(4,650)	(8,582)
Corporate Social Responsibility (CSR) Activities	(3,500)	-	(3,500)	-
Purchase of Property Plant & Equipment	(25,100)	-	(25,100)	-
Dividend paid	(66,566)	(28,528)	(66,566)	(28,528)

Terms and conditions of transactions with related parties.

Companies within the group engage in trading transactions under relevant commercial terms and conditions. Outstanding current account balances at the year end are unsecured, charged with weighted average cost of debt rate, and settlements occur in cash.

Transactions with Agility Logistics (Pvt) Ltd., Agro Technica Ltd., Civaro Lanka (Pvt) Ltd., Clarion Shipping (Pvt) Ltd., CMA CGM Lanka (Pvt) Ltd., Cosco Lanka (Pvt) Ltd., Delmege Forsyth & Co (Shipping) Ltd., Delmege Freight Services (Pvt) Ltd., Dialog Axiata PLC., Diesel & Motor Engineering Co. PLC., Expelogix (Pvt) Ltd., Haycolour (Pvt) Ltd., Hayleys Agriculture Holdings Ltd., Hayleys Agro Farms (Pvt) Ltd., Hayleys Agro Fertilizers (Pvt) Ltd., Hayleys Business Solutions International (Pvt) Ltd., Hayleys Consumer Products Ltd., Hayleys Electronics (Retailing) Ltd., Hayleys Electronics Lighting (Pvt) Ltd., Hayleys Global Beverages (Pvt) Ltd., Hayleys Industrial Solutions (Pvt) Ltd., Hayleys Travels & Tours (Pvt) Ltd., Logiventures (Pvt) Ltd., Logiwiz Ltd., MIT Cargo (Pvt) Ltd., Moceti Lanka (Pvt) Ltd., Mountain Hawk (Pvt) Ltd., Puritas (Pvt) Ltd., The Kingsbury PLC, Haycarb PLC, Volanka (Pvt) Ltd., and Ravi Industries Ltd. are given above under details of related party transactions with affiliates.

34. FAIR VALUE MEASUREMENT

The fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants of the measurement date.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments and certain non-financial asset that are carried in the Financial Statements.

Group	Carrying Amount		Fair Value	
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Available-for-sale financial investments				
- Quoted equity shares	22	24	22	24
Trade and other receivables	3,566,017	4,198,740	3,566,017	4,198,740
Cash and short term deposits	337,958	393,646	337,958	393,646
Total	3,903,997	4,592,410	3,903,997	4,592,410
Non-Financial Assets				
Freehold land	216,418	216,388	216,418	216,388
Investment property	369,268	389,735	525,117	534,229
Biological assets	342,798	307,477	342,798	307,477
Total	928,484	913,600	1,084,333	1,058,094
Financial Liabilities				
Interest-bearing loans and borrowings				
- Obligations under finance leases	633,435	635,388	633,435	635,388
- Long term loans	1,825,017	1,044,122	1,825,017	1,044,122
- Short term loans and bank overdraft	1,891,334	2,813,367	1,891,334	2,813,367
Trade and other payables	2,493,949	3,061,671	2,493,949	3,061,671
Total	6,843,735	7,554,548	6,843,735	7,554,548

Company	Carrying Amount		Fair Value	
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Trade and other receivables	767,917	720,604	767,917	720,604
Amount due from related parties	501,123	932,561	501,123	932,561
Cash and short term deposits	46,458	124,163	46,458	124,163
Total	1,315,498	1,777,328	1,315,498	1,777,328
Non-Financial Assets				
Freehold land	143,677	143,677	143,677	143,677
Investment property	281,201	299,929	369,233	378,285
Total	424,878	443,606	512,910	521,962
Financial Liabilities				
Interest-bearing loans and borrowings				
- Short term loans and bank overdrafts	295,234	540,509	295,234	540,509
Amount due to related parties	1,499,378	1,394,568	1,499,378	1,394,568
Trade and other payables	313,066	497,010	313,066	497,010
Total	2,107,678	2,432,087	2,107,678	2,432,087

Notes to the Financial Statements

The following methods and assumptions were used to estimate the fair values:

- Cash and short term deposits, trade and other receivables and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.
- Fair value of quoted equity shares are based on market prices available in Colombo stock exchange at the reporting date.
- Long term loans and financial leases approximate their carrying amount as majority of the loan portfolio consist of loans obtained at variable interest rates.

Fair Value Hierarchy

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

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

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

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

As at March 31, 2016, the Group/Company held the following financial instruments carried at fair value in the Statement of Financial Position:

	Group			Company				
	2016	Level 1	Level 2	Level 3	2016	Level 1	Level 2	Level 3
Assets Measured at Fair Value								
Available-for-sale financial assets:								
Equity shares	22	22	-	-	-	-	-	-
Freehold land	216,418	-	-	216,418	143,677	-	-	143,677
Investment property	525,177	-	-	525,177	369,233	-	-	369,233
Biological asset	342,798	-	-	342,798	-	-	-	-

During the reporting period ended March 31, 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

As at March 31, 2015, the Group/Company held the following financial instruments measured at fair value:

	Group			Company				
	2015	Level 1	Level 2	Level 3	2015	Level 1	Level 2	Level 3
Assets Measured at Fair Value								
Available-for-sale financial assets:								
Equity shares	24	24	-	-	-	-	-	-
Freehold land	216,388	-	-	216,388	143,677	-	-	143,677
Investment property	534,229	-	-	534,229	378,285	-	-	378,285
Biological asset	307,477	-	-	307,477	-	-	-	-

During the reporting period ended March 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

The table below sets out information about significant unobservable inputs used in measuring non-financial assets measured at fair value categorised as level 3 in the fair value hierarchy as at March 31, 2016 and March 31, 2015.

Description	Fair Value as at March 31	Valuation Technique	Significant Unobservable Inputs	Estimates for Unobservable Inputs	Fair value Measurement Sensitivity to Unobservable Inputs
	Rs.'000			Rs.'000	
Investment Property- Malabe	198,825	Direct Capital Comparison Method	Rate per Perch	Rs. 550	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value
Investment Property- Weliveriya	149,694	Direct Capital Comparison Method	Rate per Perch	Rs. 50-75	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value
Freehold land (Kottawa)	143,677	Direct Capital Comparison Method	Rate per Perch	Rs. 85	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value

35. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from financial instruments:

- 1 Credit risk
- 2 Liquidity risk
- 3 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 Consolidated Financial Statements.

Risk management framework

The Board of Directors have the overall responsibility for the establishment and oversight of the Group's risk management framework, which includes developing and monitoring the Group's risk management policies.

Credit risk

Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables at the reporting date by currency-wise was as follows:

	Group		Company	
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rupees	616,055	957,456	514,200	374,000
United States Dollar	1,094,112	1,545,394	219,467	275,748
Euro	1,754,206	1,655,868	11,956	57,114
Thai Baht	78,009	17,668	-	-
Sterling Pound	23,635	22,354	22,294	13,742
	3,566,017	4,198,740	767,917	720,604

Investments

Credit risk from invested balances with the financial institutions are managed by the Hayleys Group Treasury Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore, mitigate financial loss through potential counterparty's failure.

Notes to the Financial Statements

Cash and Cash Equivalents

The Group and Company held cash and cash equivalents of Rs. 338 million and Rs.46 million respectively as at March 31, 2016 (Rs. 394 million and Rs.124 million respectively in 2015) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows:

People's Bank - AA+(lka)

Standard Chartered Bank - AAA(lka)

Hongkong and Shanghai Banking Corporation Ltd. - AAA(lka)

Sampath Bank PLC - A+(lka)

Hatton National Bank PLC - AA-(lka)

Bank of Ceylon - AA+(lka)

Deutsche Bank - A+

NDB Bank PLC - AA-(lka)

Seylan Bank PLC - A-(lka)

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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The liquidity requirements of business units and subsidiaries are met through short term loans to cover any short term fluctuations and longer term funding to address any structural liquidity requirements. The Group monitors the cash flows of its group companies and obtains adequate bank facilities to meet the funding requirements. The Group does not concentrate on a single financial institution, thereby minimising the expose to liquidity risk. The Group aims to fund investment activities of its group companies by funding the long term investment with long term financial sources. Short term investments are funded using short term loans.

The monthly liquidity position is monitored by the Hayleys Group Treasury. All liquidity policies and procedures are subject to review and approval by the Hayleys Group Treasury.

The table below summarises the maturity profile of financial liabilities based on contractual payments:

Year ended March 31, 2016	On Demand Rs. '000	Less than 3 Months Rs. '000	3 to 12 Months Rs. '000	1 to 5 Years Rs. '000	>5 Years Rs. '000	Total Rs. '000
Group						
Interest-bearing loans and borrowings	1,160,504	845,166	341,143	1,550,625	452,347	4,349,785
Trade and other payables	-	2,224,008	66,367	194,997	8,577	2,493,949
	1,160,504	3,069,174	407,510	1,718,122	488,424	6,843,734
Company						
Interest-bearing loans and borrowings	165,012	130,221	-	-	-	295,233
Trade and other payables	-	312,339	727	-	-	313,066
Amount due to related parties	1,499,378	-	-	-	-	1,499,378
	1,664,390	442,560	727	-	-	2,107,677

Year ended March 31, 2015	On Demand Rs. '000	Less than 3 Months Rs. '000	3 to 12 Months Rs. '000	1 to 5 Years Rs. '000	>5 Years Rs. '000	Total Rs. '000
Group						
Interest-bearing loans and borrowings	808,253	2,018,392	293,241	882,716	490,275	4,492,877
Trade and other payables	-	2,723,623	322,174	15,823	51	3,061,671
	808,253	4,742,015	615,415	898,539	490,326	7,554,548
Company						
Interest-bearing loans and borrowings	140,549	399,960	-	-	-	540,509
Trade and other payables	-	479,047	17,586	352	25	497,010
Amount due to related parties	1,394,568	-	-	-	-	1,394,568
	1,535,117	879,007	17,586	352	25	2,432,087

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the Financial Statements

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly borrows in the short term to fund its working capital requirement which are linked to floating interest rates. For other funding needs the Group maintains a proper mix of interest rate based on the basis of the predictability of future cashflows. The Hayleys Group Treasury closely monitors the interest rate fluctuations in the market and advises the sectors on a daily basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates. With all other variables held constant, the Group's and Company's profit before tax is affected through the impact on rate of borrowings as follows:

	Increase/ decrease in interest rate	Effect on profit before tax	
		2016 Group Rs.'000	2016 Company Rs.'000
Sensitivity only using borrowings			
Increase	1%	(43,498)	(2,952)
Decrease	-1%	43,498	2,952
Sensitivity using borrowings and deposits			
Increase	1%	(42,964)	(2,952)
Decrease	-1%	42,964	2,952

	Increase/ decrease in interest rate	Effect on profit before tax	
		2015 Group Rs.'000	2015 Company Rs.'000
Sensitivity only using borrowings			
Increase	1%	(44,929)	(5,405)
Decrease	-1%	44,929	5,405
Sensitivity using borrowings and deposits			
Increase	1%	(44,347)	(5,405)
Decrease	-1%	44,347	5,405

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases and borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group. These currencies primarily are: the Euro, US Dollars (USD), Pound Sterling (GBP) and Thai Baht (THB).

The Group hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency forwards contracts. Hayleys Group Treasury closely monitors the exchange rate fluctuations and advises to the sectors on a daily basis.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar and Euro exchange rate, with all other variables held constant.

The impact on the Group's and Company's profit before tax due to the change in exchange rate is as follows:

	2016							
	Group				Company			
	GBP Rs.'000	USD Rs.'000	Euro Rs.'000	THB Rs.'000	GBP Rs.'000	USD Rs.'000	Euro Rs.'000	
Long term borrowings	-	1,057,803	103,477	-	-	-	-	-
Short term borrowings	4,676	788,675	554,440	-	654	178,709	-	-
Trade and other payables	3,232	99,635	877,984	207,153	1,008	33,324	123	-
Trade and other receivables	(23,635)	(1,094,112)	(1,754,206)	(78,009)	(22,294)	(219,467)	(11,956)	-
Net borrowing/(receivable) (Rs.)	(15,727)	852,000	(218,305)	129,144	(20,632)	(7,434)	(11,833)	-
Closing foreign exchange rate (Rs.)	207.90	144.69	163.95	4.08	207.90	144.69	163.95	-
Net borrowing/(receivable) in foreign currency	(76)	5,889	(1,332)	31,622	(99)	(51)	(72)	-
Increase in exchange rate by 5% (Rs.)	218.29	151.92	172.14	4.29	218.29	151.92	172.14	-
Impact to the profit before tax	(786)	42,600	(10,915)	6,457	(1,032)	(372)	(592)	-
Decrease in exchange rate by 5% (Rs.)	197.50	137.45	155.75	3.88	197.50	137.45	155.75	-
Impact to the profit before tax	786	(42,600)	10,915	(6,457)	1,032	372	592	-

	2015							
	Group				Company			
	GBP Rs.'000	USD Rs.'000	Euro Rs.'000	THB Rs.'000	GBP Rs.'000	USD Rs.'000	Euro Rs.'000	
Long term borrowings	-	157,859	117,062	-	-	-	-	-
Short term borrowings	-	1,258,255	469,740	407,536	-	508,197	-	-
Trade and other payables	128	229,544	1,026,786	186,874	-	53,650	-	-
Trade and other receivables	(22,354)	(1,545,394)	(1,655,868)	(17,668)	(13,742)	(275,748)	(57,114)	-
Net borrowing/(receivable) (Rs.)	(22,226)	100,264	(42,280)	576,742	(13,742)	286,099	(57,114)	-
Closing foreign exchange rate (Rs.)	197.24	133.32	144.29	4.08	197.24	133.32	144.29	-
Net borrowing/(receivable) in foreign currency	(113)	752	(293)	141,279	(70)	2,146	(396)	-
Increase in exchange rate by 5% (Rs.)	207.10	139.99	151.50	4.29	207.10	139.99	151.50	-
Impact to the profit before tax	(1,111)	5,013	(2,114)	28,837	(687)	14,305	(2,856)	-
Decrease in exchange rate by 5% (Rs.)	187.38	126.65	137.07	3.88	187.38	126.65	137.07	-
Impact to the profit before tax	1,111	(5,013)	2,114	(28,837)	687	(14,305)	2,856	-

Capital management

The Board'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. Capital consists of share capital, reserves, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

	Group		Company	
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest-Bearing borrowing	2,085,929	1,372,989	-	-
Current portion of long term interest-bearing borrowings	372,523	306,521	-	-
Short term interest-bearing borrowings	1,891,334	2,813,367	295,233	540,509
Total borrowings	4,349,786	4,492,877	295,233	540,509
Equity	10,316,217	10,529,007	3,261,465	3,400,643
Equity and debts	14,666,003	15,021,884	3,556,698	3,941,152
Gearing Ratio (%)	30%	30%	8%	14%

Notes to the Financial Statements

36. EFFECT ON CONSOLIDATION OF COMPANIES WITH DIFFERENT ACCOUNTING YEARS

Financial year end of ICOGUANTI S.p.A ends on 31 December. However, in order to minimise the gap with parent company's year end which is 31 March, financial statements for the 14 months period from 01.01.2015 to 29.02.2016 have been consolidated.

The effect to the consolidated revenue and profit after tax (before adjusting for inter-company eliminations) is shown below:

	01.01.2015 28.02.2015 (2 Months) Rs.'000	01.03.2015 29.02.2016 (12 Months) Rs.'000	2016 Total (14 Months) Rs.'000
Revenue	962,521	3,283,697	4,246,218
Profit after tax	24,184	115,534	139,718

In the previous year, all though the financial year of Dipped Products (Thailand) Ltd., (DPTL) ends on December 31, Financial Statements for the 15 months period from January 1, 2014 to March 31, 2015 have been consolidated in Group Financial Statements.

Also in the previous year, financial year end of Kelani Valley Plantations PLC (KVPL) and Hayleys Plantation Services (Pvt) Ltd., (HPSL) changed to March 31, from December 31. Accordingly Financial Statements of KVPL and HPSL for the 15 months period from January 1, 2014 to March 31, 2015 have been consolidated with 2014/2015 group Financial Statements.

The effect to the consolidated revenue and profit after tax (before adjusting for inter-company eliminations) is shown below:

	01.01.2014 31.03.2014 (3 Months) Rs.'000	01.04.2014 31.03.2015 (12 Months) Rs.'000	2015 Total (15 Months) Rs.'000
Revenue	3,521,878	12,958,755	16,480,633
Profit after tax	86,995	344,338	431,333

37. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Company Name	Country of incorporation and operation	2016 %	2015 %
Kelani Valley Plantations PLC	Sri Lanka	27.57	27.57
Hayleys Plantation Services (Pvt) Ltd	Sri Lanka	33.33	33.33

Accumulated Balances of Material Non - Controlling Interest

	2016 Rs.'000	2015 Rs.'000
Kelani Valley Plantations PLC	757,726	906,630
Hayleys Plantation Services (Pvt) Ltd	1,060,287	1,047,049
Accumulated Material Non - Controlling Interest	1,818,013	1,953,679

Profit allocated to Material Non - Controlling Interest

	2016 Rs.'000	2015 Rs.'000
Kelani Valley Plantations PLC	(27,455)	14,244
Hayleys Plantation Services (Pvt) Ltd	85,495	147,013
Accumulated Material Non - Controlling Interest	58,040	161,257

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statements of profit or loss for the year ended March 31,

	2016 KVPL Rs.'000	2015 Rs.'000	2016 HPSL Rs.'000	2015 Rs.'000
Revenue	6,068,746	8,647,349	3,434,579	4,761,101
Cost of sales	(5,604,044)	(7,908,047)	(3,117,559)	(4,257,939)
Administrative & distribution expenses	(466,180)	(617,770)	(141,038)	(171,594)
Finance costs	(110,954)	(122,800)	(61,661)	(101,236)
Profit / (loss) before tax	(31,499)	102,407	188,721	290,429
Tax expense	(11,671)	(49,912)	(48,347)	(26,659)
Profit for the year from continuing operations	(43,170)	52,495	140,375	263,770
Total comprehensive income	(23,439)	30,467	114,830	279,143
Attributable to non-controlling interests	(15,327)	(7,701)	51,805	92,545
Dividends paid to non-controlling interests	-	(34,300)	(32,317)	(18,090)

Summarised statement of financial position as at March 31,

	2016 KVPL Rs.'000	2015 Rs.'000	2016 HPSL Rs.'000	2015 Rs.'000
Current Assets	1,302,477	1,789,925	579,613	718,051
Non-Current Assets	5,219,898	5,203,870	3,430,776	3,436,915
Current Liabilities	1,055,409	1,319,515	476,028	619,235
Non-Current Liabilities	2,805,566	2,820,486	1,593,675	1,595,852
Total equity	2,661,400	2,853,794	1,940,686	1,939,879
Attributable to:				
Equity holders of parent	2,628,313	2,695,056	1,320,541	1,339,187
Non-controlling interest	33,087	158,738	620,145	600,692

38. EVENTS AFTER THE REPORTING PERIOD


Proposed Dividend

Directors have proposed the payment of first & final dividend of Rs. 2.00 per share for the year ended March 31, 2016 which will be declared at the Annual General Meeting to be held on June 28, 2016. In accordance with Sri Lanka Accounting Standard - LKAS 10 on 'Events after the Reporting Period', the proposed final dividend has not been recognised as a liability as at the end of reporting period.

No other circumstances have arisen since the reporting period end which would require adjustments to, or disclosure in the Financial Statements.

TRUST





DPL will continue to focus on customer acquisition and increased profitability, to create long term value in the years ahead.

Annexes

154 Ten Year Summary

158 The Share

162 Group Structure

164 Glossary

165 GRI Content Index Tool

169 Notice of Meeting

170 Notes

171 Form of Proxy

IBC Corporate Information



For more information:
www.dplgroup.com

Ten Year Summary

	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000
Trading Results					
Revenue	21,931,303	27,738,672	23,092,215	23,657,743	19,693,665
Profit before tax	648,181	1,780,322	1,519,246	2,153,775	2,437,677
Taxation	(214,653)	(385,449)	(362,189)	(387,203)	(294,922)
Profit after tax	433,528	1,394,873	1,157,057	1,766,572	2,142,755
Non-controlling interest	(128,924)	(282,580)	(361,979)	(358,324)	(236,780)
Profit attributable to equity holders of the Company	304,604	1,112,293	795,078	1,408,248	1,905,975
Non-Current Assets					
Property, plant & equipment	12,188,554	12,058,013	10,414,861	10,119,322	9,451,513
Investments	22	24	17	22	2,575
Other non-current assets	1,499,257	1,178,335	1,078,443	846,822	809,644
	13,687,833	13,236,372	11,493,321	10,966,166	10,263,732
Current Assets	7,375,080	8,537,769	8,551,704	8,542,389	8,500,569
Total Assets	21,062,913	21,774,141	20,045,025	19,508,555	18,764,301
Capital & Reserves					
Stated capital	598,615	598,615	598,615	598,615	598,615
Capital reserves	450,178	444,347	457,262	452,892	236,852
Revenue reserves	6,846,945	7,000,544	6,271,286	5,793,215	4,965,582
Shareholders' funds	7,895,738	8,043,506	7,327,163	6,844,722	5,801,049
Non-controlling interest	2,379,327	2,485,501	2,322,191	2,068,640	1,750,494
Total Equity	10,275,065	10,529,007	9,649,354	8,913,362	7,551,543
Non-Current Liabilities					
Deferred tax liability	565,781	494,555	458,093	370,723	290,486
Interest bearing borrowings	2,085,929	1,372,989	1,405,877	1,642,681	1,899,973
Other non-current liabilities	3,359,121	3,157,461	3,071,331	3,076,310	2,920,336
	6,010,831	5,025,005	4,935,301	5,089,714	5,110,795
Current Liabilities					
Current portion of interest bearing borrowings	372,523	306,521	406,609	336,539	327,218
Short term loans and bank overdrafts	1,891,333	2,813,367	2,104,466	2,350,402	3,447,198
Other current liabilities	2,513,161	3,100,241	2,949,295	2,818,538	2,327,547
	4,777,017	6,220,129	5,460,370	5,505,479	6,101,963
Total Equity and Liabilities	21,062,913	21,774,141	20,045,025	19,508,555	18,764,301
Ratios & Other Information					
Earnings per share (Rs.)	5.09	18.58	13.28	23.53	31.84
Return on equity (%)	3.86	13.83	10.85	20.57	32.86
Market price per share (Rs.)	73.00	138.00	87.10	111.00	100.10
Price earnings ratio (times)	14.3	7.4	6.6	4.7	3.1
Dividend per share (Rs.)	2.00	7.00	5.50	7.00	6.00
Net assets per share (Rs.)**	131.90	134.37	122.40	114.34	96.91
Dividend yield (%)	2.7	5.1	6.3	6.3	6.0
Dividend cover (times)	2.5	2.7	2.4	3.4	5.3
Debt to equity ratio (times)	0.42	0.43	0.41	0.49	0.75
Current ratio (times)	1.54	1.37	1.58	1.55	1.39

Figures in brackets indicate deductions.

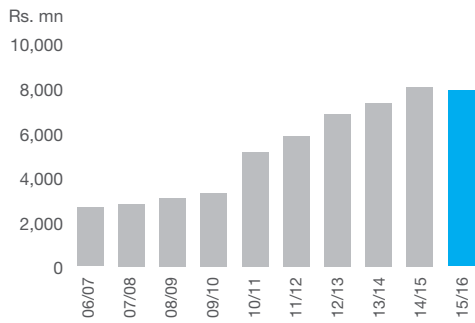
** Computed based on 59,861,512 shares on issue as at March 31, 2016.

	2011	2010	2009	2008	2007	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Trading Results						
14,869,245	11,823,707	11,895,985	11,152,895	9,412,610		Revenue
748,110	737,609	616,437	615,969	774,530		Profit before tax
(162,527)	(173,332)	(113,709)	(100,627)	(106,242)		Taxation
585,583	564,277	502,728	515,342	668,288		Profit after tax
(138,969)	(83,391)	(139,858)	(144,220)	(111,487)		Non-controlling interest
446,614	480,886	362,870	371,122	556,801		Profit attributable to equity holders of the Company
Non-Current Assets						
6,246,770	4,899,811	4,826,977	4,402,997	4,014,111		Property, plant & equipment
1,353,751	289,211	287,307	295,619	277,299		Investments
586,313	39,700	37,276	27,617	20,212		Other non-current assets
8,186,834	5,228,722	5,151,560	4,726,233	4,311,622		
6,803,292	5,548,561	5,275,073	4,871,990	4,528,946		Current Assets
14,990,126	10,777,283	10,426,633	9,598,223	8,840,568		Total Assets
Capital & Reserves						
598,615	598,615	598,615	598,615	598,615		Stated capital
1,390,231	228,505	174,223	172,018	170,121		Capital reserves
3,153,487	2,483,243	2,306,312	2,039,771	1,876,993		Revenue reserves
5,142,333	3,310,363	3,079,150	2,810,404	2,645,729		Shareholders' funds
840,397	758,047	785,912	710,504	593,048		Non-controlling interest
5,982,730	4,068,410	3,865,062	3,520,908	3,238,777		Total Equity
Non-Current Liabilities						
210,707	135,956	140,385	133,120	107,428		Deferred tax liability
1,238,387	1,049,654	1,219,073	1,360,252	1,448,435		Interest bearing borrowings
1,682,435	1,461,311	1,192,936	1,021,749	840,581		Other non-current liabilities
3,131,529	2,646,921	2,552,394	2,515,121	2,396,444		
Current Liabilities						
416,968	337,519	311,742	256,454	325,049		Current portion of interest bearing borrowings
3,288,557	2,272,163	2,405,206	1,896,960	1,652,364		Short term loans and bank overdrafts
2,170,342	1,452,270	1,292,229	1,408,780	1,227,934		Other current liabilities
5,875,867	4,061,952	4,009,177	3,562,194	3,205,347		
14,990,126	10,777,283	10,426,633	9,598,223	8,840,568		Total Equity and Liabilities
Ratios & Other Information						
7.46	8.03	6.06	6.20	9.30		Earnings per share (Rs.)
8.69	14.50	11.80	13.20	21.00		Return on equity (%)
116.10	103.75	55.25	79.50	109.25		Market price per share (Rs.)
15.6	12.90	9.10	12.80	11.70		Price earnings ratio (times)
3.00	3.75	3.00	3.00	4.50		Dividend per share (Rs.)
85.90	55.30	51.44	46.95	44.20		Net assets per share (Rs.)**
2.6	3.60	5.40	3.80	4.10		Dividend yield (%)
2.5	2.10	2.00	2.10	2.10		Dividend cover (times)
0.83	0.90	1.02	1.00	1.06		Debt equity ratio (times)
1.16	1.37	1.32	1.37	1.41		Current ratio (times)

Ten Year Summary

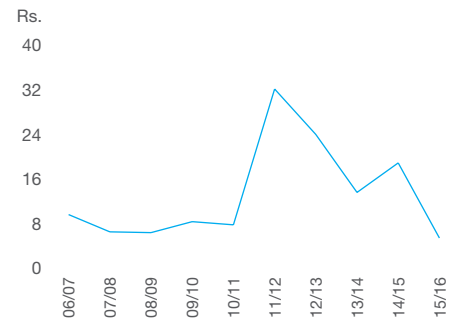
Shareholders' Funds

Rs.7,896mn



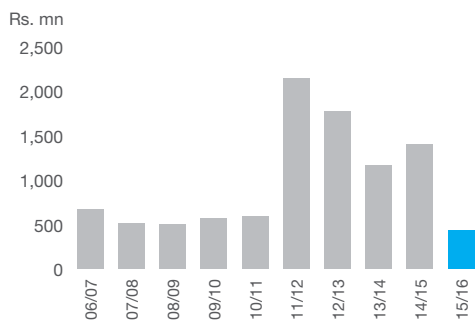
Earnings Per Share

Rs.5.09



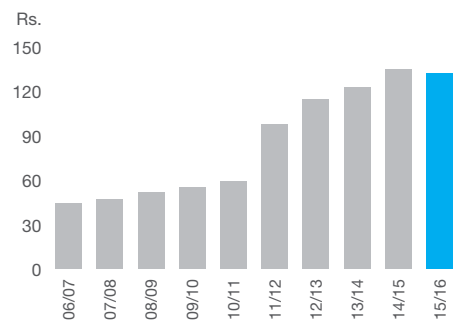
Profit After Tax

Rs.434mn



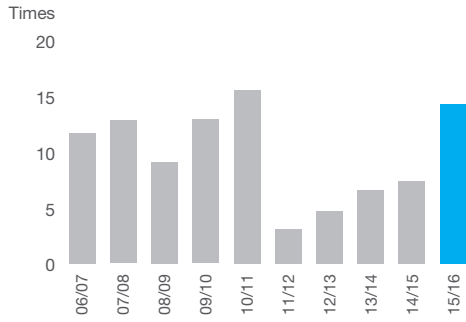
Net Assets Per Share

Rs.131.90



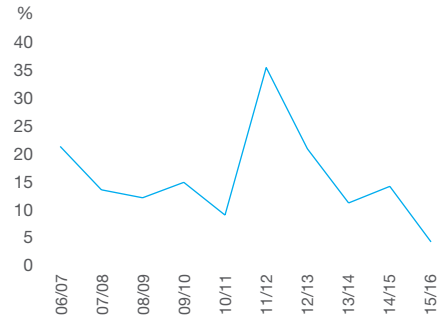
Price Earnings Ratio

14.3 Times



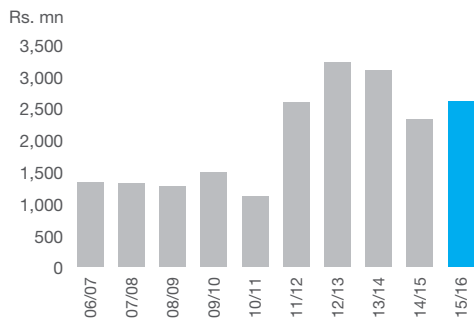
Return On Equity

3.86%



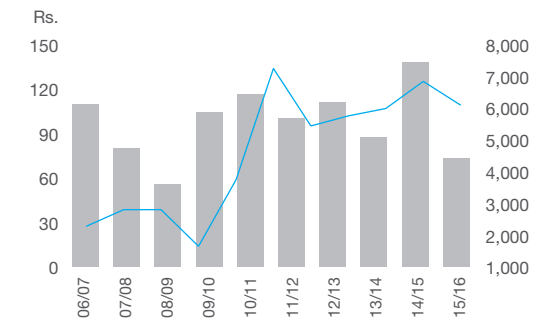
Working Capital

Rs.2,598mn



Market Price Per Share and all Share Price Index

Rs.73.00 6,071



■ Market Price Per Share — All Share Price Index

The Share

1. STOCK EXCHANGE LISTING

The ordinary shares of Dipped Products PLC, are listed with the Colombo Stock Exchange of Sri Lanka. Interim Financial Statements of the 4th quarter for the year ended March 31, 2016 have been submitted to the Colombo Stock Exchange as required by the Listing Rules.

2. ORDINARY SHAREHOLDERS

Number of shareholders as at March 31, 2016 - 2,492 (as at March 31, 2015 - 2,216).

Number of Shares held	Resident			Non-Resident			Total		
	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%
1 - 1,000	1,580	396,835	0.66	16	6,879	0.01	1,596	403,714	0.67
1,001 - 10,000	662	2,402,619	4.01	23	91,028	0.15	685	2,493,647	4.16
10,001 - 100,000	173	4,848,471	8.10	12	333,407	0.56	185	5,181,878	8.66
100,001 - 1,000,000	17	4,049,956	6.77	3	529,842	0.89	20	4,579,798	7.66
Over 1000,000	5	43,121,959	72.03	1	4,080,516	6.82	6	47,202,475	78.85
Total	2,437	54,819,840	91.57	55	5,041,672	8.43	2,492	59,861,512	100.00

Of the issued Share Capital over 90% is held by residents of Sri Lanka.

Categories of Shareholders	March 31, 2016		March 31, 2015	
	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders
Individuals	8,239,301	2,294	8,050,923	2,044
Institutions	51,622,211	198	51,810,589	172
Total	59,861,512	2,492	59,861,512	2,216

3. SHARE VALUATION

The market value of an ordinary share of Dipped Products PLC:

	2015/16	2015/14
Highest	Rs. 165.00 (July 29, 2015)	Rs. 151.00 (January 12, 2015)
Lowest	Rs. 63.50 (March 9, 2016)	Rs. 87.00 (April 8, 2014)
Year end	Rs.73.00	Rs.138.00

4. DIVIDEND PAYMENTS

Proposed first & final dividend of Rs. 2.00 per share is to be declared on June 28, 2016 and will be payable on July 08, 2016. In accordance with the Rules of the Colombo Stock Exchange the shares of the Company will be quoted ex-dividend with effect from June 29, 2016.

5. SHARE TRADING

	2015/16	2015/14
Number of transactions	3,983	3,009
Number of shares traded	6,464,260	4,651,897
Value of shares traded (Rs.)	847,240,929.90	604,868,828.50

6. FIRST TWENTY SHAREHOLDERS AS AT MARCH 31, 2016

Shareholder	2016		2015	
	No. of Shares	%	No. of Shares	%
1 Hayleys PLC	25,210,938	42.12	25,210,938	42.12
2 Employees Provident Fund	7,637,280	12.76	7,820,256	13.06
3 Volanka (Pvt) Ltd	4,873,640	8.14	4,873,640	8.14
4 Promar Overseas SA	4,080,516	6.82	4,080,516	6.82
5 Haycarb PLC	4,068,746	6.81	4,068,746	6.80
6 Employees Trust Fund Board	1,331,355	2.22	16,490	0.03
7 Ravi Industries Ltd	567,000	0.95	567,000	0.95
8 E W Balasuriya & Co. (Pvt) Ltd	500,673	0.84	500,673	0.84
9 Dr. D Jayantha	415,000	0.69	415,000	0.69
10 Renuka Properties Ltd	324,934	0.54	324,934	0.54
11 Mr. H A Peries	312,797	0.52	471,797	0.79
12 Mr. A M Weerasinghe	250,000	0.42	300,000	0.50
13 Mr. N G Wickremeratne	246,224	0.41	246,224	0.41
14 Akbar Brothers (Pvt) Ltd A/C No.1	233,771	0.39	212,801	0.36
15 Hallsville Trading Group Inc.	204,024	0.34	204,024	0.34
16 HSBC International Nominees Ltd-SSBT Deutsche Bank AG Singapore A/C 01	200,044	0.33	200,044	0.33
17 Commercial Bank of Ceylon PLC A/C No. 04	200,000	0.33	200,000	0.33
18 Mr. S Krishnananthan	163,044	0.27	163,044	0.27
19 Deutsche Bank AG as Trustee to Candor Sharia Fund	150,000	0.25	62,894	0.11
20 Ms. O D Gunewardene	139,316	0.23	-	-
TOTAL	51,109,302	85.38	49,939,021	83.43

The Share

7. SHARES HELD BY THE PUBLIC

As at March 31, 2016, Public held 41.86 % of the share capital of the Company.

Total number of shareholders representing public holding was 2,482.

History of Dividend and Scrip Issues (Last 26 years)

Year ended March 31	Issue	Basis	No. of shares '000	Cumulative No. of shares '000	Dividend per Share Rs.	Dividend paid Rs'000
1991	Bonus	1:05	1,000	6,000	3.30	19,800
1992				6,000	2.60	15,600
1993				6,000	2.60	15,600
1994	Share Trust (at Rs. 41.00)		600	6,600	3.00	19,800
1995				6,600	3.50	23,100
1996	Bonus	1:05	1,320	7,920	1.75	13,860
	Rights (at Rs. 60.00)	1:05	1,584	9,504	17.50	16,632
1997	Bonus	1:05	1,901	11,405	3.50	39,917
1998	Bonus	1:05	2,281	13,686	4.00	54,743
1999	Bonus	1:05	2,737	16,423	3.50	57,480
2000	Bonus	1:08	2,053	18,476	3.00	55,427
2001				18,476	4.00	73,903
2002				18,476	3.50	64,665
2003	Bonus	1:08	2,309	20,785	3.50	72,748
2004	Bonus	1:05	4,157	24,942	4.00	99,769
2005	Bonus	1:05	4,988	29,931	-	-
	Bonus	1:01	29,931	59,861	4.00	239,446
2006				59,861	3.00	179,585
2007				59,861	4.50	269,377
2008				59,861	3.00	179,585
2009				59,861	3.00	179,585
2010				59,861	3.75	224,480
2011				59,861	3.00	179,585
2012				59,861	6.00	359,169
2013				59,861	7.00	419,031
2014				59,861	5.50	329,238
2015				59,861	7.00	419,031
2016				59,861	2.00	119,723

Market Capitalisation (Last 26 years)

Year ended March 31	Market Capitalisation Rs. million	Net Assets Rs. million
1991	690	178
1992	618	210
1993	537	223
1994	574	284
1995	574	340
1996	893	492
1997	984	611
1998	1,505	794
1999	854	961
2000	905	1,032
2001	859	1,179
2002	1,109	1,312
2003	1,143	1,498
2004	2,120	1,782
2005	5,507	2,148
2006	4,909	2,179
2007	6,540	2,646
2008	4,759	2,810
2009	3,307	3,079
2010	6,211	3,310
2011	6,950	5,142
2012	5,992	5,801
2013	6,645	6,845
2014	5,214	7,327
2015	8,261	8,044
2016	4,370	7,896

Group Structure

Holding Company	 <p>Dipped Products PLC <i>Manufacture and marketing of industrial and general purpose rubber gloves, Management of tea and rubber plantations</i> Incorporated in 1976 in Sri Lanka Stated capital - Rs. 598,615,120</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma - Managing Director R K Witanachchi ◊ - Deputy Managing Director D K Welmillage - Deputy Managing Director (Appointed on December 7, 2015) F Mohideen K A L S Fernando ◊ S C Ganegoda</p>	<p>Dhammika Perera M Bottino S Rajapakse N A R R S Nanayakkara S P Peiris K D G Gunaratne β S M Shaikh π H S R Kariyawasan ∞ Ms. Y Baskaran μ (Alternate to Dhammika Perera)</p>
	<p>Palma Ltd <i>Manufacture and export of latex thread</i> Incorporated in 1990 in Sri Lanka Stated capital - Rs 40,000,000 Group interest - 100%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma R K Witanachchi ◊</p>	<p>D K Welmillage Δ N A R R S Nanayakkara S C Ganegoda</p>
	<p>Grossart (Pvt) Ltd <i>Manufacture and export of fabric supported and unsupported gloves</i> Incorporated in 1991 in Sri Lanka Stated capital - Rs. 42,000,000 Group interest - 100%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma R K Witanachchi ◊ D K Welmillage Δ</p>	<p>N A R R S Nanayakkara S C Ganegoda D B K Pathirage</p>
	<p>Venigros (Pvt) Ltd <i>Manufacture and export of fabric supported and unsupported gloves</i> Incorporated in 1994 in Sri Lanka Stated capital - Rs. 80,000,000 Group interest - 100%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma R K Witanachchi ◊ D K Welmillage Δ</p>	<p>M Orlando M Bottino S C Ganegoda</p>
	<p>Neoprex (Pvt) Ltd <i>Manufacture and export of household and industrial gloves</i> Incorporated in 1998 in Sri Lanka Stated capital - Rs. 40,000,000 Group interest - 100%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma R K Witanachchi ◊</p>	<p>D K Welmillage Δ K A L S Fernando ◊ S C Ganegoda</p>
	<p>Texnil (Pvt) Ltd <i>Manufacture and export of fabric supported gloves</i> Incorporated in 2001 in Sri Lanka Stated capital - Rs. 75,000,000 Group interest - 100%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma R K Witanachchi ◊</p>	<p>D K Welmillage Δ S C Ganegoda</p>
	<p>Dipped Products (Thailand) Ltd <i>Manufacture and export of examination gloves</i> <i>Incorporated in 2002 in Thailand</i> Share capital - THB 455,000,000 Group interest - 99%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma R K Witanachchi ◊ N A R R S Nanayakkara</p>	<p>S C Ganegoda T G Thoradeniya S A N Pushpakumara</p>
	<p>ICOGUANTI S.p.A <i>Marketing and distribution of household, industrial and medical gloves and personal protective wear</i> <i>Registered in Milan and successors to ICO Srl Incorporated in 1968 in Genoa</i> Share capital - Euro 3,500,000 Group interest - 61.1%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma - Joint Managing Director</p>	<p>M Bottino - Joint Managing Director M Orlando A Orlando</p>

Hand Protection

<p>Feltex (Pvt) Ltd <i>Manufacture of cotton and synthetic flock</i> Incorporated in 2005 in Sri Lanka Stated capital - Rs. 15,000,000 Group interest - 100%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma R K Witanachchi ◊</p>	<p>D K Welmillage Δ K A L S Fernando Ω N A R R S Nanayakkara S C Ganegoda</p>
<p>Hanwella Rubber Products Ltd <i>Manufacture and export of household, industrial and examination gloves</i> Incorporated in 1988 in Sri Lanka Stated capital - Rs. 250,000,000 Group interest - 72.6%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma</p>	<p>R K Witanachchi ◊ D K Welmillage Δ B A Mahipala</p>
<p>D P L Premier Gloves Ltd <i>Manufacture and export of household and industrial gloves</i> Incorporated in 2014 in Sri Lanka Stated capital - Rs. 450,000,000 Group interest - 100%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma</p>	<p>R K Witanachchi ◊ D K Welmillage Δ K A L S Fernando Ω</p>
<p>D P L Universal Gloves Ltd <i>Manufacture and export of fabric supported and industrial gloves</i> Incorporated in 2014 in Sri Lanka Stated capital - Rs. 350,000,000 Group interest - 100%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma</p>	<p>R K Witanachchi ◊ D K Welmillage Δ N A R R S Nanayakkara</p>
<p>DPL Plantations (Pvt) Ltd <i>Plantation management</i> Incorporated in 1992 in Sri Lanka Stated capital - Rs. 550,000,000 Group interest - 100%</p>	<p>Directors: A M Pandithage - Chairman Dr. K I M Ranasoma</p>	<p>W G R Rajadurai S Siriwardana S C Ganegoda</p>
<p>Kelani Valley Plantations PLC <i>Tea and rubber plantations</i> Incorporated in 1992 in Sri Lanka Stated capital - Rs. 340,000,010 Group interest - 71.2%</p>	<p>Directors: A M Pandithage - Chairman W G R Rajadurai - Managing Director F Mohideen S Siriwardana</p>	<p>S C Ganegoda L T Samarawickrama Dr. K I M Ranasoma C V Cabraal L N De S Wijeyeratne</p>
<p>Hayleys Plantation Services (Pvt) Ltd <i>Plantation management</i> Incorporated in 1992 in Sri Lanka Stated capital - Rs. 408,030,000 Group interest - 66.6%</p>	<p>Directors: A M Pandithage - Chairman Merrill J Fernando Malik J Fernando D C Fernando (Alternate to Merrill J Fernando) Ms. M Perera (Alternate to Malik J Fernando)</p>	<p>D S Seneviratne S C Ganegoda (Alternate to A M Pandithage) W G R Rajadurai Dr. K I M Ranasoma N R Ranatunga</p>

Plantations

Δ Appointed January 01, 2016

Β Appointed August 06, 2015

π Appointed Alternate Director October 20, 2015 and Director May 16, 2016

∞ Appointed May 16, 2016

μ Appointed June 01, 2015

◊ Resigned November 30, 2015

Ω Resigned May 16, 2016

Glossary

ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

BORROWINGS

Bank loans, overdrafts and finance lease obligations.

CAPITAL EMPLOYED

Total assets less interest free liabilities.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CASH EQUIVALENTS

Liquid investments with original maturities of three months or less.

CONTINGENT LIABILITIES

Conditions or situations at the Balance Sheet date, the financial effect of which are to be determined by future events which may or may not occur.

CURRENT RATIO

Current assets divided by current liabilities.

DIVIDEND COVER

Post-tax profit divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND YIELD

Gross dividend per share as a percentage of the market price.

EARNINGS PER SHARE

Profit attributable to ordinary shareholders divided by a weighted average number of ordinary shares in issue and ranking for dividend.

GROSS DIVIDEND

Portion of profits inclusive of tax withheld distributed to shareholders.

NET ASSETS PER SHARE

Shareholders' funds divided by the number of ordinary shares issued.

OPERATING PROFIT MARGIN

Operating profit divided by Group turnover.

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share.

RELATED PARTIES

A person or entity that is reporting to the reporting entity.

RETURN ON EQUITY

Attributable profits divided by average shareholders' funds.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

SEGMENT

Constituent business units grouped in terms of nature and similarity of operations.

SLFRS/LKAS

Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards.

TOTAL EQUITY

Share capital, reserves and minority interest.

VALUE ADDITION

The quantum of wealth generated by the activities of the Group and its distribution.

WORKING CAPITAL

Capital required to finance the day-to-day operations (current assets minus current liabilities)

GRI Content Index Tool

GENERAL STANDARD DISCLOSURES-G4

Number	Description	Reference/Comments	Page Reference
Strategy and Analysis			
G4-1	Statement from the most senior decision maker of the Organisation about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Joint letter from the Chairman and the Managing Director	Page 22
Organisational Profile			
G4-3	Name of the organization	Dipped Products PLC	
G4-4	Primary brands, products, and services	Company at a Glance	Page 8
G4-5	The location of the organization's headquarters	Colombo, Sri Lanka	
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Company at a Glance	Page 8
G4-7	The nature of ownership and legal form	Inner Back Cover	
G4-8	The markets served (geographic breakdown, sectors served, and types of customers/beneficiaries)	Our Global reach	Page 10
G4-9	The scale of the organization, including: <ul style="list-style-type: none"> - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided 	Company at a Glance Financial Review	Page 8 Page 63
G4-10	a. The total number of employees by employment contract and gender. b. The total number of permanent employees by employment type and gender. c. The total workforce by employees and supervised workers and by gender. d. The total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Human Capital	Page 68
G4-11	The percentage of total employees covered by collective bargaining agreements.	Human Capital	Page 71
G4-12	Describe the organization's supply chain.	Value Creation Model	Page 14

GRI Content Index Tool

GENERAL STANDARD DISCLOSURES-G4

Number	Description	Reference/Comments	Page Reference
G4-13	<p>Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including:</p> <ul style="list-style-type: none"> - Changes in the location of, or changes in, operations, including facility openings, closings, and expansions - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) - Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	None	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	Risk Management	Page 52
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Our Integrated Report	Page 13
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization is a member.	<ul style="list-style-type: none"> • Ceylon Chamber of Commerce • International Chamber of Commerce of Sri Lanka • Sri Lanka Association of Manufacturers & Exporters of Rubber Products • Sri Lanka Association of Testing Laboratories • Sri Lanka Export Development Board • The Ceylon National Chamber of Industries • The Employers' Federation of Ceylon • The Plastics & Rubber Institute of Sri Lanka • The Sri Lanka Society of Rubber Industry 	
Identified Material Aspects and Boundaries			
G4-17	<p>a. List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	<p>Group Structure</p> <p>Accounting Policies</p>	<p>Page 162</p> <p>Page 98</p>
G4-18	<p>a. Explain the process for defining the report content and the Aspect Boundaries.</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	Defining material content	Page 18

GENERAL STANDARD DISCLOSURES-G4

Number	Description	Reference/Comments	Page Reference
G4-19	List all the material Aspects identified in the process for defining report content.	Defining material content	Page 19
G4-20	For each material Aspect, the Aspect Boundary within the organization	Defining material content	Page 19
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	Defining material content	Page 19
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	There are no restatements	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None	
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organization.	Stakeholder Engagement	Page 16
G4-25	The basis for identification and selection of stakeholders with whom to engage.	Stakeholder Engagement	Page 16
G4-26	The organization's approach to stakeholder engagement	Stakeholder Engagement	Page 16
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Stakeholder Engagement	Page 16
Stakeholder Engagement			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Our Integrated Report	Page 13
G4-29	Date of most recent previous report (if any).	This is the company's first GRI report	
G4-30	Reporting cycle (such as annual, biennial)	Annual	
G4-31	The contact point for questions regarding the report or its contents.	Our Integrated Report	Page 13
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured.	Core	
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	The Company has not sought external assurance for its sustainability reporting	
Governance			
G4-34	The governance structure of the organization, including committees of the highest governing body.	Corporate Governance	Page 32
Ethics and Integrity			
G4-56	The organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Corporate Governance	Page 32

GRI Content Index Tool

SPECIFIC STANDARD DISCLOSURES

Material Aspect	DMA/Indicators	Reference/comments/Reasons for omission	Page
ECONOMIC ASPECTS			
Economic Performance			
G4-EC1	Direct economic value generated	Performance highlights	Page 12
G4-EC3	Coverage of defined benefit plan obligations	Financial Statements	Page 99
STAKEHOLDER ENGAGEMENT			
Materials			
G4-EN1	Materials used by weight or volume	Value Creation Model	Page 14
Energy			
G4-EN3	Energy consumption within the organization	Natural Capital	Page 77
Emissions			
G4-EN15	Direct greenhouse gas (GHG) emissions	Natural Capital	Page 77
G4-EN16	Energy indirect greenhouse gas (GHG) emissions	Natural Capital	Page 77
Effluents and Waste			
G4-EN23	Total weight of waste by type and disposal method	Natural Capital	Page 80
Compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	There were no violations of environmental laws and regulations during the year due to our strict compliance programme. Consequently there were no fines incurred.	
Overall			
G4-EN31	Total environmental protection expenditures and investments by type	Natural Capital	Page 80
SOCIAL ASPECTS			
Employment: Labour practices and Decent Work			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Human Capital	Page 70
Employment: Occupational health and safety			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Human Capital	Page 71
Employment: Training and Education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Human Capital	Page 70
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	Suppliers	
Society: Local Communities			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Community Engagement	Page 75
Product Responsibility: Compliance			
G4-PR9	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		

Notice of Meeting

Company Number PQ 60

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of Dipped Products PLC will be held at the Registered Office of the Company, No.400, Deans Road, Colombo 10, Sri Lanka on Tuesday, 28th of June 2016 at 3.00 p.m. and the business to be brought before the Meeting will be:

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended March 31, 2016, with the Report of the Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect, Mr. K D G Gunaratne, who has been appointed to the Board since the last Annual General Meeting, a Director.
4. To re-elect, Mr. D K Welmilage, who has been appointed to the Board since the last Annual General Meeting, a Director.
5. To re-elect, Mr. S M Shaikh, who has been appointed to the Board since the last Annual General Meeting, a Director.
6. To re-elect, Mr. H S R Kariyawasan, who has been appointed to the Board since the last Annual General Meeting, a Director.
7. To re-elect Mr. A M Pandithage who retires by rotation at the Annual General Meeting, a Director.
8. To re-elect, Mr. S Rajapakse, who retires by rotation at the Annual General Meeting, a Director.
9. To authorise the Directors to determine contributions to charities for the financial year 2016/17.
10. To authorise the Directors to determine the remuneration of the Auditors, Messrs. Ernst & Young, Chartered Accountants, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No.7 of 2007 for the financial year 2016/17.
11. To consider any other business of which due notice has been given.

NOTE :

- (i). A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office, No.400, Deans Road, Colombo 10, Sri Lanka by 3.00 p.m. on June 26, 2016.
- (ii). It is proposed to post the ordinary dividend warrants on the July 8, 2016 and in accordance with the rules of the Colombo Stock Exchange the shares of the Company will be quoted ex-dividend with effect from June 29, 2016.

By Order of the Board

DIPPED PRODUCTS PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED

Secretaries

Colombo

May 30, 2016

Notes

A series of horizontal dotted lines for writing notes.

Form Of Proxy

I/We.....
of
being Shareholder/Shareholders* of DIPPED PRODUCTS PLC hereby appoint:
1.
of or
failing him/them

2. ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our * proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the Fortieth Annual General Meeting of the Company to be held on Tuesday, 28th of June 2016 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Directors and the Statements of Accounts for the year ended 31st March 2016 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a dividend as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect, Mr. K D G Gunaratne, who has been appointed to the Board since the last Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect, Mr. D K Welmilage, who has been appointed to the Board since the last Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect, Mr. S M Shaikh, who has been appointed to the Board since the last Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect, Mr. H S R Kariyawasan, who has been appointed to the Board since the last Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-elect Mr. A M Pandithage who retires by rotation at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-elect, Mr. S Rajapakse, who retires by rotation at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorise the Directors to determine contributions to charities for the financial Year 2016/17.	<input type="checkbox"/>	<input type="checkbox"/>
10. To authorise the Directors to determine the remuneration of the Auditors, Messrs. Ernst & Young, Chartered Accountants, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No.7 of 2007 for the financial year 2016/17.	<input type="checkbox"/>	<input type="checkbox"/>

(**) The proxy may vote as he thinks fit on any other resolution brought before the Meeting.

As witness my/our* hands this day of2016.

Witnesses:

.....

.....

Signature of Shareholder

Note : * Please delete the inappropriate words.

1. A proxy need not be a Shareholder of the Company.
2. Instructions as to completion appear on the reverse.

INSTRUCTIONS AS TO COMPLETION:

1. To be valid, this Form of Proxy must be deposited at the Registered Office, No. 400, Deans Road, Colombo 10, Sri Lanka by 3.00 p.m. on June 26, 2016.
2. In perfecting the Form of Proxy, please ensure that all details are legible.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors of the Company) as your proxy, please insert the relevant details at (1) overleaf and initial against this entry.
4. Please indicate with an X in the space provided how your proxy is to vote on each resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit. Please also delete (**) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the Meeting.
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. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original (POA) together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.

Corporate Information

NAME OF THE COMPANY

Dipped Products PLC

LEGAL FORM

A Public Limited Company with limited liability Incorporated in Sri Lanka in 1976

COMPANY NO

PQ 60

DIRECTORS

A M Pandithage - Chairman

Dr. K I M Ranasoma - Managing Director

D K Welmillage - Deputy Managing Director

- *Appointed on December 07, 2015*

R K Witanachchi - Deputy Managing Director

- *Resigned on November 30, 2015*

F Mohideen

K A L S Fernando - *Resigned on May 16, 2016*

S C Ganegoda

Dhammika Perera

M Bottino

S Rajapakse

N A R R S Nanayakkara

S P Peiris

K D G Gunaratne - *Appointed on August 06, 2015*

Ms. Y Bhaskaran

- *Alternate Director to Mr. Dhammika Perera from June 01, 2015*

S M Shaikh

- *Alternate Director to Mr. S C Ganegoda from October 20, 2015 and Director from May 16, 2016*

H S R Kariyawasan - *Appointed on May 16, 2016*

AUDIT COMMITTEE

S Rajapakse - Chairman

F Mohideen

S P Peiris

SECRETARIES

Hayleys Group Services (Pvt) Ltd.

400, Deans Road,

Colombo 10

BANKERS

Bank of Ceylon

Citibank N A

Deutsche Bank

Hatton National Bank

Hongkong & Shanghai Banking Corporation

NDB Bank

People's Bank

Sampath Bank

Standard Chartered Bank

AUDITORS

Ernst & Young

Chartered Accountants

201, De Saram Place

Sri Lanka

PRINCIPAL LINES OF BUSINESS

Manufacture and marketing of industrial and general purpose gloves, management of tea and rubber plantations

REGISTERED OFFICE

400 Deans Road

Colombo 10

Sri Lanka

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Fax: +94-11-2699018

E-mail: postmast@dplgroup.com

Website: www.dplgroup.com

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