



TESS AGRO PLC
Annual Report 2015 - 2016



Our Vision

To achieve the country's best practice in the efficient and effective provision of service to Sri Lanka's Agricultural and Fisheries Sector.

Our Mission

To perform as a vital link to our rural economy and exploit state of the art technology to ensure consistency and quality of products & services.



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NAME OF COMPANY	: TESS AGRO PLC
REGISTERED OFFICE	: 87, New Nuge Road, Kelaniya.
TELEPHONE NO	: 2910859
FAX NO.	: 2910615
E.MAIL ADDRESS	: tess@slt.lk
WEB ADDRESS	: www.tess.lk
DATE, PLACE AND THE AUTHORITY OF INCORPORATION	: 20 th May 1992, Colombo Companies Act. No. 07 of 2007 PB 689 PQ
BOARD OF DIRECTORS	: Mrs. S.F. Fernando Prof. Arthur H.De O. Bamunuarachchi Mr. Shiran Fernando Mr. Roshan Fernando Mr. Dilshan Fernando Mr. A.R. Peiris
SECRETARIES TO THE COMPANY	: United Corporate Consultants & Secretaries (Pvt) Limited 211, T.B. Jaya Mawatha, Colombo 10.
AUDITORS	: Sarma & Co., Chartered Accountants 60 2/2, Pradeepa Mawatha, Colombo 10.



LAWYERS

: F J & G De Saram
Corporate Law Office
210 De Saram Road
Colombo 10.

BANKERS TO THE COMPANY

: Commercial Bank of Ceylon PLC
City Office
98, York Street
Colombo 01.

National Development Bank PLC
103 A, Dharmapala Mawatha,
Colombo 07.

Seylan Bank PLC
Fort Branch,
Colombo 01.

Hatton National Bank PLC
No. 479, T.B. Jaya Mawatha,
P.O.Box 837.
Colombo 10.

Notice is hereby given that the Twenty Third (23rd) Annual General Meeting of Tess Agro PLC will be held at the Sri Lanka Foundation Institute, 100, Sri Lanka Padanam Mawatha, Independence Square, Colombo 7, on Tuesday 11th October 2016 at 10.30 AM for the following purposes.

Agenda:

1. To receive and consider the Annual Report of the Board of Director on the affairs of the Company and the Statements of Accounts for the year ended 31st March 2016 and the Report of the Auditors thereon.
2. To Re-elect Mrs. S.F. Fernando who is over 70 years of age as a Director, by passing the following resolution.

“The age limit stipulated in section 210 of the Companies Act no 07 of 2007 shall not apply to Mrs. S.F Fernando who has attained 74 years and that she be re-elected a Director of the company”

3. To reappoint M/S Sarma & Co, Chartered Accountant as auditors and authorize the Directors to determine their remuneration.
4. To authorize the Directors to Determine payments for the year 2016/2017 for charitable and other purposes as set out in the Companies Donations Act (Cap 147).

Note:

1. A member is entitled to appoint a proxy to attend and vote in his/her place.
2. A Proxy need not be a member of the Company.
3. A member wishing to vote by proxy at the meeting may use the proxy form enclosed.
4. To be valid, the completed proxy form must be lodged at the registered office of the Company not less than 48 hours before the time fixed for the meeting.

By Order of the Board of Directors
TESSAGRO PLC
United Corporate Consultants & Secretaries (Pvt) Limited,
Secretaries
Colombo
31st August 2016



On behalf of the Board of Directors, I take pleasure in inviting you to the 23rd Annual General Meeting of your Company, and wish to present the annual report and audited accounts of Tess Agro PLC for the year ended 31st March 2016.

The year under review was the second year running when the company had to face its biggest challenge, as the European Union, which was Sri Lanka's most lucrative market decided to ban Sri Lankan fish being imported into the EU.

Prior to the ban imposed in January 2015, the EU accounted for nearly one-third of Sri Lanka's fish exports in terms of volume and about 40 per cent of the exports in terms of revenue.

The European Union (EU) has now completely lifted the ban on fisheries exports from Sri Lanka, from the beginning of July 2016.

Operations

During the year under review the company continued to carry out its business with the help of its Belgium branch by importing from other neighbouring countries such as Maldives, Philippines and Vietnam. When Sri Lanka is back in business we would still hold on to our market share.

Financial Performance

The company recorded a turnover of Rs. 377 million opposed to Rs. 444 million, the Gross Profit grew from 10.8 million to 45 Million which is drastic improvement in gross margins despite the lower turnover. However due to bad debts written off which resulted from the EU ban and the drastic depreciation of the Rupee from Rs 110 to Rs 145 resulting in exchange loss on the foreign currency loans obtained by the company resulted, in a loss of Rs 56.4 million.

Future Outlook

With the re-opening of the European markets, and the new political climate in the country, the possibility of obtaining GSP plus where all marine products will receive duty free status, will be a huge boost to the exports of the company in the future. The company is continuously striving to rebuild its lost market despite the odds.

Charity & Donations

During the year under review The Company spent Rs. 582,638/- on the Hope Children's Home an approved Children's Home under the National Child Protection and Child Probation Services which was founded by our former Chairman Late Mr. Oliver Fernando.

Appreciation

In conclusion I wish to express my sincere gratitude and appreciation to the members of the board, our staff and to the shareholders for their loyalty and confidence placed in us.

S. Faika Fernando

S. Faika Fernando (Mrs.)
Chairperson
31st August 2016

Mrs. S. F. Fernando

Mrs. Sithy Faika Fernando is Non-Executive chairperson of the company.

She also a Director of the Tess (Pvt) Ltd, Tropic Fishery (Pvt) Ltd and Tropic Frozen Foods (Pvt) Ltd.

Mr. S. Fernando

Mr. Shiran Fernando Director – Operations of the company who is having 26 years' experience in management and in the tea trade, and export marketing of agricultural produce.

He is also the CEO of Tess (Pvt) Ltd and Director of Tropic Fishery (Pvt) Ltd and Tropic Frozen Foods (Pvt) Ltd.

Prof. A. Bamunuarachchi

Prof. Arthur Bamunuarachchi Consultant to the Asian Development Bank. and the former head of Applied chemistry-at the University of Sri Jaywardenepura.

He holds a Masters degree in food science technology from the University of California Davis and a PHD form the University of New South Wales in Australia.

He is a Member of the Australian institute of food technologist, American institute of food technologist, American institute of Cereal chemists (Ex), Indian Association of food scientist and technologists (Ex), Pakistan Association of food scientist and technologists, Institute of Chemistry of Sri Lanka, Sri Lanka, Association of Fisheries and Agriculture,

Sri Lanka Association for the Advancement of Science, and a Fellow of the National Academy of Science, Sri Lanka.

Mr. D. Fernando. MBA, FCMI (UK)

Mr. Dilshan Fernando CEO of the company who is having 25 years' experience in engineering and management. Holds a Masters Degree in Business Administration and Fellow Member of the Chartered Management Institute of United Kingdom

He is also a Director of Tropic Fishery (Pvt) Ltd, Tropic Frozen Foods Ltd and Director of Tess (Pvt) Ltd as well as E-Global Services (Pvt) Ltd.

Mr. R. Fernando

Mr. Roshan Fernando who is having 25 years' experience in management specialized in fish processing and trained at the South Asian Fisheries Development Centre Singapore on standardization, processing, quality control and packaging of fishery products.

Currently serving as the President of the Seafood Exporters Association of Sri Lanka

He is the CEO of Tropic Fishery (Pvt) Ltd and Tropic Frozen Foods (Pvt) Ltd as well as Director of Tess (Pvt) Ltd.

**Mr. A. R. Peiris. B.Sc. (Cey.), FCMA (UK)
CGMA**

Mr. Amaralal Peiris who is Independent Non-Executive Director on the Board.

He has served Petroleum Corporation for 10 years in Technical, Planning & Finance Divisions and at the time left the Corporation in 1979, was the head of the Refinery Finance Division.

Thereafter, he joined National Development Bank where he held several senior positions for 24 years. He has held Directorships in several reputed public listed and unlisted companies.

Mr. Peiris is an Executive Director of Lankem Ceylon PLC & holds Directorships in several companies within the Lankem Group.

Corporate Governance is understood as the system by which companies are directed, managed and controlled. The Board of Directors are responsible for the governance of the Company and maintaining a balance between the achievement of corporate objectives, the alignment of corporate behavior with the expectations of society and accountability to the share holders.

The Board of Directors are committed in upholding the highest standards of integrity and transparency in the governance of the company.

Shareholder Relations

The Annual General Meeting is the principal means of having a dialogue with the Shareholders. The Directors disclose and Shareholders are kept aware of any major transaction which would have a material implication to the Shareholders.

The Board of Directors

The Board meets frequently to review routine activities and matters of significance. The board reviews and directs the Company's performance and strategies including maintenance of the Companies internal controls and provides leadership.

Reasonable steps are taken by the Directors to safeguard the Company's assets at all times. Proper internal controls are in place to detect irregularities and prevent fraud.

Remuneration Policy

The Company believes that it should attract and retain top executives with proven business experience and appropriate qualifications.

Remuneration packages for senior executives are formulated with information obtained from other leading companies in the similar trade and from surveys carried out by professional firms to ensure that the senior executives are fairly well rewarded in terms of their contributions of the Company, their experience and qualifications and in line with industry standards.

Internal Control

The Board has the responsibility to design and implement internal control systems and reviews its effectiveness. Internal Controls are designed to cover the risk arising from errors omissions and mistakes, safeguarding the assets of the company and to record and maintains proper books, through proper procedures.

Going Concern

The Board is of the opinion after reviewing the financial statements of the Company, that the Company has adequate resources to continue the business in the foreseeable future.

Audit Committee

The Audit Committee considers matters pertaining to the Company's financial affairs. Accounting and Internal Control policies and practices, all aspects of risk management, and legal and financial compliance. The Board has appointed an Audit Committee consisting of Two Non - Executive Independent Directors.

Mr. A.R. Peiris (Chairman)
Prof. A.H. De O. Bamunuarachchi

The Committee is chaired by a fellow member of Chartered Institute of Management Accountants in this financial year, the Committee held four meetings during the year. The meetings are attended by Executive Director, Chief Financial Officer by invitation and other Directors and Executives when it is required.

Duties and Responsibilities

Audit

1. Recommend the Board of the appointment and removal of external auditors and review their terms of engagement.
2. Determine with the external auditors, the audit plan and scope and their authority and responsibilities.
3. Oversee and appraise the quality of audits conducted and monitor their effectiveness.
4. Review external audit reports and recommendations and ensure appropriate management response to recommendations.
5. Monitor the relationship between management and the external auditors.
6. Review and assess the independency of the external auditor.

Accounting

Monitor and review the adequacy of the Company's accounting system and internal control environment.

Review the annual and by annual Financial Statements of the Company, and make recommendations to the Board.

Determine Company - Specific accounting policies within the ambit of the Accounting Standards.

Review significant transactions which are not a normal part of the Company's business.

Risk Management

Identify and assess areas of risks which might impact on the Company and research appropriate mitigation.

Monitor, review and evaluates the adequacy and effectiveness of the Company's risk management controls, both internally and externally.

Evaluate the effectiveness of the Company's business continuity plans.

Evaluate the adequacy of the Company's insurance covers at least annually.

The Audit Committee recommended to the Board of Directors that M/S Sarma & Co., to re-appoint as the Auditors for the year ending 31st March 2017 subject to the approval of the shareholders at the next Annual General Meeting.

Remuneration Committee

The Remuneration Committee will be responsible for ensuring the company has and observes coherent remuneration policies and practices which enable it to attract and retain Executives, directors and employees who will create value for shareholders, generate sustained business performance and support Tess Agro PLCs objectives, goals and values.

The Tess Agro PLCs Remuneration Committee consists of Two Non-Executive Independent Directors as follows;

Mr. A.R. Peiris (Chairman)
Prof. A.H.O. Bamunuarachchi

The Committee is chaired by a fellow member of Chartered Institute of Management Accountants in this financial year, the Committee held four meetings during the year. The meetings are attended by Executive Director, Chief Financial Officer by invitation and other Directors and Executives when it is required.

The core responsibilities of the Remuneration Committee is

1. To review and approve Remuneration policy of the Company.
2. To advice on structuring Remuneration packages that enable the Company to attract, retain and motivate high caliber individuals with the requisite skills.
3. To recommend to the Board of Directors the Remuneration to be paid to the Executive Directors, Non-Executive Directors, their pre-requisites and allowances.

Related Party Transaction Review Committee

As per Rule 9.2.3 of the Listing Rules of the Colombo Stock Exchange the Related Party Transactions Review Committee of Tess Agro PLC functions with effect from 1st March 2016.

The Tess Agro PLCs Related Party Transaction Review Committee consists of One Non-Executive Independent Director and One Executive Director as follows;

Mrs. S.F. Fernando - Member
Prof. A.H.O. Bamunuarachchi – (Chairman)

Member	Board		Committee Members					
			Audit Committee		Remuneration Committee		Related Party Transaction Review Committee	
	Position	Attendance	Position	Attendance	Position	Attendance	Position	Attendance
Mrs. S.F. Fernando	Chairperson	4/5	No	-	No	-	Member	1/1
Mr. Shiran Fernando	Director	5/5	No	1/4	No	-	No	-
Mr. Roshan Fernando	Director	4/5	No	-	No	-	No	-
Mr. Dilshan Fernando	Director/CEO	5/5	No	1/4	No	1/4	No	-
Prof. A.H.O. Bamunuarachchi	Non-Executive Independent Director	4/4	Member	4/4	Member	4/4	Chairman	1/1
Mr. A.R. Peiris	Non-Executive Independent Director	4/4	Chairman	4/4	Chairman	4/4	No	-

Level of compliance with Section 7.10 of the CSE Listing Rules on corporate governance is given in the following table

Rule No.	Subject	Applicable Requirement	Compliance Status	Detail
7.10 a/b	Compliance	Compliance with Corporate Government rules	Complied	
7.10.1 a	Non-Executive Directors	At least one third of the total number of Directors should be Non-Executive Directors.	Complied	Two of Six Directors are Non-Executive Directors.
7.10.2 a	Independent Directors	Two or one third of Non-Executive Directors Whichever is higher shall be Independent.	Complied	Two of the Two Non-Executive Directors are independent
7.10.2 b	Independent Directors	Each Non-Executive Director shall submit a declaration of Independence / non-independence in the prescribed format.	Complied	All Independent Non-Executive Directors has submitted signed Confirmations of their independence as at 31 st March 2016.
7.10.3 a	Disclosure Relating to Directors	Name of Independent Directors should be disclosed in the Annual Report.	Complied	Please Refer page 8.
7.10.3 b	Disclosure Relating to Directors	A brief resume of each Director should be included in the Annual Report including the areas of expertise.	Complied	Please refer pages no 5.
7.10.5 a	Remuneration Committee	The Board of Directors should set up a Remuneration Committee With a Non-executive Director as the Chairman.	Complied	Please refer page 7.
7.10.5 c	Remuneration Committee	The names of the members of the Remuneration Committee	Complied	Comprises two Non-Executive Independent Directors Refer page 7.
7.10.6 a	Audit Committee	The listed company shall have an Audit Committee comprising of Non-Executive Directors.	Complied	The names of the members of the Audit committee are stated on page 6.
		The Chairman or one member of the Audit Committee should be a member of a recognized Professional accounting body.	Complied	The Chairman of the audit Committee is a Senior Chartered Management Accountant

7.10.6 b	Audit Committee	<p>The names of the Directors Comprising the Audit Committee to be disclosed.</p> <p>The Annual Report shall contain a Report by the Audit Committee setting out the manner of compliance by the entity.</p>	<p>Complied</p> <p>Complied</p>	<p>Please refer page 6.</p> <p>Please Refer page 14.</p>
7.10.6 a & b		<p>Unless otherwise determined by the Audit Committee, the Chief Executive Officer and the Chief Financial Officer shall attend Audit Committee Meeting.</p>	Complied	<p>The Chief Executive Officer and the Chief Financial Officer attend Audit Committee meeting</p>

The Directors have pleasure in presenting herewith the Directors' Report for the year ended 31st March 2016 and the Audited Financial Statements of the Company as at date.

Principal Activities

The principal activities of the Company include the provision of Cold Chain Facility for perishables and export of fruits, vegetables & marine products.

Review of Operations

The review of operations during the year is dealt with in the Chairperson's Report.

Internal Controls

Please refer to the Corporate Governance Practices Statement and the Statement of Directors' Responsibilities on pages 06 & 13 respectively.

Corporate Governance

Please refer the Corporate Governance Practices on page 06 & 07.

Going Concern

Please refer the Statement of Directors' Responsibilities on page 13.

Employment Policy

The company's employment policy is non-discriminatory and practices equal opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender and marital status.

The company is also committed to the development and utilization of skills of the local labour force.

Corporate Donations

There were no political donations made, other donations granted during the year amounted Rs. 582,638/=

Financial Results

The following is a summary of the financial results of the operations of the Company for the year ended 31st March 2016.

	Company	
	2016	2015
Turnover	377,775,995	444,929,422
Profit/(Loss)before Taxation	(56,855,691)	(49,558,581)
Provision for Taxation	445,941	(1,240,058)
Profit/ (Loss) After Taxation	(56,409,749)	(50,798,639)
Retained Profit/ (Loss) B/F	(44,000,405)	14,646,397
Profit Available for Appropriation	(103,633,763)	(44,000,406)
Retained Profit C/F	(103,633,763)	(44,000,406)



Directorate:

Prof. Arthur Bamunuarachchi
Mrs. S.F. Fernando
Mr. Shiran Fernando
Mr. Roshan Fernando
Mr. Dilshan Fernando
Mr. A.R.Peiris

Capital Expenditure

The total expenditure incurred on the acquisition of Property, plant and equipment of the Company during the year amounted to Rs. 69,186/-. The amount incurred on capital work in progress is Rs. 412,540/-

Property, Plant and Equipment

The details of Property Plant and equipment acquired the year are given in note 12 to the Accounts.

Directors' Shareholdings – Voting

	2015/16	2014/15
Mrs. S. F. Fernando	482,865	482,865
Mr. Shiran Fernando	400,028	400,028
Mr. Roshan Fernando	400,028	400,028
Mr. Dilshan Fernando	633,895	633,895
Prof. A. Bamunuarachchi	-	-
Mr. A. R. Peiris	-	-

Directors' Shareholdings – Non Voting

	2015/16	2014/15
Mrs. S. F. Fernando	54,926	54,926
Mr. Shiran Fernando	33,708	33,708
Mr. Roshan Fernando	33,708	33,708
Mr. Dilshan Fernando	62,941	62,941
Prof. A. Bamunuarachchi	-	-
Mr. A. R. Peiris	-	-

Directors' Interest in Contracts

The Directors of the Company have no direct or indirect interest in any contract or proposed contracts of the Company, except those disclosed in the Note 30.2 to the Accounts which have been disclosed and declared at the Meetings of the Directors

Share Capital

As at 31st March 2016 the company had issued 280,000,000 ordinary shares and 40,000,000 Ordinary Non-Voting Shares and the stated capital of the company was Rs. 356,967,698/-. The total Company reserves as at 31st March 2016 was Rs.-97,772,627/= (2015 – Rs. -34,908,379/-) this consists of capital reserves of Rs. 5,861,135/- (2015- Rs. 9,092,027/-) and revenue reserve of Rs. -103,633,763/-. (2015 – Rs. -44,000,406) The movement in these reserves is shown in the statement of changes in equity in page no. 20.

The Financial Statements for the year have been audited by M/S SARMA & CO., Chartered Accountants who are being eligible offer themselves for re-appointment.

By order of the Board.
United Corporate Consultants & Secretaries (Pvt) Limited,
Secretaries to the Company
Colombo

31st August 2016

The responsibility of the Directors in relation to the financial Statements is set out in Auditors report in page 15 under the caption “Respective Responsibilities of Directors and Auditors.”

As per the provisions of the Companies Act No 07, 2007, the Directors are required to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the company as at the end of the financial year.

The Directors are of the view that is preparing these financial statements;

- a) Appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates are used, and that all Sri Lankan Accounting standards which they consider applicable are followed.
- b) That the company maintains Accounting records which disclose reasonable accuracy of the financial position of the Company.
- c) The Financial Statements comply with the Companies Act No. 07 of 2007 and the Sri Lanka Accounting standards.

The Directors are also of the view that the company has adequate resources to continue in operation and have applied the going concern basis in preparing these financial statements.

The Directors have provided the Auditors with every opportunity to take whatever steps and undertake whatever inspections they consider appropriate to express their opinion on the financial statements.

The Directors are of the opinion that the Financial Statements of the Company set out in Pages 15 to 53 have been prepared in accordance with the above requirements and that they have appropriately discharged their responsibilities as set out in this statement.

The Directors also confirm that to the best of their knowledge all taxes and duties payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the

employees of the Company, and all other known statutory obligations including retiring gratuities, as were due as the Balance Sheet date have been paid or provided for in the Financial Statements.

By Order of the Board of Directors
TESSAGRO PLC.
United Corporate Consultants & Secretaries (Pvt) Limited.

31st August 2016.

Composition of the Committee

In accordance with the Corporate Governance Guidelines, the Board appointed Audit Committee comprises Two Independent Non-Executive Directors namely Mr. A.R. Peiris, who functions in the capacity of Chairman, and Prof. Arthur Bamunuarachchi. The Financial knowledge and the business acumen and the independence of the members are brought to bear on the deliberation and judgments on matters that come within their purview.

Role of the Committee

The role and the responsibility of the committee are defined in the Audit Committee Charter, which is reviewed annually to ensure that new developments and other issues are properly addressed. The responsibilities of Committee are –

- Review the financial reporting process of the Tess Agro PLC to ensure accurate and effective financial reporting process is in place
- Review the operation and effectiveness of Internal Control Systems.
- Review the adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards (IFRS), Companies Act and other relevant financial reporting regulations.
- The committee monitors the external audit functions. The internal controls within the company are designed to provide reasonable but not absolute assurance to the Directors and assist them to monitor the financial position of the company.

Appointment of External Auditors

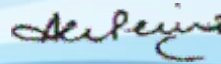
The audit committee makes recommendations to the Board on appointment, reappointment and removal of External Auditors and approvals of terms of engagement and remuneration.

Meetings

The Committee held four meetings during the financial year.

Conclusion

The audit committee is satisfied that the Company accounting policies, operational controls and risk management process provide reasonable assurance that the affairs of the Company is managed in accordance with company policies and that company assets are properly accounted for and adequately safeguarded.



A.R. Peiris
Chairman – Audit Committee
31st August 2016

**& Co.**

CHARTERED ACCOUNTANTS

Independent Auditors' Report**TO THE SHAREHOLDERS OF TESS AGRO PLC.****Report on the Financial Statements**

We have audited the accompanying financial statements of Tess Agro PLC, which comprise the statements of financial position as at 31st March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2016 and the financial statements give a true fair view of the Company's financial position at 31st March 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

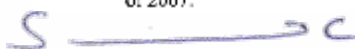
In terms of Section 163(2)

- The basis of opinion and scope and limitations of the audit are as state 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 its financial position as at March 31,2016 and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

The financial statements of the company comply with the requirement of section 151 of the Companies Act No. 07 of 2007.


CHARTERED ACCOUNTANTS
COLOMBO.Dated: August 31, 2016
VRP/ags/cz/Host-D

For the year ended 31 st March		2016	2015 (Restated)
	Note	Rs.	Rs.
Revenue	7	377,775,995	444,929,422
Cost of Sales		<u>(332,502,573)</u>	<u>(434,071,511)</u>
Gross Profit		45,273,422	10,857,911
Dividend Income	8	18,591	10,280
Other operating Income	9	7,246,929	255,430
Distribution Expenses		(32,390,926)	(4,301,814)
Administrative Expenses		(36,198,746)	(29,836,735)
Other operating Expenses		<u>(17,620,280)</u>	<u>(7,897,719)</u>
Results from Operating Activities		(33,671,011)	(30,912,646)
Finance Cost		(23,428,540)	(18,810,890)
Finance Income		243,860	164,955
Net Finance Cost		<u>(23,184,680)</u>	<u>(18,645,935)</u>
Profit/(Loss) Before Tax	10	(56,855,691)	(49,558,581)
Income Tax Expense	11	445,941	(1,240,058)
Profit/(Loss) for the year		<u><u>(56,409,749)</u></u>	<u><u>(50,798,639)</u></u>
		Rs.	Rs.
Earnings per Share - Basic		(0.18)	(0.16)

Figures in the brackets indicate deductions

The accounting policies and notes from pages 21 to 53 form an integral part of these financial statements.

For the year ended 31st March	2016	2015
	Rs.	(Restated)
		Rs.
Profit/(Loss) for the year	(56,409,749)	(50,798,639)
Other Comprehensive Income		
Net Change in Fair Value of Available for Sale Financial Assets	(1,437)	163,149
Actuarial gains (losses) on Employee benefit liabilities	<u>300,701</u>	<u>-</u>
Other Comprehensive income for the year, net of tax	<u>299,264</u>	<u>163,149</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(56,110,485)</u>	<u>(50,635,489)</u>

Figures in the brackets indicate deductions



Statement of Financial Position

Annual Report

As at 31st March

	Note	2016 Rs.	2015 (Restated) Rs.
ASSETS			
Non- Current Assets			
Property, Plant & Equipment	12	320,486,358	327,891,351
Leasehold Property	13	90,710,215	93,176,006
Deferred Tax Assets	26	2,528,078	2,527,610
Other Non Current Financial Assets	14	10,324,761	10,328,757
		<u>424,049,411</u>	<u>433,923,723</u>
Current Assets			
Inventories	15	2,210,291	5,635,552
Trade & Other Receivables	16	121,743,947	144,349,107
Amount due from Related Parties	17	29,923,117	32,035,062
Other Current Assets	18	40,733,662	37,925,900
Current Investments	19	1,557,699	1,327,939
Cash in Hand and at Bank	20	8,539,769	5,255,939
		<u>204,708,484</u>	<u>226,529,499</u>
Total assets		<u>628,757,896</u>	<u>660,453,222</u>
EQUITY & LIABILITIES			
Stated Capital	21	356,967,698	356,967,698
Reserves	22	(101,886,319)	(42,252,963)
Other Components of Equity	23	4,113,692	7,344,584
Total equity		<u>259,195,070</u>	<u>322,059,319</u>
Non-Current Liabilities			
Interest Bearing Borrowings	24	158,905,265	130,278,604
Employee Benefit Obligations	25	2,119,092	2,035,141
Deferred Tax Liability	26	14,838,485	15,326,745
		<u>175,862,842</u>	<u>147,640,490</u>
Current Liabilities			
Trade & Other Payables	27	48,825,512	37,144,158
Current Portion of Borrowings	24	33,173,550	37,560,770
Short Term Borrowings	24	59,610,682	74,073,135
Amount Due to Related Parties	28	24,934,999	3,346,550
Other Current Liabilities	29	1,016,667	1,028,789
Bank Overdrafts	20	26,138,574	37,600,012
		<u>193,699,983</u>	<u>190,753,414</u>
Total Equity and Liabilities		<u>628,757,896</u>	<u>660,453,222</u>

The above statement of financial position is to be read in conjunction with the accounting policies and notes to the financial statements on page 21 to 53.

I certify that the financial statements for the year ended 31st March 2016 are in compliance with the requirements of Companies Act No 7 of 2007.


Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by,


Chairperson


Director

August 31, 2016
Colombo
Sri Lanka

For the year ended 31 st March	2016	2015 (Restated)
	Rs.	Rs.
Cash Flow from Operating Activities		
Cash Receipt from Customers	406,702,507	469,079,641
Cash Paid to Suppliers and Employees	<u>(364,401,614)</u>	<u>(464,275,136)</u>
Cash used in Operations	42,300,893	4,804,506
Interest Paid	<u>(16,345,879)</u>	<u>(13,363,651)</u>
E.S.C Paid	<u>(12,528)</u>	<u>(214,856)</u>
Net Cash used in Operating Activities	25,942,486	(8,774,001)
Cash Flow from Investing Activities		
Acquisition of Property, Plant & Equipment	<u>(481,726)</u>	<u>(52,691,410)</u>
Interest Received	243,860	164,955
Dividend Received	18,591	10,280
Net Cash Flows Used in Investing Activities	<u>(219,275)</u>	<u>(52,516,174)</u>
Cash Flow from Financing Activities		
Repayment of Interest Bearing Borrowings	<u>(330,417,074)</u>	<u>(251,841,328)</u>
Proceeds from Interest Bearing Borrowings	<u>319,439,130</u>	<u>252,946,744</u>
Net Cash Flows from Financing Activities	<u>(10,977,944)</u>	<u>1,105,416</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	14,745,267	(60,184,759)
Cash & Cash Equivalents at the Beginning of the year	<u>(32,344,072)</u>	<u>27,840,687</u>
Cash & Cash Equivalents at the End of the year	<u><u>(17,598,805)</u></u>	<u><u>(32,344,072)</u></u>
Analysis of Cash and Cash Equivalents		
Favorable balances		
Cash in Hand and at Bank	8,539,769	5,255,939
Unfavorable balances		
Bank Overdraft	<u>(26,138,574)</u>	<u>(37,600,012)</u>
Total Cash and Cash Equivalents as stated above	<u><u>(17,598,805)</u></u>	<u><u>(32,344,072)</u></u>

For the year ended 31st March

	Stated Capital	Revaluation Surplus Rs.	Available for Sale Reserve Rs.	Capital Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st March 2014	356,967,698	10,182,022	228,868	1,747,443	14,645,397	383,771,428
Net Profit/(Loss) for the year	-	-	-	-	(50,798,639)	(50,798,639)
Other Comprehensive Income for the Year	-	-	163,149	-	-	163,149
Total Comprehensive Income for the Year	-	-	163,149	-	(50,798,639)	(50,635,489)
Prior Year Adjustments-Dividend payable	-	-	-	-	254,625	254,625
Prior Year Adjustments-Employee Benefit	-	-	-	-	257,855	257,855
Prior Year Adjustments-Deferred Tax	-	-	-	-	(11,589,099)	(11,589,099)
Transferred to/(from) retained earnings	-	(3,229,455)	-	-	3,229,455	-
Balance as at 31st March 2015	356,967,698	6,952,567	392,017	1,747,443	(44,000,406)	322,059,319
Net Profit/(Loss) for the year	-	-	-	-	(56,409,749)	(56,409,749)
Other Comprehensive Income for the Year	-	-	(1,437)	-	-	(1,437)
Actuarial gains (losses) on Employee benefit liabilities	-	-	-	-	300,701	300,701
Total Comprehensive Income for the Year	-	-	(1,437)	-	(56,109,048)	(56,110,485)
Prior Year Adjustments	-	-	-	-	(6,753,764)	(6,753,764)
Transferred to/(from) retained earnings	-	(3,229,455)	-	-	3,229,455	-
Balance as at 31st March 2016	356,967,698	3,723,112	390,580	1,747,443	(103,633,763)	259,195,070

1. REPORTING ENTITY

Tess Agro PLC is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Registered Office and principal place of business of the company is located at 87, New Nuge Road, Peliyagoda, Kelaniya.

The principal activities of the company are export of marine products and provision of Cold Chain facility for perishables.

Tess Agro PLC does not have an identifiable parent.

The notes to the financial statements on pages 21 to 53 form an integral part of the financial statements. The significant accounting policies have been explained below.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the cash flow statement together with the accounting policies and notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka and the requirement of the Companies Act No 7 of 2007.

2.2 Responsibility for financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of these financial statements.

2.3 Reporting Date

The financial statements of the company are prepared for each financial year, which ends on 31st March.

2.4 Approval of Financial Statements by Directors

The financial statements for the year ended 31st March 2016 are authorized for issue by the directors on 31st August 2016.

2.5 Basis of Measurement

The Financial Statements are prepared in Sri Lankan rupees, which is the company's functional currency.

The financial statements referred to are based on historical cost convention, except for property, plant & equipment which has been revalued as explained in accounting policies 3.4.1.1 below.

Financial assets classified as Available for Sale & Held to Maturity are measured at fair value are mentioned in note 14 and 19 to the accounts respectively.

The Company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques.

- Level 1: Quoted (unadjusted) price in active market for identical assets or liabilities
- Level 2: Directly or indirectly observable prices in active market for similar assets or liabilities
- Level 3: Inputs that are unobservable that reflect management own assumptions

2.6 Functional and presentation currency

These financial statements are presented in Sri Lankan rupees, which is the Companies' functional currency.

2.7 Going concern

The Directors have made an assessment as to the company's ability to continue as a going concern and are of the view that the company possess resources to continue in business for the foreseeable future. They further express that there is no intention to liquidate or cease operations of the business. Therefore the financial statements are prepared on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Comparative Information

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

The accounting policies set out below have been applied consistently for all periods presented in the financial statements by the Company.

3.2 Foreign currency transactions

3.2.1 Foreign currency transactions and balances

All transactions involving foreign exchange are translated at the rate of exchange prevailing at the time the transactions are affected. All monetary assets and liabilities in foreign currency at the year-end are translated at the rate prevailing on the reporting date. The resulting Gains or Losses are dealt with in the statement of comprehensive income.

Non – monetary assets and liabilities 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.

Foreign currency gains and losses are reported on a net basis in the statement of comprehensive income.

3.2.2 Foreign operations

The operations with the branch office in the overseas are translated in to functional currency at the rate of exchange prevailing at the transaction date and the year end balances are translated at the rate prevailing at the reporting date.

The assets and liabilities of foreign operations are translated to the reporting currency at the rate of exchange prevailing on the reporting date. Income and expenses of the foreign entities are translated at exchange rate approximating to the actual rate at the dates of the transactions.

3.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

3.4 Assets and bases of their Valuation

3.4.1 Property, Plant and Equipment

3.4.1.1 Recognition and Measurement

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

Property, plant and equipment are stated at cost or valuation less aggregate depreciation. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to the working condition for its intended use, and borrowing cost if the recognition criteria are met

Capital work in progress represents the accumulated construction cost of the new office premises and the cold room complex at Muthurajawela. Any Items of property, plant and equipment are recognized initially at cost.

The following classes of property, plant & equipment of the company was revalued on 31st March 2013.

- Leasehold Land
- Building Constructed
- Machinery
- Cool Room Equipment
- Motor Vehicles.

The revaluation of land and building were carried out by an independent valuer Mr. Arthur Perera a Graduate member of the Institute of Valuers (Sri Lanka).

The revaluation of other assets were carried out by an independent valuer Mr. R.G. Wijesinghe a Graduate Member of the Institute of Valuers (Sri Lanka).

Any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

When an item of property, plant and equipment are revalued, the entire class of such asset is revalued at fair value on the date of revaluation. The company has adopted a policy of revaluing assets by professional valuers at least every 5 years.

Borrowing cost that are directly attributable to the acquisition and construction of Muthurajawela project has been capitalized as per LKAS 23.

3.4.1.2 Subsequent cost

The company recognizes in the property, plant and equipment the cost of replacing a part of an item, if it is probable that the future economic benefits embodied in the item will flow to the company and the cost of the items can be measured reliably. The carrying amounts of the parts that are replaced are derecognized from the cost of the asset. The cost of day to day servicing of property, plant and equipment are recognized in the income statement as and when incurred.

Items of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefit is expected from its use. Any gain or loss arising on derecognizing of the asset is included in the income statement in the year the asset is derecognized.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken in to account in arriving at the gain or loss on disposal.

The carrying values of the property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

3.4.1.3 Depreciation

Provision for depreciation is calculated by using a straight line method on the cost or valuation of all property, plant and equipment, in order to write off such amounts over the estimated useful economic life of such assets.

The estimate useful lives of assets are as follows.

Assets	Years
Leasehold Premises	99 & 30 years
Buildings	50 years
Plant & Machinery	10 – 20 years
Office Equipment	05 – 10 years
Factory Equipment	10 years
Electrical Equipment	05 years
Tools	03 years
Furniture & Fittings	05 years
Motor Vehicles	05 years
Factory Utensils	10 years
Lab Equipment	10 years

Depreciation is provided on the assets when they become available for use.

3.5 Leases

3.5.1 Finance Leases

Leases in items of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases and capitalized & disclosed under property, plant and equipment at their revalued amount & depreciated over the period the company is expected to benefit from them.

The corresponding principal amount payable to the lessor is shown as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the outstanding balance of the liability. The interest payable over the period of the lease is transferred to an interest in suspense account. The interest element of the rental obligations pertaining to each financial year is charged to the income statement over the period of lease.

3.5.2 Lease Hold Property - Land

Lease rentals paid with regards to land usage rights are amortized over the lease term in accordance with the pattern of benefits provided.

Details of such lease rentals are given in note 13 to the Financial Statements.

3.6 Financial Instruments

Financial Instruments are recognized when the company becomes a party to the contractual provisions of the instrument.

Financial Instruments are initially measured at fair value.

3.6.1 Non- Derivative Financial Assets

3.6.1.1 Initial recognition and measurement

Financial assets are classified at their fair value through profit or loss, loans and receivables, held to maturity financial assets and available for sale financial assets.

The company recognizes loans and receivables and deposits on the day the transaction is originated. All other financial assets are recognized initially on the trade date at which the company becomes a party to the contractual provision of the instrument.

3.6.1.2 Financial assets at fair value through profit or loss

Financial assets are recognized at fair value through profit or loss, if it is classified as held for trading in the near future or is designated as such upon initial recognition.

3.6.1.3 Loans and Receivables

Loans and Receivables are initially recognized at fair value plus any directly attributable transaction cost.

Loans and receivables include cash and cash equivalents and trade and other receivables.

3.6.1.4 Held-to-maturity financial assets

Held to maturity financial assets are recognized initially at fair value plus any directly attributable significant transaction costs.

During the year the company has designated Fixed deposits as held to maturity investments.

3.6.1.5 Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the previous categories. Available sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

3.6.2 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that is impaired. A financial asset is impaired if, there is objective evidence as a result of one or more events that has occurred after the initial recognition of the financial asset (an incurred 'loss event') and the estimated future cash flows of the investment have been affected.

3.6.3 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. Gains or losses on liabilities held for trading are recognized in the income statement. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

3.6.4 Other financial liabilities

All financial liabilities other than those at fair value through profit and loss are classified as other financial liabilities.

3.6.5 Derecognition of financial assets

The Company derecognizes a financial asset when;

The right to receive cash flows from the asset have expired or the entity 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.

The entity has transferred substantially all the risks and rewards of the asset, or

All other financial liabilities are recognized initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method. The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and financial guarantee contracts.

3.6.7 Derecognition of financial liabilities

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

3.7 Investments

Investment in Non-Quoted equity shares are treated as other investment and measured at cost less impairment and treated as other investments in the company's financial statement.

3.8 Inventories

Inventories are stated at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The inventories are valued on a first in first out basis. The cost of inventories included cost of acquiring and bringing inventories to their present location and condition. Where production is involved cost of inventories included and appropriate proportion of production overheads based on normal based operating capacity.

3.9 Cash and Cash Equivalents

Cash & cash equivalents in the cash flow statement comprise cash at bank and in hand net of outstanding bank overdrafts.

3.10 Impairment

3.10.1 Non Financial Assets

The carrying amounts of the company's non-financial assets other than inventories and deferred tax are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognized in the income statement.

3.11 Income Tax Expenses

3.11.1 Current Taxes

Provision for income tax is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with the provision of the relevant tax statutes.

As per section 16A of Inland Revenue Act No. 10 of 2006 the operating profit of the company is exempt from income tax till year of assessment 2015/16.

3.11.2 Deferred Tax

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognize and measure assets and liabilities with rules that differ from those of the financial statements of the company.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rate that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

Deferred tax assets and liabilities recognized by the individual companies are disclosed separately as assets and liabilities in the company statement of financial position and are not offset against each other.

3.12 Economic Service Charge

As per the provision of the Economic Service Charge Act No.13 of 2006, economic service charge is payable on the liable turnover at the rate of 0.25%. Economic Service Charge is deductible from the income tax liability. Any unclaimed liability is carried forward and set off against the income tax payable subject to provision of the Act.

3.13 Provisions and Liabilities

Liabilities are recognized in the statement of financial position when there is a present obligation arising from a past event, the settlement of which is expected to result in an out flow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the statement of financial position date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the reporting date are treated as non-current liabilities in the statement of financial position.

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

3.14 Employee Benefits

3.14.1 Short Term Employee Benefits

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

3.14.2 Post Employee Benefits

3.14.2.1 Defined Benefit Plan – Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a Defined contribution plan.

The defined benefit obligation has been calculated based on the gratuity formula in Appendix E of LKAS 19 employee benefits. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 25 in the Financial Statements.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees in conformity with LKAS 19 on Retirement Benefit Costs.

However, according to the payment of Gratuity Act No 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

3.14.2.2 Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

All the employees are eligible for Employees' Provident Fund and Employees' Trust Fund Contributions. The Company contributes the defined percentages of earnings of the employees to Employees' Provident Fund managed by Central Bank of Sri Lanka and Employees' Trust Fund managed by Employees' Trust Fund Board respectively.

3.14.2.2.1 Employee Provident Fund and Employee Trust Fund

The company contributes a sum equivalent to 12% of the gross emoluments of employees employed in Sri Lanka as provident fund benefit and 3% as trust fund benefit.

3.15 Events after the reporting date

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the accounts.

4. INCOME STATEMENT

4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured on accrual basis net of trade discounts and value added taxes.

4.2 Loss

The Loss incurred by the company as shown in the income statement is after making provision for impairment, all known liabilities and depreciation of property, plant & equipment.

4.3 Dividend

Dividend income is recognized on cash basis.

4.4 Other Income

Other income is recognized on an accrual basis.

4.5 Finance Income and Expenses

Finance income comprises interest income of funds invested in fixed deposits. Finance expenses comprised of interest expenses on borrowing and leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in the income statement.

4.6 Borrowing Cost

Borrowing cost that is not directly attributable to the acquisition, construction or production of qualifying assets are recognized as an expense.

4.7 Expenditure Recognition

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment to keep them in good condition has been charged to the income statement.

For the purpose of presentation of the income statement, the “expenses by function” method has been adopted, on the basis that it presents fairly the elements of the company performance.

4.8 Turnover Based Taxes

Turnover based taxes include Value Added Tax, Economic Service Charge and Nation Building Tax.

4.9 Movement of reserves

Movements of reserves are disclosed in the Statement of Changes in Equity.

4.10 Cash Flow

The cash flow of the Company has been presented using the direct method in accordance with LKAS 7 – Statement of Cash Flow.

4.11 Earnings per Share

Basic Earnings per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue during the previous year is adjusted for events that changed the number of ordinary shares in issue without a corresponding change in the resources.

The following data has been used in the computation of the Basic Earnings per share:

For the year ended 31 st March	2016 Rs.	2015 Rs. (Restated)
Basic Earnings per Share	(0.18)	(0.16)
Amount used as the Numerator		
Net Profit /(loss) attributable to Ordinary Shareholders of the Company	(56,409,749)	(50,798,639)
Amount used as the Denominator		
Weighted average number of Ordinary Shares in issue	320,000,000	320,000,000

5. New accounting standards issued but not effective as at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for accounting periods beginning after the current financial year. Accordingly these standards have not been applied in preparing these Financial Statements. The Company expects that these standards when applied will have substantial impact on the financial performance, financial position and disclosures. The Company will be adopting these standards when they become effective.

SLFRS 9 -- Financial Instruments - effective for accounting periods beginning on or after 1st of January 2018.

SLFRS 14 -- Regulatory Deferral Accounts - effective for accounting periods beginning on or after 1st of January 2016.

SLFRS 15--Revenue from Contract with Customers - effective for accounting periods beginning on or after 1st of January 2018.

For the year ended 31st March	2016 Rs.	2015 Rs.
7. REVENUE		
Fish - Exports	377,735,712	426,510,956
- Local Sales	-	18,418,466
Gel Ice	40,283	-
	<u>377,775,995</u>	<u>444,929,422</u>
7.1 Geographical Segment Analysis		
Sale of fish		
-Sri Lanka	-	18,418,466
-Europe	377,735,712	426,510,956
Other Local Sales	40,283	-
Total	<u>377,775,995</u>	<u>444,929,422</u>
8. DIVIDEND INCOME		
Dividend Received	18,591	10,280
	<u>18,591</u>	<u>10,280</u>
9. OTHER OPERATING INCOME		
Exchange Gain-Revenue Nature	3,490,197	-
Sale of Rigiform Sheet	-	630
Creditors Balance Written Back	31,859	155,461
Reversal for Impairment of Trade Receivable	3,183,765	-
Dividend Payable Written Back	541,108	-
Sale of Packing Tuna	-	27,339
Profit on Sale of Refrigerent Gas	-	72,000
	<u>7,246,929</u>	<u>255,430</u>
10. PROFIT/ (LOSS) BEFORE TAX		
Profit before tax is stated after charging all expenses & crediting all the income including the followings.		
Depreciation of Property, Plant and equipment	10,352,510	11,862,099
Remuneration to directors	4,140,000	4,140,000
Staff expenses	7,657,060	15,580,600
Defined benefit plan cost - Gratuity	384,653	407,203
Defined contribution plan cost- EPF and ETF	906,743	1,270,854
Auditors' Remuneration	324,588	324,588
Donations	582,638	341,855
Deferred income	-	(196,829)

For the year ended 31 st March	2016 Rs.	2015 Rs.
11. INCOME TAX EXPENSE		
11.1 Tax Recognized in Statement of Comprehensive Income		
Current Tax Expenses		
Tax on Current Year Profit	11.2 42,787	30,022
Deferred Tax Expenses/ (Income)		
Deferred Tax Expenses/ (Income)	11.3 <u>(488,728)</u>	<u>1,210,036</u>
	<u>(445,941)</u>	<u>1,240,058</u>
11.2 Reconciliation of Accounting profit to taxable income.		
Profit/(Loss) before Taxation	(56,855,691)	(49,558,581)
Non - taxable receipts / Gains	(3,987,324)	(175,235)
Aggregate disallowed expenses	29,475,981	10,293,948
Capital Allowances	(11,354,114)	(12,656,913)
Income liable for income tax	235,092	164,955
Utilization of Tax Losses	(82,282)	(57,734)
Current year tax losses not utilised	<u>42,721,147</u>	<u>52,096,782</u>
Taxable Income/ (Tax Loss)	<u>152,810</u>	<u>107,222</u>
Income tax charged at:		
Concessionary rate of 12%	-	-
Standard rate 28%	<u>42,787</u>	<u>30,022</u>
	<u>42,787</u>	<u>30,022</u>
11.3 Deferred Tax Expenses/ (Income)		
Deferred Tax origination/ (Reversal) of temporary difference arising from,		
Property Plant and Equipment	(488,260)	1,235,288
Employee Benefit Obligation	(23,506)	(41,418)
Tax Losses Carried Forward	<u>23,038</u>	<u>16,166</u>
	<u>(488,728)</u>	<u>1,210,036</u>
11.4 Tax Losses carried forward		
Unabsorbed adjusted loss		
Tax losses brought forward	6,992,040	7,049,774
Utilization of tax losses	<u>(82,282)</u>	<u>(57,734)</u>
	<u>6,909,758</u>	<u>6,992,040</u>
Loss during exempt period		
Tax losses brought forward	107,267,124	55,170,342
Tax losses arising during the year	<u>42,721,147</u>	<u>52,096,782</u>
	<u>149,988,271</u>	<u>107,267,124</u>

The profits from sale of marine products of the company is exempt from income tax till year 2015/16.

12. PROPERTY, PLANT AND EQUIPMENT

COST/ VALUE	As at	Additions during the year	Transferred from / to Capital Work	As at
	01.04.2015			31.03.2016
	Rs.	Rs.	Rs.	Rs.
Building	145,462,833	-	383,572	145,846,405
Machinery	50,394,225	-	-	50,394,225
Office Equipment	10,044,391	55,196	-	10,099,587
Factory Equipment	5,692,248	13,990	-	5,706,238
Electrical Equipment	1,029,122	-	-	1,029,122
Tools	214,827	-	-	214,827
Furniture & Fittings	1,377,501	-	-	1,377,501
Motor Vehicles	15,977,714	-	-	15,977,714
Lab Equipment	537,757	-	-	537,757
Software	1,743,699	-	-	1,743,699
Capital Work in Progress	122,955,915	412,540	(383,572)	122,984,883
Total	355,430,232	481,726	-	355,911,958

ACCUMULATED DEPRECIATION	As at	Charge for the year	As at
	01.04.2015		31.03.2016
	Rs.	Rs.	Rs.
Building	4,234,381	2,916,927	7,151,308
Machinery	5,017,187	2,519,711	7,536,899
Office Equipment	5,635,926	697,093	6,333,020
Factory Equipment	4,066,248	304,143	4,370,391
Electrical Equipment	429,932	131,553	561,485
Tools	200,706	8,054	208,760
Furniture & Fittings	1,276,238	37,044	1,313,282
Motor Vehicles	6,391,086	1,044,047	7,435,133
Lab Equipment	112,807	53,776	166,583
Software	174,370	174,370	348,740
Total	27,538,882	7,886,719	35,425,600

CARRYING VALUE	As at	As at
	01.04.2015	31.03.2016
Building	141,228,452	138,695,097
Machinery	45,377,038	42,857,326
Office Equipment	4,408,465	3,766,568
Factory Equipment	1,626,000	1,335,847
Electrical Equipment	599,190	467,637
Tools	14,121	6,067
Furniture & Fittings	101,263	64,219
Motor Vehicles	9,586,628	8,542,581
Lab Equipment	424,950	371,174
Software	1,569,329	1,394,959
Capital Work in Progress	122,955,915	122,984,883
Total	327,891,351	320,486,358

As at 31 st March	2016 Rs.	2015 Rs.
CARRYING VALUE		
At Cost	8,175,654	7,725,038
At Valuation	<u>312,310,703</u>	<u>320,166,313</u>
Total	<u><u>320,486,358</u></u>	<u><u>327,891,351</u></u>

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation.

Land	30,471,114	31,509,907
Building Constructed	126,883,295	129,477,679
Capital Work in Progress	123,448,053	123,419,085
Machinery	5,347,402	5,533,240
Cool Room Equipment	11,896,600	15,073,309
Motor Vehicles	<u>5,283,315</u>	<u>8,911,086</u>
	<u><u>303,329,779</u></u>	<u><u>313,924,306</u></u>

13. LEASEHOLD PROPERTY

Cost

Balance at the beginning of the year	<u>98,107,588</u>	<u>98,107,588</u>
Additions during the year	<u>-</u>	<u>-</u>
Prior Year Adjustment	<u>-</u>	<u>-</u>
	<u>98,107,588</u>	<u>98,107,588</u>

Accumulated Amortization

Balance at the beginning of the year	<u>(4,931,582)</u>	<u>(2,465,791)</u>
Amortized during the year	<u>(2,465,791)</u>	<u>(2,465,791)</u>
Balance at the end of the year	<u>(7,397,373)</u>	<u>(4,931,582)</u>
	<u><u>90,710,215</u></u>	<u><u>93,176,006</u></u>

Prepaid lease rentals paid to acquire land use rights have been classified as leasehold property and are amortized over the lease term in accordance with the pattern of benefits provided.

Details of Leasehold Land as at 31st March 2016

	Leasehold Property Rs.	Extent of Land A - R - P	Period of Lease	Amount of amortized annually 2016 Rs.
Land at New Nuge Road, Pelliyagoda	56,042,055	0 - 1 - 1.26	99 years	709,393
Land at Polonnaruwa	3,952,000	9 - 3 - 20.8	30 years	395,200
Land at Muthurajawela	<u>38,113,533</u>	1 - - -	30 years	<u>1,361,198</u>
	<u><u>98,107,588</u></u>			<u><u>2,465,791</u></u>

As at 31 st March	Note	2016 Rs.	2015 Rs.
14. OTHER NON CURRENT FINANCIAL ASSETS			
Quoted Equity Investment	14.1	524,761	528,757
Non-Quoted Equity Investment	14.2	9,800,000	9,800,000
		<u>10,324,761</u>	<u>10,328,757</u>
	Number of Shares		
14.1 Quoted Equity Investment			
Merchant Bank of Sri Lanka Ltd	230	2,346	3,634
Seylan Bank Ltd	1,786	153,596	178,600
Vanic Incorporation Ltd	687	-	-
Bairaha Farms Ltd	300	43,200	32,520
Lanka Milk Foods Ltd	300	34,350	42,000
Chemical Industries (Colombo) Ltd	338	24,167	19,469
Browns Beach Hotel Ltd	300	9,750	7,500
Galadari Hotel Ltd	1,000	8,700	12,500
Richard Peries & Co. Ltd	500	105,600	65,150
Royal Ceramics Ltd	176	17,618	19,536
Sierra Cables	9,900	28,710	39,600
Dialog Telecom Ltd	4,020	41,004	41,808
Nation Trust Bank	400	29,680	40,040
Odel Ltd	1,200	26,040	26,400
Carrying Amount as at 31st March		<u>524,761</u>	<u>528,757</u>
Market Value as at 31st March		<u>524,761</u>	<u>528,757</u>
14.2 Non-Quoted Equity Investment			
Tropic Fishery (Pvt) Ltd			
Balance at the end of the year		9,800,000	9,800,000
		<u>9,800,000</u>	<u>9,800,000</u>
15. INVENTORIES			
Packing Materials		2,210,291	2,518,484
Fish		-	3,117,068
		<u>2,210,291</u>	<u>5,635,552</u>
16. TRADE & OTHER RECEIVABLES			
Debtors and Receivables		121,702,322	143,714,793
Staff Loans		41,625	367,982
Salary Advance		-	7,500
Insurance Claim		-	258,832
		<u>121,743,947</u>	<u>144,349,107</u>

As at 31 st March	Note	2016 Rs.	2015 Rs.
17. AMOUNT DUE FROM RELATED PARTIES			
Tess (Pvt) Ltd		28,410,708	30,411,114
Tropic Ice (Pvt) Ltd		1,512,409	1,512,409
Tropic Fishery (Pvt) Ltd		-	111,539
		<u>29,923,117</u>	<u>32,035,062</u>
18. OTHER CURRENT ASSETS			
Deposits, Advance & Prepayments		5,973,902	8,106,072
Income Tax Refundable	18.1	481,203	481,203
Tax Recoverable	18.2	34,278,557	29,338,625
		<u>40,733,662</u>	<u>37,925,900</u>
18.1 Income Tax Refundable			
At the beginning of the year		481,203	464,712
Provision During the Year		(42,787)	(30,022)
WHT Paid		-	16,491
Income Tax Payments, ESC Recovered		42,787	30,022.00
At the end of the year		<u>481,203</u>	<u>481,203</u>
18.2 Tax Recoverable			
VAT Recoverable		31,319,292	23,427,678
ESC Recoverable		2,959,265	5,910,947
		<u>34,278,557</u>	<u>29,338,625</u>
19. CURRENT INVESTMENTS			
Short Term Investment		1,557,699	1,327,939
		<u>1,557,699</u>	<u>1,327,939</u>
20. CASH AND CASH EQUIVALENTS			
Cash in Hand and at Bank		8,539,769	5,255,939
Bank Overdrafts		(26,138,574)	(37,600,012)
Cash and cash equivalents in the statement of cash flows		<u>(17,598,805)</u>	<u>(32,344,072)</u>
21. STATED CAPITAL			
Balance at the beginning of the year		<u>356,967,698</u>	<u>356,967,698</u>
Balance at the end of the year		<u>356,967,698</u>	<u>356,967,698</u>
		No. of shares	No. of shares
Balance at the beginning of the year		<u>320,000,000</u>	<u>320,000,000</u>
Balance at the end of the year		<u>320,000,000</u>	<u>320,000,000</u>

As at 31 st March	Note	2016 Rs.	2015 Rs.
22. RESERVES			
Capital Reserves		1,747,443	1,747,443
Revenue Reserves	22.1	<u>(103,633,762)</u>	<u>(44,000,406)</u>
		<u>(101,886,319)</u>	<u>(42,252,963)</u>

22.1 Revenue Reserves

The revenue reserve relates to retained earnings set aside by the company.

23. OTHER COMPONENT OF EQUITY

Available for Sale Reserve	23.1	390,580	392,017
Revaluation Surplus	23.2	<u>3,723,112</u>	<u>6,952,567</u>
		<u>4,113,692</u>	<u>7,344,584</u>

23.1 Available for Sale Reserve

This represent the fair value movement of assets categorised as Available for Sale in the Statement of Financial Position.

23.2 Revaluation Reserve

The revaluation reserve relates to Property Plant & Equipment which has been revalued by the Company.

24. INTEREST BEARING BORROWINGS

	Long Term Loan Rs.	Total 2016 Rs.	Total 2015 Rs.
As at the beginning of the year	167,839,373	167,839,373	190,923,618
Obtained during the year	187,188,500	187,188,500	7,000,000
Repaid during the year	(174,369,527)	(174,369,527)	(34,294,842)
Adjustments/ Exchange Differences	<u>11,420,469</u>	<u>11,420,469</u>	<u>4,210,598</u>
	192,078,815	192,078,815	167,839,373
Repayable within one year	<u>(36,473,550)</u>	<u>(36,473,550)</u>	<u>(37,560,770)</u>
Repayable after one year	<u>155,605,265</u>	<u>155,905,265</u>	<u>130,278,604</u>

	Short Term Loan Rs.	Total 2016 Rs.	Total 2015 Rs.
As at the beginning of the year	74,073,135	74,073,135	47,622,009
Obtained during the year	132,250,629	132,250,629	245,946,744
Prior Year Adjustment	6,701,416	6,701,416	-
Repaid during the year	(156,047,547)	(156,047,547)	(217,546,486)
Adjustments/ Exchange Differences	<u>2,633,047</u>	<u>2,633,047</u>	<u>(1,949,131)</u>
	59,610,681	59,610,681	74,073,135
Repayable within one year	<u>(59,610,681)</u>	<u>(59,610,681)</u>	<u>(74,073,135)</u>
Repayable after one year	<u>-</u>	<u>-</u>	<u>-</u>

24.1 Interest bearing liabilities analyzed by lending institution

	2016 Rs.	2015 Rs.
Commercial Bank	54,605,576	40,887,369
National Development Bank	<u>197,083,920</u>	<u>201,025,140</u>
	<u>251,689,496</u>	<u>241,912,509</u>

24.2 Security and Repayment terms
As at 31st March

Lending institution	Nature of facility	Interest rate	Security	Repayment terms	2016 Rs.	2015 Rs.	
Commercial Bank	Term Loan	6.5%	Primary Registered Mortgage Bond No 1171 for Rs. 7 million over leasehold rights of the company on the property no 89 new nuge road Peliyagoda owned by Tess Agro PLC	120 months	1,359,000	3,137,000	
Commercial Bank	Term Loan	PLR + 2.5%		60 months	-	761,335	
Commercial Bank	Term Loan	PLR + 2.5%		60 months	-	990,606	
Commercial Bank	Term Loan	14%		60 months	-	10,646,000	
Commercial Bank	Term Loan	AWPLR + 2.5%		54 months	16,250,000	-	
Commercial Bank	Term Loan	AWPLR + 2.5%		54 months	19,250,000	-	
Commercial Bank	Term Loan	PLR + 4%		24 months	-	8,020,829	
Commercial Bank	FCBU Loan	LIBOR+ 6%		Fifth Mortgage Bond no 84 for Rs. 9 m over the above property.	60 days	10,242,183	-
Commercial Bank	Pre Export Loan	LIBOR+ 6%		Sixth Mortgage Bond no. 600 for Rs.28 m over the above property.	60 days	7,504,393	17,331,600
NDB	Term Loan	5.5%			53 months	120,816,150	-
NDB	Term Loan	5.5%	Primary mortgage over stock and book debts for USD 315,000/- , enhanced to USD 630,000/- via primary mortgage bond No.306	28 months	-	7,000,000	
NDB	Term Loan	5.5%		53 months	17,362,800	-	
NDB	Term Loan	5.5%		53 months	17,040,865	-	
NDB	Short Term Loan	5.5%	Corporate Guarantee from Tropic Fishery (Pvt) Limited for USD 980,000/-	60 months	41,864,105	56,741,536	
NDB	Term Loan	5.5%	Personal Guarantee from Mr. Dilshan Fernando for USD 1,545,000/-	60 months	-	137,283,604	
					<u>251,689,496</u>	<u>241,912,509</u>	

24.3 Interest bearing liabilities Analyzed by Currency Equivalent in Rupees

	2016		2015	
	%	Rs.	%	Rs.
United States Dollars	85.36	214,830,496	87.37	211,356,739
Sri Lankan Rupees	14.64	36,859,000	12.63	30,555,770
	<u>100.00</u>	<u>251,689,496</u>	<u>100.00</u>	<u>241,912,509</u>

24.4 Interest bearing liabilities Analyzed by Capital Repayment

Bank/ Institution	Less than	Payable	Payable	Payable	Total
	3 months	within 3-12 months	within 1-2 years	within 2-5 years	
	Rs.	Rs.	Rs.	Rs.	Rs.
Commercial Bank	17,746,576	8,259,000	15,933,000	12,667,000	54,605,576
National Development Bank	-	70,078,655	63,663,600	63,341,665	197,083,920
	<u>17,746,576</u>	<u>78,337,655</u>	<u>79,596,600</u>	<u>76,008,665</u>	<u>251,689,496</u>

As at 31 st March	2016 Rs.	2015 Rs.
25. EMPLOYEE BENEFIT OBLIGATIONS		
Obligation as at the beginning of the year	2,035,141	1,885,792
Current Service Cost	233,832	119,128
Interest Cost on Benefit Obligation	150,821	249,664
Prior Year Adjustment	-	(257,855)
Payments during the year	-	-
(Gain)/ Loss arising from changes in assumptions or due to (over)/under provision in the previous year	(300,701)	38,411
Obligation at the end of the year	<u>2,119,092</u>	<u>2,035,141</u>

The retirement benefit obligation of the company is based on the gratuity formula in Appendix E of LKAS 19 Employee Benefits.

The Principal assumptions used in determining the cost of employee benefits were:

Discount rate	8%
Future Salary Increments rate	0.0%

25.1 Expenses recognised in the income statement

Expenses recognised in the income statement

Current service cost	233,832	119,128
Interest cost	150,821	249,664

Expenses recognised in other comprehensive income

Net actuarial (gains)/losses	(300,701)	38,411
Total	<u>83,952</u>	<u>407,203</u>

25.2 Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2015/16

The sensitivity of the Comprehensive Income and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss for the year and employment benefit obligations as at 31st March 2016.

	Effect on comprehensive income (reduction)/increase	Effect on employment benefit liability (reduction)/increase
Increase/(decrease) in discount rate		
-1%	18,853	(18,853)
+1%	(18,853)	18,853
Increase/(decrease) in salary escalation rate		
-1%	36,583	(36,583)
+1%	(36,583)	36,583

As at 31 st March	2016 Rs.	2015 Rs.
26. DEFERRED TAX LIABILITY		
26.1 Movement in Deferred Tax Liabilities		
Balance at the beginning of the year	12,799,135	11,589,099
Origination of temporary differences transferred to / (from) income statement	<u>(488,728)</u>	<u>1,210,036</u>
Balance at the end of the year	<u><u>12,310,407</u></u>	<u><u>12,799,135</u></u>
26.2 Composition of Deferred Tax Liabilities		
Property Plant and Equipment	14,838,485	15,326,745
26.3 Composition of Deferred Tax Assets		
Employee Benefit Obligation & Tax Losses	<u>(2,528,078)</u>	<u>(2,527,610)</u>
	<u><u>12,310,407</u></u>	<u><u>12,799,135</u></u>
27. TRADE AND OTHER PAYABLES		
Accrued Charges	1,423,898	1,342,290
Trade Creditors	47,401,613	35,260,761
Dividend Payable	<u>-</u>	<u>541,108</u>
	<u><u>48,825,512</u></u>	<u><u>37,144,158</u></u>
28. AMOUNT DUE TO RELATED PARTIES		
Directors		
Mrs. S. F. Fernando	1,750,000	290,950
Mr. Dilshan Fernando	4,650,012	-
Companies		
Tropic Frozen Foods (Pvt) Ltd	3,055,600	3,055,600
Tropic Fishery (Pvt) Ltd	<u>15,479,387</u>	<u>-</u>
	<u><u>24,934,999</u></u>	<u><u>3,346,550</u></u>
29. OTHER CURRENT LIABILITIES		
Other Tax Payables		
VAT Payable	1,009,262	1,008,855
ESC	<u>7,405</u>	<u>19,933</u>
	<u><u>1,016,667</u></u>	<u><u>1,028,789</u></u>

30. RELATED PARTY TRANSACTIONS

The company carries out transaction in the ordinary course of business with parties who are defined as related parties as per Sri Lanka Accounting Standard LKAS 24 – Related Party Disclosures.

30.1 Parent and ultimate controlling party

Company does not have an identifiable parent of its own.

30.2 Transaction with key management personnel

The company considers its board of directors as the key management personnel.

There were no loans given to directors of the company during the financial year or as at the year end.

Compensation paid to/ on behalf of key management personnel of the company as follows.

	Rs.
Short term employee benefits	4,140,000

No post employment benefits were paid to key management personnel of the company during the year. The company did not have any material transactions with its key management personnel or the close family members during the year.

Mrs. S.F. Frenando Chairperson of the company is also Director of the Tess (Pvt) Ltd, Tropic Fishery (Pvt) Ltd & Tropic Frozen Foods (Pvt) Ltd.

Mr. S. Fernando a Director of company is also a Director of the Tess (Pvt) Ltd, Tropic Fishery (Pvt) Ltd & Tropic Frozen Foods (Pvt) Ltd.

Mr. D. Fernando a Director / CEO of the company is also a Director of the Tess (Pvt) Ltd, Tropic Fishery (Pvt) Ltd & Tropic Frozen Foods (Pvt) Ltd.

Mr. R. Fernando a Director of the company is also a Director of the Tess (Pvt) Ltd, Tropic Fishery (Pvt) Ltd & Tropic Frozen Foods (Pvt) Ltd.

Transaction carried out by the company with those companies which mentioned above are disclosed in note no. 17 & 28.

Details of transaction carried out by the company with related parties & outstanding balances with the related parties are given in note no. 30.3.

30.3 Details of transactions carried out with Related Companies.

Name of the Related Party	Relationship	Nature of transaction	Terms of the transaction	Transaction with Tess Agro PLC	
				2015/16 Rs.	2014/15 Rs.
Tess (Pvt) Ltd	Related Company	Rebursments	Short Terms	10,025,490	16,975,182
		Short term advances	Short Terms	9,663,000	16,481,318
Tropic Fishery (Pvt) Ltd	Related Company	Purchase of fish	Market Terms	(15,590,926)	78,605
		Rebursments	Short Terms	-	3,275,160

30.4 Amount due from/ (to) Related Parties

Name of the Related Party	Balance with Tess Agro PLC	
	31.03.2016 Rs.	31.03.2015 Rs.
Tess (Pvt) Ltd	28,410,708	30,411,114
Tropic Ice (Pvt) Ltd	1,512,409	1,512,409
Tropic Fishery (Pvt) Ltd	(15,479,387)	111,539
Tropic Frozen Foods Ltd	(3,055,600)	(3,055,600)

31. Foreign Currency Translation

The Principle exchange rates used for translation of assets and liabilities as at the reporting date is as follows:

	31.03.2016	31.03.2015
US Dollars	144.69	133.32
GB Pound	207.90	-
Euro	163.95	144.28

32. Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The following table analyse the carrying amount of financial assets and liabilities by category as defined in LKAS 39 - Financial Instruments: Recognition and measurement under headings reported in the Statement of Financial Position:

	Notes	Financial Assets Available for Sales	Financial Assets Loans & Receivables	2015/2016 Financial Assets Held to Maturity	Financial Liabilities Other Financial Liabilities	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets						
Other Non Current Financial Assets	14	10,324,761	-	-	-	10,324,761
Trade & Other Receivables	16	-	121,743,947	-	-	121,743,947
Amount due from Related Parties	17	-	29,923,117	-	-	29,923,117
Short Term Investment	19	-	-	1,557,699	-	1,557,699
Cash in Hand and at Bank	20	-	8,539,769	-	-	8,539,769
Total financial Assets						
- Total non-current		10,324,761	-	-	-	10,324,761
- Total current		-	160,206,832	1,557,699	-	161,764,531
		<u>10,324,761</u>	<u>160,206,832</u>	<u>1,557,699</u>	<u>-</u>	<u>172,089,292</u>
Financial Liabilities						
Interest Bearing Borrowings	24	-	-	-	158,905,265	158,905,265
Employee Benefit Obligation	25	-	-	-	2,119,092	2,119,092
Trade & Other Payables	26	-	-	-	48,825,512	48,825,512
Short Term Borrowings	24	-	-	-	92,784,232	92,784,232
Amount Due to Related Parties	27	-	-	-	24,934,999	24,934,999
Bank Overdraft	20	-	-	-	26,138,574	26,138,574
Total Financial Liabilities						
- Total non-current		-	-	-	161,024,357	161,024,357
- Total current		-	-	-	192,683,316	192,683,316
		<u>-</u>	<u>-</u>	<u>-</u>	<u>353,707,673</u>	<u>353,707,673</u>

	Notes	Financial Assets Available for Sales Rs.	Financial Assets Loans & Receivables Rs.	2014/2015 Financial Assets Held to Maturity Rs.	Financial Liabilities Other Financial Liabilities Rs.	Total Rs.
Financial Assets						
Other Non Current Financial Assets	14	10,328,757	-	-	-	10,328,757
Trade & Other Receivables	16	-	144,349,107	-	-	144,349,107
Amount due from Related Parties	17	-	32,035,062	-	-	32,035,062
Short Term Investment	19	-	-	1,327,939	-	1,327,939
Cash in Hand and at Bank	20	-	5,255,939	-	-	5,255,939
Total financial Assets						
- Total non-current		10,328,757	-	-	-	10,328,757
- Total current		-	181,640,108	1,327,939	-	182,968,047
		<u>10,328,757</u>	<u>181,640,108</u>	<u>1,327,939</u>	<u>-</u>	<u>193,296,804</u>
Financial Liabilities						
Interest Bearing Borrowings	24	-	-	-	130,278,604	130,278,604
Employee Benefit Obligation	25	-	-	-	2,035,141	2,035,141
Trade & Other Payables	26	-	-	-	37,144,158	37,144,158
Short Term Borrowings	24	-	-	-	111,633,905	111,633,905
Amount Due to Related Parties	27	-	-	-	3,346,550	3,346,550
Bank Overdraft	20	-	-	-	37,600,012	37,600,012
Total Financial Liabilities						
- Total non-current		-	-	-	132,313,745	132,313,745
- Total current		-	-	-	189,724,625	189,724,625
		<u>-</u>	<u>-</u>	<u>-</u>	<u>322,038,370</u>	<u>322,038,370</u>

33. Fair values measurement

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position as at the reporting date are as follows:

	2015/2016		2014/2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Other Non Current Financial Assets				
- Quoted equity investments	524,761	524,761	528,757	528,757
Trade & Other Receivables	121,743,947	121,743,947	144,349,107	144,349,107
Short Term Investment	1,557,699	1,557,699	1,327,939	1,327,939
Cash in Hand and at Bank	8,539,769	8,539,769	5,255,939	5,255,939
Total Financial Assets	<u>132,366,176</u>	<u>132,366,176</u>	<u>151,461,743</u>	<u>151,461,743</u>
Financial Liabilities				
Interest Bearing Borrowings	192,078,815	192,078,815	167,839,373	167,839,373
Employee Benefit Obligation	2,119,092	2,119,092	2,035,141	2,035,141
Trade & Other Payables	48,825,512	48,825,512	37,144,158	37,144,158
Short Term Borrowings	59,610,682	59,610,682	74,073,135	74,073,135
Bank Overdraft	26,138,574	26,138,574	37,600,012	37,600,012
Total Financial Liabilities	<u>328,772,674</u>	<u>328,772,674</u>	<u>318,691,820</u>	<u>318,691,820</u>

A number of the Companies' accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods:

Property plant and equipment

The fair value of freehold land is determined based on market values.

The market value of land is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

Other Investments in Unquoted equity Shares

The fair value investments in quoted equity shares for which there is an active share market is determined using the closing market prices. Investments in non quoted shares are determined based on present value of future cash flows discounted at the market interest rates at the reporting date.

Trade and other receivables

Fair value of trade receivables is determined at amount estimated to be realized after making provision for impairment which is computed based on a loss rate using past three years debtors data.

Fair value of other receivables are determined based on the amount estimated to be reasonably realized.

Financial Liabilities

Fair value of interest bearing borrowings, Trade and other payable and short term bank borrowings are determined based on the amount estimated to be reasonably incurred in the foreseeable future.

34. FAIR VALUE MEASUREMENT

The company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques.

Level 1: Quoted (unadjusted) price in active market for identical assets or liabilities

Level 2: Directly or indirectly observable prices in active market for similar assets or liabilities

Level 3: Inputs that are unobservable that reflect management own assumptions

31.1. Fair value measurement hierarchy - Company

As at 31 st March 2016	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Recurring fair value measurement				
Assets measured at fair value				
Other non current financial assets				
Quoted equity investments	524,761	-	-	524,761
Non - Quoted equity investments	-	-	9,800,000	9,800,000
	<u>524,761</u>	<u>-</u>	<u>9,800,000</u>	<u>10,324,761</u>
Liabilities measured at fair value				
Long term Interest bearing liabilities	-	192,078,815	-	192,078,815
Short term Interest bearing liabilities	-	59,610,682	-	59,610,682
	<u>-</u>	<u>251,689,496</u>	<u>-</u>	<u>251,689,496</u>

35. FINANCIAL RISK MANAGEMENT

The company is subject to market risk, credit risk and liquidity risk and the financial impact that would arise from those risks are mentioned below.

35.1 Market Risk

Market Risk is the risk that the fair value of future expected cash flows of financial instruments will differ from actual cash flows due to impact of external factors such as fluctuation in market interest rates and exchange rates.

Market risk comprise of the following type of risks:

- * Interest rate risk
- * Foreign exchange risk
- * Equity price risk

35.1.1 Interest Rate Risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instruments will fluctuate because of changes in market interest rate. The companies' exposure to the risk of changes in market interest rate associate with long term debt obligation with floating interest rate.

The Companies' exposure to interest rate risk as at 31st March 2016 and sensitivity analysis to Profit & loss if interest rate increased/decrease by 1% for Rupee loans and 1% for USD loans.

Year	2015/2016	Increase/Decrease Interest Rate	Effect on Profit before Tax Rs.
	Sri Lankan Rupee Loans	1.00%	514,400
	USD Loans	1.00%	3,066,812
			<u>3,581,212</u>

Total interest bearing liabilities of the company denominated in USD amounted to Rupees 214.8 million.

35.1.2 Foreign Exchange Risk

Foreign currency risk is the risk that the fair value of the future cash flows of financial instruments denominated in foreign currency will fluctuate because of changes in foreign exchange rates. The company has business spread across the world and transacts in a multitude of currencies. Therefore the company is exposed to revenue generation and borrowings.

The trade receivables denominated in foreign currency amounted to Rupees 121.2 million.

The Companies' exposure to foreign currency risk as at 31st March 2016 and sensitivity analysis to Profit & loss and Equity if exchange rate increase/ decrease by Rs.1/-.

Profit & Loss

Foreign Currency exposure for 2015/2016

Foreign currency denominated income	EURO	2,368,483
Foreign currency denominated Expense	USD	2,051,843
Foreign currency denominated Expense	EURO	<u>60,715</u>
Net exposure - in foreign currency		255,924

Avg conversion rate used for the year 2015/2016	USD	139.01
Avg conversion rate used for the year 2015/2016	EURO	153.77

Net exposure - in Rs 69,632,309

Sensitivity Analysis

Avg conversion rate with Rs. 1.00 increase	USD	140.01
Avg conversion rate with Rs. 1.00 increase	EURO	154.77
Avg conversion rate with Rs. 1.00 decrease	USD	138.01
Avg conversion rate with Rs. 1.00 decrease	EURO	152.77

Net exposure - in SLR with Rs. 1.00 increase in the average conversion rate - in Rs. 69,894,643

Net exposure - in SLR with Rs. 1.00 decrease in the average conversion rate - in Rs. 69,382,794

Impact to Profit & Loss

with Rs. 1.00 increase in the average conversion rate - in Rs.	262,334
with Rs. 1.00 decrease in the average conversion rate - in Rs.	249,515

FINANCIAL RISK MANAGEMENT (CONTND...)

35.1.3 Equity Price Risk

The company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The Companies' exposure to equity price risk as at 31st March 2016 and sensitivity analysis to Profit & loss and Equity if market price increase / decrease by Rs. 1/-.

Sensitivity Analysis

Total number of quoted equity shares	21,137
Market price with Rs. 1.00 increase	21,137
Market price with Rs. 1.00 decrease	20,450

Impact to Comprehensive Income

with Rs. 1.00 increase in the Market price - in Rs.	21,137
with Rs. 1.00 decrease in the Market price - in Rs.	20,450

35.2 Liquidity Risk

Liquidity refers to the ability to meet future liability of a business as and when they become due. The company has ensured that it maintains sufficient liquid assets to meet all its funding requirements by closely monitoring and forecasting future funding needs.

As at 31 st March 2016	Carrying Amount Rs.	Current Rs.	Non- Current Rs.	Payable on Demand Rs.
Financial Liabilities				
Interest Bearing Borrowings	192,078,815	33,173,550	158,905,265	-
Trade Payables	47,401,613	47,401,613	-	-
Other Provisions and Payables	1,423,898	1,423,898	-	-
Short term Bank Borrowings	85,749,255	59,610,682	-	26,138,574
Total	<u>326,653,592</u>	<u>144,909,743</u>	<u>158,905,265</u>	<u>26,138,574</u>

FINANCIAL RISK MANAGEMENT (CONTND...)

35.3 Credit Risk

Credit risk refers to the risk faced by the company due to the risk of counterparty defaulting on its contractual obligation in relation to a financial instrument or customer contract. The company is exposed to credit risk from its operating activities due to wide spread of customer base across the globe.

As at 31st March 2016	Balance Rs.	Allocation %
Financial Assets		
Available for sale Investments		
Quated Equity Investments	524,761	0.39%
Non-Quated Investments	9,800,000	7.33%
Loans & Receivables		
Trade & Other Receivables	121,743,947	91.11%
Short Term Investment	1,557,699	1.17%
Total credit exposure	<u>133,626,407</u>	<u>100.00%</u>

Credit exposure on Receivables

Trade Receivables

The Companies' maximum exposure to credit risk on trade receivables as at the year end based on the carrying value in the statement of financial position is given below:

As at 31st March 2016	Note	Rs.
Trade Receivables	16	<u>121,702,322</u>
Total		<u>121,702,322</u>

FINANCIAL RISK MANAGEMENT (CONTND...)

Maximum exposure to credit risk for trade receivables at the reporting date by type of counterparty

The below table gives an overview of the Companies' credit exposure related to trade receivables by counterparty.

As at 31st March 2016	Balance Rs.	Allocation %
Operators - Local	24,400	0.02%
Operators - Foreign	54,697,826	45.11%
Related	66,538,162	54.87%
Total	<u>121,260,387</u>	<u>100.00%</u>

Impairment Loss for Trade Receivables

As at 31st March 2016	Balance Rs.
Less than 30 days	88,323,071
30 - 60 days	946,099
60 - 90 days	8,400
90 -180 days	8,000
180 - 365 days	-
More than 365 days	<u>31,974,816</u>
	<u>121,260,387</u>
Less: Impairment of Trade Receivables	-
Carrying Value of Trade Receivables	<u>121,260,387</u>

The movement in the allowance for impairment in respect of trade receivables during the year was:

As at 31st March 2016	Balance Rs.
Balance at the beginning of the year	3,183,765
Impairment provision recognised	-
Reversal of Impairment provision	<u>(3,183,765)</u>
Balance at the end of the year	<u>-</u>

VALUE ADDED STATEMENT

As at 31st March	2016 Company Rs '000	2015 Company Rs '000
Net Sales	377,776	444,929
Add: Other Income	7,247	255
	<u>385,023</u>	<u>445,185</u>
Less: Cost of Materials & Services	(401,646)	(449,556)
	<u>(16,623)</u>	<u>(4,371)</u>
Remuneration to Employees	13,088	21,399
Interest on Loan	16,346	13,364
Depreciation	10,353	11,665
Dividends	-	-
Profit Retained	(56,410)	(50,799)
	<u>(16,623)</u>	<u>(4,371)</u>

FIVE YEARS SUMMARY

Year ended 31 st March	2012	2013	2014	2015 (Restated)	2016
Operating Results					
Revenue	566,506,402	507,506,402	365,067,568	444,929,422	377,775,995
Cost of sales	(510,514,879)	(466,481,988)	(328,958,864)	(434,071,511)	(332,502,573)
Gross Profit	<u>55,991,523</u>	<u>41,024,414</u>	<u>36,108,704</u>	<u>10,857,911</u>	<u>45,273,422</u>
Net Profit / (Loss) Before Taxation	17,656,243	(15,808,289)	(18,465,385)	(49,558,581)	(56,855,691)
Less: Provision for Taxation	-	-	-	(1,240,058)	445,941
Net Profit / (Loss) for the year	<u><u>17,656,243</u></u>	<u><u>(15,808,289)</u></u>	<u><u>(18,465,385)</u></u>	<u><u>(50,798,639)</u></u>	<u><u>(56,409,749)</u></u>
Shareholder's Funds					
Stated Capital	204,967,698	204,967,698	356,967,698	356,967,698	356,967,698
Reserves and Retained Earnings	<u>104,591,099</u>	<u>124,535,246</u>	<u>26,803,729</u>	<u>(34,908,379)</u>	<u>(97,772,628)</u>
Total Shareholder's Funds	<u><u>309,558,797</u></u>	<u><u>329,502,944</u></u>	<u><u>383,771,427</u></u>	<u><u>322,059,319</u></u>	<u><u>259,195,070</u></u>
Liabilities					
Interest Bearing Borrowings	31,077,863	76,734,358	152,189,909	130,278,604	158,905,265
Employee Benefit Obligations	1,338,258	1,728,594	1,885,792	2,035,141	2,119,092
Other Deferred Liabilities	1,437,229	817,029	196,829	-	-
Deferred Tax Liability	-	-	-	15,326,745	14,838,485
Trade & Other Payables	45,071,714	28,330,237	34,459,942	37,144,158	48,825,512
Current Portion of Borrowings	9,089,071	56,321,830	38,733,709	37,560,770	33,173,550
Short Term Borrowings	82,428,176	94,261,855	47,622,009	74,073,135	59,610,682
Amount Due to Related Parties	5,050,191	3,105,590	3,309,531	3,346,550	24,934,999
Other Current Liabilities	1,141,954	1,861,620	1,243,541	1,028,789	1,016,667
Bank Overdrafts	<u>30,022,155</u>	<u>24,261,956</u>	<u>2,154,102</u>	<u>37,600,012</u>	<u>26,138,574</u>
Total Equity and Liabilities	<u><u>516,215,407</u></u>	<u><u>616,926,012</u></u>	<u><u>665,566,791</u></u>	<u><u>660,453,222</u></u>	<u><u>628,757,896</u></u>

FIVE YEARS SUMMARY (CONTND...)

Year ended 31 st March	2012	2013	2014	2015 (Restated)	2016
Assets					
Property, Plant & Equipment	282,419,422	337,941,590	284,596,249	327,891,351	320,486,358
Leasehold Property	9,937,290	9,937,290	95,641,797	93,176,006	90,710,215
Deferred Tax Assets	-	-	-	2,527,610	2,528,078
Other Non Current Financial Assets	-	-	10,165,607	10,328,757	10,324,761
Inventories	12,846,079	9,172,819	7,727,826	5,635,552	2,210,291
Trade & Other Receivables	151,374,654	182,731,012	177,437,200	144,349,107	121,743,947
Amount due from Related Parties	14,935,046	25,762,508	27,359,974	32,035,062	29,923,117
Other Current Assets	22,006,916	39,891,851	31,463,833	37,925,900	40,733,662
Current Investments	11,647,078	1,179,516	1,179,516	1,327,939	1,557,699
Cash in Hand and at Bank	11,048,923	10,309,426	29,994,789	5,255,939	8,539,769
Total assets	<u>516,215,407</u>	<u>616,926,012</u>	<u>665,566,791</u>	<u>660,453,222</u>	<u>628,757,896</u>
Cash Flow					
Cash Flow from Operating Activities	(29,217,064)	(81,506,908)	12,362,663	(8,774,001)	25,942,486
Cash Flow from Investing Activities	(41,835,380)	(16,907,345)	(53,199,477)	(52,516,174)	(219,275)
Cash Flow from Financing Activities	73,368,442	103,434,955	82,630,031	1,105,416	(10,977,944)
Net Cash Increase/(Decrease)	<u>2,315,998</u>	<u>5,020,703</u>	<u>41,793,217</u>	<u>(60,184,759)</u>	<u>14,745,267</u>

FIVE YEARS SUMMARY (CONTND...)

		2012	2013	2014	2015 (Restated)	2016
KEY INDICATORS						
	Units					
Dividend per Share	Rs.	0.05	-	-	-	-
Dividend Growth Rate	%	-	-	-	-	-
Dividend Cover	Times	1.96	-	-	-	-
Earnings per Share	Rs.	0.10	(0.09)	(0.06)	(0.16)	(0.18)
Earnings Growth Rate	%	(0.12)	(1.90)	0.02	(5.88)	0.00
Return on Shares Holder's Funds	%	0.06	(0.05)	(0.05)	(0.16)	(0.22)
Net Assets per Share	Rs.	1.72	1.83	1.20	1.00	0.81
Market Value per Share	Rs.	2.60	2.00	1.30	1.30	1.10
Price/Earnings Ratio	Ratio	26.00	negative	negative	negative	negative
Current Ratio	Times	1.30	1.29	2.16	1.19	1.06
Interest Cover	Times	6.97	(1.05)	0.13	(1.77)	(1.74)
Debt/ Equity	%	0.20	0.31	0.62	0.76	0.97

1. Financial Results

For the year ended 31st March

	2016	2015
	Rs.	(Restated) Rs.
Revenue	377,775,995	444,929,422
Profit / (Loss) before Tax	(56,855,691)	(49,558,581)
Income Tax Expense	445,941	(1,240,058)
Profit / (Loss) for the period	(56,409,749)	(50,798,639)
Retained Profit/(Loss) B/F	(44,000,406)	14,645,397
Profit / (Loss) available for Appropriation	(103,633,763)	(44,000,406)
Retained Profit / (Loss) C/F	(103,633,763)	(44,000,406)

2. Stock Exchange

The Income Statement for the year ended 31st March 2016 and the Balance Sheet of Company, has been submitted to the Colombo Stock Exchange within three Months of the Balance sheet date.

3. Ordinary voting shareholders as at 31st March 2016.

Range	No of Shareholders	No of Shares	% Holding
1-500	1533	189,122	0.1%
501-1,000	334	253,802	0.1%
1,001-10,000	1583	6,132,452	2.2%
10,001-50,000	690	15,764,656	5.6%
50,001-100,000	157	11,691,954	4.2%
100,001-500,000	138	30,015,939	10.7%
500,001-1,000,000	24	18,245,778	6.5%
1,000,001-10,000,000	16	44,764,588	16.0%
Over-10,000,000	3	152,941,709	54.6%
	4478	280,000,000	100.0%

4. Analysis of Shareholders

Individuals / Institutions	No of Shareholders	As a %	No of Shares	As a%
Individuals	4,439	99.13%	118,197,121	42.21%
Institutions	39	0.87%	161,802,879	57.79%
	4,478	100%	280,000,000.000	100%
Resident / Non Resident	No of Shareholders	As a %	No of Shares	As a%
Resident	4,472	99.87%	279,713,202	99.90%
Non Resident	6	0.13%	286,798	0.10%
Share Held by Public	138,297,922	49.39%		

5. Major Shareholders

The twenty largest voting shareholders of the Company as at 31st March 2016.

Major Shareholders	No. of Shares	%
1 TESS (PRIVATE) LIMITED	105,791,456	37.78%
2 SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	33,993,806	12.14%
3 DE SILVA. S.A.MRS.	13,156,447	4.70%
4 TROPIC FROZEN FOODS LTD	7,940,733	2.84%
5 DE SARAM W.A.S.P.MR.	7,083,871	2.53%
6 TRANZ DOMINION,L.L.C.	4,500,045	1.61%
7 WALDOCK MACKENZIE LTD/MR.S.A.GULAMHUSEIN	4,040,145	1.44%
8 EGLOBAL SERVICES (PVT) LTD	4,000,000	1.43%
9 PEIRIS T.A.MR.	2,666,950	0.95%
10 THURSTAN INVESTMENT LTD	2,163,130	0.77%
11 THASSIM F.S.MRS.	1,951,047	0.70%
12 JAYAKUMAR S.P.MR.	1,646,373	0.59%
13 JAYASINGHE D.R.MR.	1,550,000	0.55%
14 UDAYANANDA K.L.G.MR.	1,380,000	0.49%
15 DE SILVA G.R.U.MR.	1,336,101	0.48%
16 COMMERCIAL BANK OF CEYLON PLC/S.A.GULAMHUSEIN	1,267,484	0.45%
17 ZIARD M.R.MR.	1,177,270	0.42%
18 SEYLAN BANK LIMITED/RUWAN PRASANNA SUGATHADASA	1,032,809	0.37%
19 RATHNASIRI B.M.G.MR.	1,028,630	0.37%
20 DE SILVA G.A.C.DR. MRS.	1,000,000	0.36%

	31 st March 2016	31 st March 2015
Earning Per Share	(0.18)	(0.16)
Net Assets Per Share	0.81	1.00
Market Value Per Share	1.10	1.30
Highest During the year	1.70	1.90
Lowest during the year	0.80	1.30
Value at end of the year	1.10	1.50

6. Ordinary Non voting shareholders as at 31st March 2016.

Range	No of Shareholders	No of Shares	% Holding
1-500	161	22,681	0.1%
501-1,000	55	47,560	0.1%
1,001-10,000	172	745,748	1.9%
10,001-50,000	89	2,312,241	5.8%
50,001-100,000	34	2,563,257	6.4%
100,001-500,000	36	9,260,984	23.2%
500,001-1,000,000	6	3,900,147	9.8%
1,000,001-10,000,000	9	21,147,382	52.9%
Over-10,000,000	-	-	0.0%
	562	40,000,000	100.0%

7. Analysis of Shareholders

Individuals / Institutions	No of Shareholders	As a %	No of Shares	As a %
Individuals	553	98.40%	38,982,541	97.46%
Institutions	9	1.60%	1,017,459	2.54%
	562	100%	40,000,000	100%
Resident / Non Resident	No of Shareholders	As a %	No of Shares	As a %
Resident	559	99.47%	39,350,370	98.38%
Non Resident	3	0.53%	649,630	1.62%
Shares held by Public	34,119,665	85.30%		

8. The twenty largest Non-voting shareholders of the Company as at 31st March 2016.

Major Shareholders	No. of Shares	%
1 COMMERCIAL BANK OF CEYLON PLC/P.L.S. PETER	5,695,052	14.24%
2 DE SARAM W.A.S.P.MR.	3,076,578	7.69%
3 TKS FINANCE LTD/ T.A.H.R.G. JAYATHILAKA	2,892,337	7.23%
4 TKS FINANCE LTD/K.JAYAKODY	2,428,855	6.07%
5 PERERA J.S.A.MR.	2,422,308	6.06%
6 PETER P.L.S.MR.	1,315,031	3.29%
7 GOONATILAKE P.C.L.DR.	1,167,221	2.92%
8 PEOPLE'S LEASING & FINANCE PLC/ MR. W.M.H.B.SENEVI	1,100,000	2.75%
9 WANASINGHE W.A.U.S.MR.	1,050,000	2.63%
10 DE SILVA. S.A.MRS.	819,998	2.05%
11 TRANZ DOMINION,L.L.C.	648,130	1.62%
12 KASTHURIARACHCHI K.A.S.D.MR.	645,734	1.61%
13 WIJESINGHE K.G.A.N.MR.	631,200	1.58%
14 RANASINGE H.A.W.C.D.MR.	626,000	1.57%
15 BANSEI SECURITIES CAPITAL (PVT) LTD/D.R.HERAT	529,085	1.32%
16 PEOPLE'S LEASING & FINANCE PLC / MR.W.M.S.BANDA	500,000	1.25%
17 SHAMRAZ M.Y.M.MR.	500,000	1.25%
18 SUBASINGHE H.C.MR.	500,000	1.25%
19 SUMANAWATHIE E.A.MISS	498,100	1.25%
20 WALDOCK MACKENZIE LTD/MR.S.A.GULAMHUSEIN	467,794	1.17%

	31 st March 2016	31 st March 2015
Highest During the year	1.50	1.50
Lowest during the year	0.80	1.00
Value at end of the year	1.10	1.10



Proxy Form

Annual Report

Tess Agro PLC

I/We.....of
.....being a member/me mbers of
Tess Agro PLC, hereby appoint.

01.of.....

02. Mrs. Sithy Faika Fernando (Chairperson of the Company) of Colombo or failing her one of the Director of the company as my/our/proxy to vote as indicated hereunder for me/us and on my /our behalf at the Twenty Third Annual General Meeting of the company to be held on 11th October 2016 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

For Against

i. To adopt the report of the directors and the statement of Accounts for the year ended 31st March 2016 with the report of the auditors thereon [] []

ii. To re-elect Mrs. S.F Fernando who is over 70 years of age as a Director, by passing the following resolution. [] []

“The age limit stipulated in section 210 of the Companies Act no 07 of 2007 shall not apply to Mrs. S.F. Fernando who has attained 74 years and that she be re-elected a Director of the company”

iii. To reappoint M/S Sarma & Co, chartered Accountant as auditors and authorize the Directors to determine their remuneration [] []

The proxy my vote as he thinks fit on any other resolution brought before the meeting

Dated thisday of2016

Witness

..... Signature of Shareholder

Note:

- 01. A proxy need not be a member of the company
02. Instruction regarding completion appear on the reverse hereof

Instruction as to Completion:

- To be valid this form of proxy must be deposited at the Registered Office of the Company No 87, New Nuge Road, Keleniya not later than forty eight (48) hours prior or the time appointed for the holding of the meeting.
- In perfecting the form please ensure that all details are legible.
- Please indicate with an X in the space provided how your proxy is to vote on each resolution. If no indication given or the indication is not clear, the proxy in his discretion, will vote as he thinks fit. Please delete (!) if you do not wish your proxy to vote as he think fit on any other resolution brought before the meeting.
- In the case of Company/Corporation, the proxy must be under its common seal which should be affixed and attested in the manner prescribed in the Article of Association.
- On the case of a proxy signed by an attorney, the power of attorney must be deposited at the Registered Office for registration.



TESS AGRO PLC

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