Annual Report 2015

AMG

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Bogala Graphite

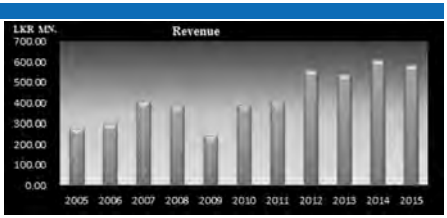
Bogala Graphite

Annual Report 2015

Contents

Revenue

Rs.
583 million
(4%)YOY decrease

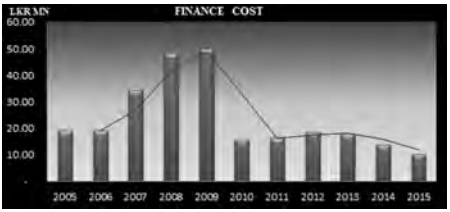


Gross Profit

Rs.
187 million
Gross Profit Margin 32%

Finance Cost

Rs.
10.2 million
25.8% YOY Decrease

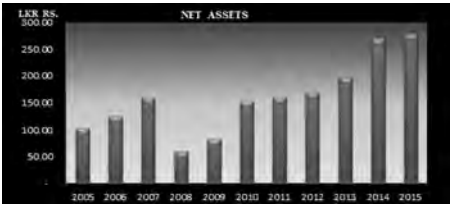


Profit After Tax

Rs.
0.16 million
Net Profit Margin 0%

Net Assets

Rs.
278 million
3.3% YOY Growth
Net Assets per Share Rs.5.88



It is my privilege once again to welcome you on behalf of the Board to the 25th Annual General Meeting of our Company.

The year under review was a rather challenging, consequent to a drop in demand for our products in the US as well as in the European market where we gain most of our sales from. In addition to this, the variability of the Euro also contributed to our low performance this year. To that end, we continuously analysed and reviewed ways and means by which we could minimise costs, whilst maintaining our focus on improving productivity at all levels. Our efforts proved successful and I am pleased to record that the fourth quarter results indicate a positive trend.

Economic Environment

The Sri Lankan economy grew by 4.82 per cent (during the 3rd Quarter of 2015) with positive contributions coming from the Agricultural, Industrial and Service sectors.

In a low inflationary environment, the CBSL continued to encourage credit to the private sector as this sector has been identified as the engine of growth in keeping with Government Policy. The Central Bank lowered the policy rates by 50 basis points in April 2015 to further encourage private sector investment in the economy.

The Current Account deficit widened as a result of decline in exports, increasing imports despite the marginal growth in worker remittances. Net outflows of foreign invested funds led to an increase in the deficit in the Balance of Payment by the end of the third quarter.

The gross official reserves declined to approximately US dollars 6.8 billion consequent to the policy followed by the Central Bank in releasing foreign exchange to the local market with a view to preventing a greater depreciation of the Rupee against the US Dollar and other currencies.

Corporate Performance

Capital Expenditure required for the year was funded using internally generated funds. Despite a 50% increase in demand form the Far Eastern market compared to 2014, the substantial decline in demand from Europe, UK and US markets and from our Parent company resulted in a decline in revenue which amounted to Rs.583 million compared to Rs.607 million in 2014.

In addition, the product mix changed with low margin graphite being more in demand in comparison to graphite that would have sold at higher margins. The drop in demand from the near Middle Eastern market also contributed to this decline in the revenue earned.

The operating profit (EBIT) declined from Rs.85.7 million to Rs.13.7 million in the year under review. Notwithstanding this decline, the Company paid an interim dividend totalling Rs.2.84 million. The profit after Tax (PAT) for the year was Rs.0.2 million compared to PAT of Rs.74.4 million in 2014. The PAT figure for the year, includes an exchange gain of Rs.17.5 million.

In summary the performance during the year has been disappointing for the Company when compared to earlier years. The primary factor appears to be the lack of sales that have not been forthcoming though anticipated during our budgeting process. Internationally, prices of commodities and the minerals market have declined significantly. Steps are currently being taken by the Management to ensure better sales in this challenging environment in the year ahead.

I am immensely proud to state that our strength and our most vital asset continue to be our employees. Their quality of work, their expertise, and their commitment enabled us to enhance our productivity during this period. This has been most encouraging to me and the Management to stand firm and steady and perform under these challenging conditions.

The management of risk forms a significant part of our process. In keeping with this policy, a well thought out disaster recovery plan and a business continuity plan has been implemented after a thorough review to identify such risks to the business.

We have complied with the principles of corporate governance as laid down by the SEC and in keeping with industry norms, in all aspects. The Company has also established a Related Party Transaction Review Committee in keeping with the requirement of SEC. This is in addition to the Audit and Remuneration Committees already in place.

Future Prospects

It is an unavoidable fact that competition will have to be faced more effectively in the future. In this scenario we have to restructure our organization to be lean and cost effective, whilst maximising on all competitive advantages that we can muster. We would then be ready to face challenges of any sort from our competitors in the years ahead.

The Company, in keeping with the requirement of the SEC resolved to move from the Main Board to Diri Savi Board. Accordingly, all necessary steps have been taken and a scrip dividend of 1:1 has been approved by the CSE and the necessary Exchange Control permission obtained. In keeping with the Articles of Association and based on Legal advice, Extra-Ordinary GM for this purpose will not be held. As a result of this step the Stated Capital of the Company will rise to Rs.102 million from Rs.80 million.

Acknowledgement

On behalf of the Board of Directors I thank all our shareholders, including our major shareholder and Parent Company Graphite Kropfmühl GmbH, for the continued trust and confidence placed in the management of Company, and I have no doubt that this partnership will help the Company to reach greater heights in the coming years.

In conclusion, I wish to extend my sincere appreciation to the Management team and all the employees who have worked diligently towards creating greater value for our stakeholders. Our thanks are also due to all our stakeholders including business partners, suppliers and our esteemed customers who have stood by us during this difficult period. I am positive that they will continue to demonstrate their support into the future.

Finally, I wish to thank my colleagues on the Board for their guidance and support especially during the period under review.

Vijaya Malalasekera
Chairman

24th February 2016

Chief Executive Officer's Review

In view of the general downtrend in the global economy and the highly unfavourable market conditions experienced overall, we experienced setbacks in reaching expected levels of performance during the year under review. However, despite adversity, we continued to hold steady and achieve reasonably fair results regardless of increased competition.

The financial year ended 31st December 2015, recorded a revenue of Rs. 583 million (2014 Rs. 607 million), whilst the underlying operating profit was Rs. 13.8 million (2014 Rs. 85.7 million). The Company reported a profit before taxation of Rs. 6.3 million (2014 Rs. 78.4million). This includes a net currency exchange gain of Rs. 17.5 million (2014 Rs. 21.7 million). Whilst no earnings per share were recorded due to loss of profit experienced during the year under review, we were able to withstand the pressures and hold steady recording a profitable final quarter harnessing the strength of our superior knowledge and the unwavering dedication of our staff.

The losses incurred were due to several vital factors which affected us negatively. In general, growth in emerging markets and developing economies was seen to decelerate further in 2015 and global consumer price inflation was expected to ease as a result of falling commodity prices. Currencies of major advanced and emerging economies depreciated against the US dollar during the first nine months of 2015, and prices of most commodities recorded their lowest levels in six years during the first ten months of the year. As such, the prospects of weak growth coupled with tight global financial conditions caused financial stress especially in commodity-exporting economies. As an export company with 99% of the products sold outside Sri Lanka, the volatile conditions in the world market – the weakening of the Euro, and the general slump in demand served to reflect adversely on our anticipated progress in 2015.

Despite such instability in the global arena, the Sri Lankan economy grew by 4.82 per cent during the 3rd quarter of 2015 with positive contribution from agriculture, industry and service related activities. Inflation declined further as a result of the downward price revisions in key consumer items, including energy, low commodity prices in the global market and improved domestic supply conditions. However, the merchandise trade deficit widened during the first eight months of 2015 as a result of weakening global demand and significantly high domestic demand for imported goods. Accordingly, earnings from exports during this period declined by 3.4 per cent, year-on-year, to US dollars 7,147 million, while expenditure on imports remained largely unchanged at US dollars 12,559 million. The negative impact on our operations affected by this decrease in demand in the export market was further enhanced by heightened competitor activity locally, selling at vast discounts using stocks - a challenge that was beyond our viability and willingness to match successfully. Despite such adversity and challenges, we are proud to have registered a marked growth in our productivity levels achieved through our continuous improvement process.

Health and Safety

Continuing to place the greatest of importance to health and safety measures as one of our key operational areas of focus, efforts were increased once again during the year under review. During 2015 we were able to maintain the loss time accidents at a very low level, and also to reduce minor accidents significantly. This was the result of strong commitment and on-going training from all involved, and we will certainly continue to pursue our goal of zero accidents in the year ahead, reaffirming our dedication to that cause at both individual and corporate level.

Outlook

Although we encountered setbacks during the year under review, we are heartened by our ability to record a profitable final quarter despite adversity, and we will be entering the new financial year on a positive note - better placed to respond favourably to the opportunities and challenges in the environment that we may encounter. We continue to pay close attention to the ever augmenting activities of the competition as well as potential new players in Sri Lanka. Drawing strength from our resources and our strategic advantages, we believe we will be favourably positioned to meet whatever challenges that may come our way.

The decision made in 2013 to open Rangala mine - as the accessibility of this mine makes it very competitive - has continued to produce well and as predicted proved capable of producing 200MT per year. This is another area of potential for improved profitability and one that we plan to explore in the coming year.

My heartfelt appreciation is hereby extended to all our shareholders, our parent company Graphite Kropfmühl GmbH, our Board of Directors, our Management Team as well as all our staff for their unstinted support to me throughout – and especially during the year under review.

Thank You.

Amila Jayasinghe
Chief Executive Officer
24th February 2016

Vijaya Malalasekera *(Non-Executive /Independent Director)*
MA (Cantab). Barrister-at-Law (Inner Temple)
Attorney-at-Law

He was appointed Chairman of Bogala Graphite Lanka PLC in April 2000. He is currently the Chairman of Fairway Sky Homes (Private) Limited. He also serves on the Board of Carson Cumberbatch PLC.

Frank E. Berger *(Non-Executive Director)*

Mr. Frank E.Berger has graduated in Business Administration from University of Stuttgart, Germany and possesses expertise in Business Economics and Process Engineering. He was appointed Vice Chairman of Bogala Graphite Lanka PLC in 1st January 2012. He serves Graphit Kropfmühl GmbH as Managing Director and President of AMG's Global Graphite Business since 2013. He also serves AMG Mining AG, Germany as a Member of the Executive Board.

J.C.P.Jayasinghe **B.Com (Ceylon)** *(Non-Executive Director)*

He was appointed Vice Chairman/CEO of Bogala Graphite Lanka PLC in April 2000. Upon his retirement from the position of CEO he was invited to the Board of the company as a Consultant/Director in January 2008 and holds the position to date.

Thomas A.Junker *(Non-Executive Director)*

Mr. Junker is a graduate in Civil Engineering from the University of Applied Science in Aalen, Germany. He was appointed a Director of Bogala Graphite Lanka PLC on 26th March 2010. He serves Graphit Kropfmühl GmbH since April 2008, and presently serve as the Managing Director / COO Graphite and Qingdao Kropfmühl Graphite Ltd as the General Manager and Board Director since 2011.

Torben Müller *(Non-Executive Director)*

Mr. Müller was appointed a Director of Bogala Graphite Lanka PLC on 31st December 2012. He serves GK Ancuabe Graphite Mine SA as a Director since October 2012, as a Director of Graphite Kropfmuhl de Mozambique Lda since June 2012, and since January 2012 in various positions at AMG Mining AG and Graphite Kropfmühl GmbH latest as Chief Financial Officer. He holds a MBA and a Bachelor of Arts Degree from University of Applied Science Ludwigshafen.

A.P. Jayasinghe **B.Bus, CPA** *(Executive Director)*

Mr. Jayasinghe was appointed to Board of Bogala Graphite Lanka PLC in April 2004. He has worked in the capacity of Executive Director of the company from April 2000 to August 2005. Mr Jayasinghe was appointed Chief Executive Officer in January 2008.

Ms. M. C. Pietersz *(Non-Executive/Independent Director)*

Ms. M. C. Pietersz was appointed a Director on 14th May 2013. She is an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Institute of Chartered Accountants of Sri Lanka and holds a B.Sc (Honours) degree in Physics from the University of Sussex and an MBA from Heriot-Watt University, Edinburgh. Ms. Coralie Pietersz is the Finance Director of Finlays Colombo PLC and she also serves as an Independent Director on the Board of Seylan Bank PLC. She is a member of Council of the Institute of Chartered Accountants of Sri Lanka.

Sugath Amarasinghe **ACA, ASCMA** *(Executive Director)*

Mr. Amarasinghe was appointed a Director on 4th April 2014. He is a member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. He possesses 25 years of working experience in the Mercantile Sector with industry coverage from FMCG (Foods & Beverages), Automobile, Services (Corporate and Management Consultancy), Information Technology, Garment Manufacturing, and Garment Processing.

Mohamed Adamaly (Non-Executive/Independent Director)
Attorney-at-Law, Marketer

Mr. Adamaly was appointed to the board with effect from 2nd October 2014. He is an Attorney-at-Law, has a Bachelors in Law (LL.B.) with honors from University of Colombo and holds a Post Graduate Diploma in Marketing from Chartered Institute of Marketing, UK. Mr. Adamaly is a practicing lawyer specializing in investment consultancy, commercial litigation, labour and public law. He is also a resource person for Director Training for the Sri Lanka Institute of Directors, a Senior Lecturer in Marketing and serves on several boards of Public and Private companies.

The primary objective of Corporate Governance is to contribute towards improving corporate performance creating long term stakeholder value. The Board is committed in enhancing stakeholder wealth whilst making certain that proper internal control systems are in place to ensure compliance with generally accepted Corporate Governance practices and specific requirements under the rules set out in Section 7.10 of Listing Rules of Colombo Stock Exchange together with the Code of Best Practices issued by the Institute of Chartered Accountants of Sri Lanka on matters relating to the financial aspect of Corporate Governance as a useful guideline.

The Board of Directors

The Board, comprising nine Directors, seven Non-Executive Directors and two Executive Directors who are professionals and experienced business leaders of repute, is entrusted with, and responsible for providing strategic direction to the Company and for proper stewardship of the Company's affairs; and share responsibility in ensuring that the highest standards of information - particularly financial information, business ethics and integrity, is observed.

Name	Executive	Non-Executive	Independent
Mr. V.P. Malalasekera		√	√
Mr. Frank E. Berger		√	
Mr. J.C.P. Jayasinghe		√	
Mr. Thomas A Junker		√	
Mr. A. P. Jayasinghe	√		
Mr. Torben Müller		√	
Ms. M. Coralie Pietersz		√	√
Mr. A. S. R. Amarasinghe	√		
Mr. Mohamed Adamaly		√	√

The Non-Executive Directors do not have any business interest that could materially interfere with the exercise of their independent judgment. Each Non-Executive Director has submitted a declaration of his or her independence or non-independence as required under the Listing Rules of the Colombo Stock Exchange.

The Board lays strong emphasis on transparency, accountability, and integrity of transactions, in line with the code of Corporate Governance. Whilst the Board is responsible for guiding the overall direction, strategies and financial objectives, overseeing systems of internal control, risk management, and strategic plans, it is the responsibility of the corporate management team to ensure its implementation.

The Board has determined that Mr. Vijaya Malalasekera is an independent Director since he is not directly involved in the Management of the Company. The Board having considered these factors is of the opinion that Mr. Vijaya Malalasekera should continue to serve on the Board as an independent director notwithstanding the fact that he has served the Board for more than ten years, as it is beneficial to the Company and its shareholders.

During the year under review the Board met on four (4) occasions. The Directors are provided with relevant information and background material relevant to the agenda prior to every meeting to enable them to make informed decisions. Board papers are submitted in advance on Company performance, new investments, capital projects and other issues which require specific Board approval.

The Role of the Chairman

The Chairman is an Independent Non-Executive Director who ensures that appropriate information is available to the Board to make an informed assessment of the Company's affairs. The Chairman, with the assistance of the Board Secretary, ensures that Board procedures are followed and that the Directors receive timely, accurate and clear information before the Board meetings and updates on matters arising between meetings.

The Chairman ensures effective participation from all Directors. Their individual contribution and concerns are assessed prior to making key decisions and the balance of power is maintained.

The Chairman is responsible for providing leadership to the Board and ensuring that proper order and effective discharge of Board functions are carried out at all times by the Board members. He also ensures that constructive working relations are maintained between the Executive and Non-Executive Directors of the Board so that every member is able to contribute effectively within their respective competencies. The Chairman sets the tone for the governance and ethical framework to ensure that the Board is in control of the Company.

Delegation of Authority

The Board is the ultimate decision-making body of the Company, except with respect to matters reserved to Shareholders. The primary function of the Board is to exercise its collective business judgement to act in what it reasonably believes to be in the best interest of the Company and its Shareholders. In exercising its business judgement the Board acts as an advisor and counsellor to the CEO/Managing Director who defines and enforces standards of accountability, all with a view to enable senior management to execute their responsibilities fully in the interest of the Shareholders and the Company. The Board assesses the effectiveness of the management team through periodic review of their performance and compliance to best business practices.

Board Committees

In addition to Board meetings, individual Directors are members of the various sub committees of the Board; the Audit Committee, the Remuneration Committee and Related Party Transaction Review Committee each of which is attended by the respective Directors after due preparation prior to such meetings. The Directors dedicate sufficient time at such meetings to review respective documentation relating to the meeting, and call for additional information or any further clarification, in addition to familiarising themselves with the economic factors, legal and political risks and changes.

The committees are provided with all essential resources to empower them to undertake their duties in an effective manner. The Company Secretary acts as secretary to the committee except the Remunerations Committee and the recorded minutes of each committee meeting are circulated to all Directors on completion. The respective roles and responsibilities of each of the Board Sub Committees are included in the report.

Name	Audit Committee	Remuneration Committee	Related Party Transaction Review Committee
Mr. V. P. Malalasekera Independent Non-Executive Director	Member	Chairman	Chairman
Mr. Frank E. Berger Non-Executive Director	-	Member	-
Ms. M. Coralie Pietersz Independent Non-Executive Director	Chairperson	-	Member
Mr. Mohamed Adamaly Independent Non-Executive Director	Member	Member	Member
Mr. Thomas A Junker Non-Executive Director	-	-	Member
Mr. Torben Muller Non-Executive Director	Member	-	-

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the financial statements of the Company by ensuring compliance with relevant financial reporting regulations and requirements. The Audit Committee also oversees the relationship between the Company and the Auditors and reviews the Company's financial reporting system.

The Board has appointed an Audit Committee consisting three Non-Executive Independent Directors and a Non-Executive Director. The Committee is chaired by Ms. M. Coralie Pietersz. A comprehensive report of the Audit Committee appears on page 14.

Remuneration Committee

The Remuneration Committee comprises three Non-Executive Directors of which two are Independent Directors. The Committee is headed by Mr. Vijaya Malalasekera and the members include Mr. Frank E. Berger and Mr. Mohammed Adamaly.

The Committee is responsible for setting the remuneration policy of the Company which provides competitive rewards to attract executives of the highest calibre who are willing to work with positive attitudes. Employee performance is measured through key performance indicators including financial and non-financial measures of performance, and links a significant component of pay to individual and Company performance. This encourages superior performance, and limit pre-established contractual arrangements that do not commit the Company to make unjustified payments.

The remuneration policy and its role is discussed in the report of the Remuneration Committee given on page 13.

Related Party Transaction Review Committee

The Committee was constituted on 11th November 2014. The Committee comprise of four Non-Executive Directors and three of them are Independent. Details of them are given in page nine of this report. Mr.V P Malalasekera chairs the Committee. The Chief Executive Officer and Finance Director attend the meetings by invitation and the Company Secretaries serves as the Secretary to the Committee.

The objective of the Committee is to exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka ("Code")) of the Company with its parent and associate companies are undertaken and disclosed in a manner consistent with the Code.

The Committee formulates and recommends a policy for adoption on RPT transactions of the Company with its parent and associate companies which is consistent with the Operating Model. In doing so, transaction threshold values which require discussion in detail, RPTs which require pre-approval by the Board, RPTs which require to be reviewed annually and reporting templates were designed for the approval of the Committee. Further, the guidelines which the senior management must follow in dealing with Related Parties, including pricing where applicable, have been documented.

The Committee in discharging its functions have introduced processes and periodic reporting by the Company with a view to ensuring, that there is compliance with the Code, that shareholder interests are protected and that fairness and transparency are maintained at all times.

Accountability and Audit

The Board is responsible for the effectiveness of internal controls. The system is designed to give assurance, inter alia, safeguarding of assets, the maintenance of proper accounting records and the reliability of the financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The effectiveness of the internal control system is quarterly reviewed by the Audit Committee and major observations are reported to the Board. The internal audit function is outsourced to Messrs' B. R. De Silva & Company, Chartered Accountants. The Board reviews the comments arising from the internal audits and monitors their progress through action plans focused to take corrective measures. The Board also evaluates appropriateness with the actual results and industry standards.

The knowledge and experience of the Audit Committee ensures effective usage of the expertise of the auditors, while maintaining independence, in order to derive transparent Financial Statements. The Company maintains independence from financial and non-financial interest between auditors and re-assesses the same on a regular basis. The fees paid to audit and non-audit services are separately disclosed in the Notes to the Financial Statements.

The Board, having reviewed the system of internal control is satisfied with the Company's adherence to and effectiveness of them for the period up to the date of signing the Financial Statements.

Compliance with CSE Continuing Listing Rules

The Company has complied with the mandatory disclosure requirement on Corporate Governance for Listed Companies in Sri Lanka issued by the Colombo Stock Exchange (CSE) as set out below.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Bogala extent of adoption
7.10.1	Non-Executive Directors	Complied	Seven out of nine Directors are Non-Executive Directors
7.10.2 (a)	Independent Directors	Complied	Three out of seven Non-Executive Directors are independent
7.10.2 (b)	Independent Directors	Complied	All NED's have submitted their confirmation on independence in line with regulatory requirement
7.10.3 (a)	Disclosure relating to Directors	Complied	Names of the Independent Directors are disclosed on Page 17
7.10.3 (b)	Disclosure relating to Directors	Complied	Criteria for independence have been met by the Independent Directors
7.10.3 (c)	Disclosure relating to Directors	Complied	Brief resumes of the Directors are given under Directors' Profiles
7.10.3 (d)	Disclosure relating to Directors	Complied	Disclosed the appointments of new Directors to the CSE with brief resume when it was disclosed to the public
7.10.5	Remuneration Committee	Complied	Company has a Remuneration Committee
7.10.5 (a)	Composition of Remuneration Committee	Complied	The Committee comprises two Independent Non-Executive Directors and a Non Independent Non-Executive Director
7.10.5 (b)	Functions of Remuneration Committee	Complied	The Committee has recommended the remuneration of Chief Executive Officer, Finance Director, and Management Committee
7.10.5 (c)	Disclosure in Annual Report relating to Remuneration Committee	Complied	Refer page 13 for names of the committee members, and for the remuneration policy. The aggregate remuneration paid to Executive and Non-Executive Directors is given under Note 22.2 to the Financial Statements on page 47
7.10.6	Audit Committee	Complied	Company has an Audit Committee
7.10.6 (a)	Composition of Audit Committee	Complied	The Audit Committee comprises three Independent Non-Executive Directors, and a Non Independent Non-Executive Director. CEO and Finance Director attended committee meetings by invitation
7.10.6 (b)	Audit Committee Functions	Complied	Please refer page 14 for the functions of the Audit Committee
7.10.6 (c)	Disclosure in Annual Report relating to Audit Committee	Complied	The names of the Audit Committee members and the basis of determination of the independence of the auditor are given in the Audit Committee report on page 14

Risk Management

The Company has a detailed risk management policy in place which appropriately addresses the scope of risk, risk management requirement, risk profile of the Company, risk management governance structure, risk management process, and risk identification assessment and mitigation strategy.

Based on the risk management policy, the Company conducts regular reviews of the major risks such as regulatory changes, competitor, political and environment changes that could affect the business and financial performance, and creates awareness of them. The Company analyses the exposure to business risks by identifying their vulnerability and probability of occurrence in order to determine how best to handle such exposure.

The Company also engages consistently in new exploration techniques and processing methods focusing on overall efficiency improvement to be more attractive in terms of pricing and product quality, and to make certain that possible new entrants do not compromise the Company's strategic advantage.

The Company manages its working capital at a healthy level of liquidity and monitors its net operating cash flow and maintains cash and cash equivalent at an appropriate level to support operational and capital expenditure requirements.

Investment risks are hedged through close monitoring and compliance to production and quality parameters agreed and projected when creating such investments. Periodic review and implementation of customer feedback also ensures sustained product quality.

Going Concern and Financial Reporting

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future. The going concern principle has been adopted in preparing the financial statements. The financial statements are prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and all statutory and material declarations are highlighted in the Annual Report of the Board of Directors. The Directors have taken reasonable steps to ensure the accuracy and timeliness of information in the annual financial statement.

Conflict of Interest and Independence

Each Director has a continuing responsibility to determine whether he or she has a potential or actual conflict of interest arising from external associations, interests in material matters and personal relationships which may influence their judgement. Whilst the Board members are free to express their own opinion on matters of importance to the Company and its operation, the Board reviews such potential conflicts from time to time.

Independent Professional advice by the Board during the financial year

The Board seeks independent professional advice when deemed necessary. During the year under review, professional advice was taken on following matters:

- Legal, tax and accounting aspects particularly where independent external advice was deemed necessary in ensuring the integrity of the subject decision.
- Actuarial valuation of retirement benefits and valuation of property.
- Information technology consultancy services pertaining to existing ERP system software upgrade.
- Specific technical knowledge and domain knowledge required for productivity improvements.

Employee participation and Industrial Relations

The Company considers its employees as its greatest asset and includes them at various levels within its internal governance structure. Policies, processes and systems are in place to ensure effective recruitment, development and retention as the Company is committed to hiring, developing and promoting individuals who possess the required competencies.

Functions of the HR division are designed in a manner that enables accessibility by an employee to every level of management. Constant dialogue and facilitation are also maintained; pertaining to work related issues as well as matters of general interest that could affect employees and their families. Hence the Company follows open door policies for its employees and key stakeholders, and this is promoted at all levels of the Company.

The Company provides a safe, secure and conducive environment for its employees that allow freedom of association and collective bargaining, prohibits child labour, forced or compulsory labour and any discrimination based on gender, race or religion and promotes a workplace that is free from physical, verbal or sexual harassment, all of which compliment effective Corporate Governance.

Remuneration Committee Report

The Committee comprised two Independent Directors: Mr. Vijaya P. Malalasekera, Mr. Mohamed Adamaly, and a Non-Executive Director Mr. Frank E Berger. The Committee was chaired by the Independent Director Mr. Vijaya. P. Malalasekera.

The committee was assisted at meetings by the CEO, Amila Jayasinghe and Finance Director, Sugath Amarasinghe, who acts as the Secretary.

Remuneration Policy

The Remuneration Policy of the Company is to attract, motivate, and retain quality management in a competitive environment with the relevant experience to achieve the objectives of the Company. The Committee focuses on and is responsible to ensure that the total package is competitive to attract the best talent for the Company.

The Committee is not responsible for determining the remuneration of Independent Non-Executive Directors, which is determined by the Board.

The Committee reviews the performance of the Management Committee with the recommendations of the CEO every year in comparison to their set performance objectives and achievements, and deliberates and recommends to the Board of Directors the remuneration package and annual increments for them.

Framework and Scope

The remuneration framework of the Company is designed to create and enhance value to all stakeholders of the Company and to ensure alignment to short and long-term interests of the Company. In designing competitive compensation packages, the Committee, in consultation with the Chief Executive Officer consciously balances short-term performance with medium to long-term goals of the Company.

The Committee reviews all significant changes in the corporate sector in determining salary structures, terms and conditions relating to the Management Committee and Executive level staff. In this decision making process, necessary information, and recommendations are obtained from the Chief Executive Officer. The Company ensures internal equity, and fairness among employees is maintained at all times; and a suitable work environment and working conditions are also provided.

The Committee is responsible for determining the compensation of the Chief Executive Officer, Finance Director and the Management Committee of the Company. The Committee lays down guidelines and parameters for the compensation structures of all Executive staff within the Company. The Chief Executive Officer who is responsible for the overall management of the Company attends all meeting by invitation and participates in all deliberations except when his own performance and compensation package is discussed.

Independent Directors receive a fee for attendance at Board Meetings and serving on sub-committees. They do not receive any performance or incentive payments. Total remuneration to Directors is shown in Note 22.2 to the Financial Statements on page 47.

The Committee met once during the year 2015. Decisions approved and recommended by the Committee have been approved by the Board of Directors.

In conclusion, I wish to thank my colleagues on the Committee for their helpful contribution to the deliberations of the Committee.

Vijaya Malalasekera
Chairman

24th February 2016

Role and Composition of the Committee

The Audit Committee - a subcommittee of the Board of Directors is appointed by, and is responsible to the Board of Directors. The Audit Committee's authority, responsibilities, and duties have been formalised through an Audit Committee Terms of Reference. This empowers the Committee to review the adequacy of the internal control procedures and seek assurance on the integrity of the Company's financial reporting process, through the internal and external audit process. It also monitors the processes in place for ensuring compliance with statutory and corporate governance requirements.

The Audit Committee comprised:

Ms. Coralie Pietersz, Independent Director and Chairperson of the Committee

Mr. Vijaya Malalasekera, Independent Director

Mr. Torben Müller, Non- Executive Director

Mr. Mohamed Adamaly, Independent Director

Financial Reporting

The Committee reviewed and discussed the financial reporting system adopted by the Company in the preparation of its Interim and Annual Financial Statements to ensure reliability of the process and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards.

The Committee also reviewed and recommended the Financial Statements for the Year and the Interim Financial Statements to the Board for its acceptance, prior to publication. The Committee in its evaluation of the financial reporting system also recognises the adequacy of the content and quality of the routine management information reports forwarded to its members.

Internal Audits

The internal audit function is outsourced to Messrs B.R. de Silva and Co., Chartered Accountants.

The Committee ensures that the internal audit function conforms to the terms and guidelines of the Internal Audit Charter, which sets out the scope, functions, authority, and responsibility of the internal audit function.

During the year past, the Audit Committee reviewed and monitored the effectiveness of the internal audit function and the progress of audits against the internal audit plan. It also reviewed the internal audit report and the findings. Follow up reviews were scheduled quarterly to ascertain that the audit recommendations were acted upon.

External Audit

The Committee held meetings with the external auditors during the year to discuss their audit approach and procedures, including matters relating to the scope of the audit. The Committee reviewed the issues arising from the audit of the Annual Financial Statements highlighted in the Management Letter together with the management response and recommendations thereto, and ensured appropriate follow up action.

The Audit Committee, having evaluated the performance of the external auditors, was satisfied that its independence as auditors of the Company has not been compromised.

The Committee was informed that our ultimate parent Company, AMG Advanced Metallurgical Group NV has adopted a policy to rotate the audit to KPMG from the financial year ending 31 December 2016 in line with the regulations of Euronext Amsterdam, where AMG Advanced Metallurgical Group NV is listed.

The Committee in line with the Group policy, recommends to the Board that KPMG be appointed as Auditors for the financial year ending 31st December 2016, subject to approval by the shareholders at the Annual General Meeting. Ernst & Young has communicated in writing that they have no hesitation in giving professional clearance to incoming Auditors.

Meetings of the Audit Committee

The Audit Committee met four (4) times during the year. As required, the Chief Executive Officer, Finance Director, Chief Financial Officer of Graphite Kropfmühl GmbH and COO Graphite of Graphite Kropfmühl GmbH attend the meetings of the Committee by invitation. The Audit Committee makes inquiries from any officer of the Company as deemed necessary. M/s B.R. De Silva & Company, also attend meetings to present their reports.

The activities and the views of the Committee have been communicated to the Board of Directors through papers tabled and verbal discussions, as well as by tabling the minutes of the Committee meetings.

Coralie Pietersz
Chairman Audit Committee

24th February 2016

The Board of Directors is pleased to present their 25th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st December 2015. The details set out herein provide pertinent information required by the Companies Act, No.7 of 2007, Listing Rules of the Colombo Stock Exchange and recommended best accounting practices.

Principal Activity

The principal activity of the Company is mining, separation, refining, treating, processing and preparation, and sale of graphite and the production of lubricants.

Review of Business

A review of the Company's performance during the past year and the likely future developments are included in the Chairman's Review on page 4 and CEO's Review on page 6. These reports, together with the Audited Financial Statements of the Company reflect the state of affairs of the Company.

Results and Appropriations

The Company's Net Profit before Tax was at Rs.6.3 million (2014 – Rs.78.4 million). Results of the Company are given in the statement of profit or loss and other comprehensive income on page 24. Brief description of the results and appropriations are given below:

For the year ended 31st December in Rs.'000s	**2015**	**2014**
Profit earned before Interest after providing for all known liabilities, bad and doubtful debts, and depreciation on property, plant and equipment	13,765	85,677
Finance Cost	(10,232)	(13,796)
Finance Income	2,773	6,,545
Profit before tax	6,306	78,426
Provision for taxation including deferred tax	(6,150)	(3,968)
Amount available to the shareholders (Net Profit)	0.156	74,458
Other Comprehensive Income	(1,554)	(2,075)
Balance brought forward from the previous year	183,609	111,226
Re-estimation of fully depreciated Assets	13,142	-
Amount available for appropriation	195,353	183,609
Dividend Paid	(2,839)	-
Balance to be carried forward to next year	192,514	183,609

The Directors have recommended and paid an interim dividend of Rs. 2,838,987 for the year ended 31st December 2015.

Accounting Policies

The Company prepared the Financial Statement in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS). The Board of Directors wish to confirm that there were no changes to the accounting policies and they were used consistently with those of the previous financial year by the Company.

A detailed note of the accounting policies adopted in the preparation of the Financial Statements is provided on pages 27 to 51.

Donations

Total donations made by the company during the year under review amounted to Rs.0.72 million which is given in the Note 9 (b) to the Financial Statements on page 37 of the Annual Report.

Property, Plant and Equipment

The book value of property, plant and equipment as at the reporting date amounted to Rs 254 million compared to Rs.270 million for 2014.

Capital expenditure of the company amounted to Rs.18.1 million. (2014 – Rs.24.2 million)

Details of property, plant and equipment and their movements are given in Note 12 to the Financial Statements on pages 39 to 41.

Stated Capital

The stated capital of the company as at 31st December 2015 was Rs.80.074 million (2014 – Rs.80.074 million) consisting of 47,316,452 Ordinary Shares as given in Note 18 to the Financial Statements on page 45.

Share Information

Information relating to shareholding, net assets per share, market value of shares, and share trading are available on page 54 of the Annual Report.

There were 9,507 registered shareholders as at 31st December 2015. The 20 major shareholders and public shareholding as at 31st December 2015 and the number of shares held and the percentage shareholding are disclosed on page 53 in the Share Information section of the Annual Report.

Reserves

Total reserves of the Company as at 31st December 2015 amounts to Rs.198.2 million (2014 – Rs.189.3 million) and the movement and composition is given in the Statement of Changes in Equity on page 25 of the Annual Report.

Directors

The Directors of the Company as at 31st December 2015 were:

Mr. Vijaya Malalasekera	Independent Non-Executive Director
Mr. Frank E. Berger	Non-Executive Director
Mr. J.C.P. Jayasinghe	Non-Executive Director
Mr. Thomas A. Junker	Non-Executive Director
Mr. Amila P. Jayasinghe	Executive Director (CEO/MD)
Mr. Torben Muller	Non-Executive Director
Ms. M. Coralie Pietersz	Independent Non-Executive Director
Mr. Sugath Amarasinghe	Executive Director (FD)
Mr. Mohamed Adamaly	Independent Non-Executive Director

Resignation/ New Appointments during the year

There were no new appointments or resignations during the year.

In accordance with the provisions of the Companies Act No 7 of 2007, section 210, the Company has received a notice dated 20th February 2016, from Graphite Kropfmuhl GmbH, the principal shareholder giving notice to the Company of their intention to move a resolution to re-elect Mr. J.C.P. Jayasinghe who has reached the age of 72 years for a further period of one year until conclusion of the next Annual General Meeting.

In accordance with the provisions of the Companies Act No 7 of 2007, section 210, the Company has received a notice dated 20th February 2016, from Graphite Kropfmuhl GmbH, the principal shareholder giving notice to the Company of their intention to move a resolution to re-elect Mr. V. P. Malalasekera who attained the age of 70 years on the 11th August 2015, for a further period of one year until conclusion of the next Annual General Meeting.

The Board has determined that Mr. Vijaya Malalasekera who has served the Board for more than 10 years is an Independent Director since he is not directly involved in the Management of the Company.

The Board, having considered the said fact, is of the opinion that Mr. Vijaya Malalasekera should continue to serve on the Board as an Independent Director notwithstanding the fact that he has served on the board for more than ten years as it is beneficial to the Company and its Shareholders.

Board Committees

The Board of Directors has formed the following committees and the members serving the committees and the Reports of such committees are given on pages 13 to 15 of the Annual Report.

Name	Audit Committee	Remuneration Committee	Related Party Transaction Review Committee
Mr. V. P. Malalasekera	Member	Chairman	Chairman
Mr. Frank E. Berger	-	Member	-
Ms. M. Coralie Pietersz	Chairman	-	Member
Mr. Mohamed Adamaly	Member	Member	Member
Mr. Thomas A Junker	-	-	Member
Mr. Torben Muller	Member	-	-

Directors Interest and Interest Register

The Directors of the Company were not directly or indirectly interested in any contracts/proposed contracts with the Company during the year ended 31st December 2015 except as stated in Note 22 to the Financial Statements on page 47.

The Company maintains an Interest Register as required by the Companies Act No 7 of 2007 which is available for inspection upon request.

The following entries have been made in the Interest Register maintained by the Company:

Mr. Frank E. Berger is also a Member of the Executive Board of AMG Mining AG and CEO of Graphite Kropfmuhl GmbH, which owns 79.58% of the shareholding of Bogala Graphite Lanka PLC.

Mr.Thomas A. Junker is also the General Manager of Qingdao Kropfmuhl Graphite Ltd and Managing Director/COO Graphite of Graphite Kropfmuhl GmbH, which owns 79.58% of the shareholding of Bogala Graphite Lanka PLC.

Related party disclosures in terms of the section 192 are given below and disclosed in Note 22 to the Financial Statements on page 47.

Name of the Company	Relationship	Name of Director	Nature of Transaction	Value
Graphite Kropfmühl GmbH	Parent Entity	Mr. Frank E. Berger Mr.Thomas A Junker	Sale of Goods Purchase of Goods Technical Service Fees Interest Paid Loan Settlement	71,865,829 54,358,763 29,143,045 8,841,222 26,164,162
Qingdao Kropfmuhl Graphite Co. Ltd.	Affiliate	Mr. Frank E. Berger Mr. Thomas A Junker	Sale of Goods	24,454,578
Graphite Tyn Spol. S.r.o	Affiliate	Mr. Frank E. Berger	Sale of Goods	51,558,187
Ansro Lanka (Private) Limited.	Common Director	Mr. J.C.P. Jayasinghe	Expenses incurred to be reimbursed	-

Corporate Governance

The Directors declare having considered all information and explanations made available to them that:

a) the Company has complied with all applicable Laws and Regulations in conducting its business,
b) the Directors have declared all material interests in contract involving the Company and refrained from voting on matters in which they were materially interested,
c) the Company has made all endeavours to ensure the equitable treatment of shareholders,
d) the business is a going concern with supporting assumptions or qualifications as necessary; and
e) they have conducted a review of internal controls covering financial, operational, and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence herewith.

The Corporate Governance Report is given on pages 8 to 12 of the Annual Report.

Directors Remuneration

The Directors emoluments and fees for the financial year ended 31st December 2015 are stated below and are also given in Note 22.2 to the Financial Statements on pages 47 of the Annual Report.

Directors Emoluments	Executive Directors	Rs 20,954,461
	Non-Executive Directors	Rs 2,187,733

Directors' Responsibilities for Financial Statements

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the status of its affairs. The Directors are of the view that the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Significant Accounting Policies and Notes thereto appearing on pages 23 to 51 have been prepared in conformity with Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and provide the information required by the Companies Act No 7 of 2007, and the Listing Requirements of the Colombo Stock Exchange.

Statement of Directors' Responsibility is given on page 21 of the Annual Report.

Directors' Shareholding

The relevant interest of Directors in the shares of the Company as at 31st December 2015 and 31st December 2014 are as follows:

Name	31st December 2015	31st December 2014
Mr. V.P. Malalasekera- Chairman	Nil	Nil
Mr. Frank E. Berger	Nil	Nil
Mr. J.C.P. Jayasinghe	Nil	Nil
Mr. Thomas A. Junker	Nil	Nil
Mr. A.P. Jayasinghe - CEO/MD	30,369	30,369
Ms. C. Pietersz	Nil	Nil
Mr. T. Mueller	Nil	Nil
Mr. Sugath Amarasinghe	Nil	Nil
Mr. Mohamed Adamaly	Nil	Nil

Statutory Payments

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

Internal Control

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance, regarding the safeguarding of assets, the maintenance of proper accounting and the reliability of financial information generated.

The Board, through the quarterly review process takes steps to gain assurance on the effectiveness of control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls of the Company, compliance with laws and regulations, and established policies and procedures. Audit Committee reviews the reports of the outsourced internal audit function regularly to ensure effective implementation of the systems and procedures.

However, any system can only provide reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

Events After the Balance Sheet Date

The Company in keeping with the requirement of the SEC resolved to move from the Main Board to Diri Savi Board. Accordingly, all necessary steps have been taken and a scrip dividend of 1:1 has been approved by the CSE and the necessary Exchange Control permission obtained. Consequently the Stated Capital of the Company will be raised to Rs.102 million from Rs.80 million. The Board of Directors is empowered in terms of the Articles of Association of the Company to issue shares credited as fully paid up to the shareholders of the Company by capitalizing the reserves of the Company, without having to obtain approval of the shareholders at a general meeting.

There have been no other events subsequent to the reporting period, which would have material effect and which requires an adjustment to or a disclosure in the Financial Statements other than those disclosed above and in Note 26 to the Financial Statements on page 61.

Going Concern

The Directors are satisfied considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance that the Company possesses adequate resources to continue to be in operational existence for the foreseeable future to justify adopting the going concern basis in preparing these Financial Statements.

Auditors

Based on the initiative taken by our Parent Company in rotating the Auditors, from Messrs' Ernst & Young, to KPMG, Chartered Accountants, a resolution proposing their appointment as Auditors of the Company for 2016, will be tabled at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditors, its effectiveness, its independence and its relationship with the Company including the level of audit and non-audit fees paid to the Auditor.

Based on the declaration made by Messrs' Ernst & Young, Chartered Accountants, and as far as the Directors are aware, the auditors do not have any relationship or interest in the Company. Details of the Auditors remuneration are set out in Note 9 (b) to the Financial Statements on page 37.

Annual General Meeting

The Annual General Meeting will be held at the Ceylon Chamber of Commerce, No 50, Nawam Mawatha, Colombo 02 on Friday the 29th April 2015 at 10.30 a.m. The Notice of the Annual General Meeting is on page 55 of the Annual Report.

This Annual Report is signed for and on behalf of the Board of Directors.

By order of the Board

Corporate Services (Private) Limited
Secretaries
24th February 2016

Vijaya Malalasekera
Chairman

Amila Jayasinghe
CEO/ Managing Director

Statement of Directors' Responsibility

The Directors are responsible under Sections 150(1), 151, 152(1), & 153 of the Companies Act No.07 of 2007, to ensure compliance with the requirement set out therein to prepare Financial Statements for each financial year giving a true and fair view of the status of affairs of the Company as at the balance sheet date and of the profit & loss of the Company.

The Directors are also responsible under Section 148, to ensure that the Company maintains proper accounting records to disclose, to enable the determination of the financial position with reasonable accuracy, to enable preparation of Financial Statements in accordance with the Act, and to enable the Financial Statements of the Company being readily and properly audited.

The financial statements comprise of:

- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year
- Statement of Comprehensive Income, which presents a true and fair view of the profits and loss of the Company for the financial year
- Statement of Changes in Equity, Statement of Cash Flow and summary of Significant Accounting Policies and other explanatory notes.

The Directors are required to confirm that the financial statements have been prepared:

- Using appropriate accounting policies which have been selected and applied in a consistent basis and material departures, if any, are disclosed and explained.
- In accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka, and stipulations as relevant, have been followed.
- Using reasonable and prudent judgments and estimates.
- Ensuring that the information required in compliance with the Companies Act and the Listing Rules of the Colombo Stock Exchange are provided.

The Directors are of the opinion, based on their knowledge of the Company, business plans, and review of its current and future operations that adequate resources are available to support the Company on a going concern basis over the next year. Accordingly, Financial Statements have been prepared on the same.

The Directors have also taken appropriate steps to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. The Directors have instituted an appropriate system of internal control, with a view to providing reasonable, though not absolute, assurance that assets are safeguarded to carry on the business in an orderly manner.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary to fulfill their responsibilities. The said responsibilities of the Independent Auditor in relation to the Financial Statements are set out in the Independent Auditors Report.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance Report

The Directors confirm to the best of their knowledge that all payments to employees, regulatory and statutory authorities due and payable by the Company as at the Balance Sheet date have been duly paid or been adequately provided for in the financial statements.

The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Company. The Directors also ensure full compliance with relevant national laws, international laws, and codes of regulatory authorities, professional institutes and trade associations, by the Company.

By Order of the Board

Director
Corporate Services (Private) Limited
Secretaries

24th February 2016

Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOGALA GRAPHITE LANKA PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Bogala Graphite Lanka PLC ("Company"), which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes (set out on pages 23 to 51).

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management, 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, financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

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

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company and,
- the financial statements of the Company comply with the requirements of section 151 of the Companies Act no 07 of 2007.

Ernst + Young

24 February 2016
Colombo

Statement of Financial Position

As at 31 December 2015

ASSETS	Note	2015 Rs.	2014 Rs.
Non-current Assets			
Property, Plant and Equipment	12	253,502,895	270,450,754
Intangible Assets	13	-	855,945
Other Non-Current Financial Assets	14.1	18,481,894	17,537,196
		271,984,789	288,843,895
Current Assets			
Inventories	15	115,368,047	89,624,118
Trade and Other Receivables	16	83,146,413	88,775,831
Advances and Prepayments		9,063,307	10,707,454
Other Financial Assets	14.1	12,252,811	12,228,094
Cash and Cash Equivalents	17	32,804,003	44,257,005
		252,634,581	245,592,502
Total Assets		524,619,370	534,436,397
EQUITY AND LIABILITIES			
Equity			
Stated Capital	18	80,074,201	80,074,201
Reserves	19	5,718,298	5,718,298
Retained Earnings		192,514,375	183,609,710
Total Equity		278,306,874	269,402,209
Non-current Liabilities			
Interest Bearing Loans and Borrowings	14.2	128,511,023	165,361,495
Deferred Tax Liability	10.2	7,414,100	1,554,584
Employee Benefit Liability	20	43,670,171	36,473,309
		179,595,294	203,389,388
Current Liabilities			
Trade and Other Payables	21	35,193,002	25,371,892
Income Tax Payables		182,165	1,805,645
Interest Bearing Loans and Borrowings	14.2	31,342,034	34,467,263
		66,717,201	61,644,800
Total Equity and Liabilities		524,619,370	534,436,397

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007
Certified by:

S.Amarasinghe
.....
Sugath Amarasinghe
Finance Director

The board of directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the board by:

.....
Director

.....
Director

The accounting policies and notes on pages 27 through 51 form an integral part of the Financial Statements.
24 February 2016 - Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2015

	Note	2015 Rs.	2014 Rs.
Revenue	5	582,860,906	607,425,103
Cost of Sales		(396,261,185)	(367,797,446)
Gross Profit		186,599,721	239,627,657
Other Income and Gains	6	514,670	2,895,524
Exchange Gain		17,546,835	21,731,118
Selling and Distribution Costs		(86,876,176)	(77,443,034)
Administrative Expenses		(104,020,055)	(101,133,476)
Operating Profit		13,764,995	85,677,789
Finance Cost	7	(10,231,920)	(13,796,150)
Finance Income	8	2,772,712	6,544,847
Profit Before Tax	9	6,305,787	78,426,486
Income Tax Expenses	10	(6,149,977)	(3,967,844)
Net Profit for the Year		155,810	74,458,642
Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial Loss on Retirement Benefit Obligation	20	(1,766,204)	(2,357,902)
Income tax effect		211,944	282,948
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(1,554,260)	(2,074,954)
Other comprehensive income for the year, net of tax		(1,554,260)	(2,074,954)
Total Comprehensive Income for the Year, net of Tax		(1,398,450)	72,383,688
Earnings Per Share	11	0.003	1.574
Dividend Per Share	11.1	0.06	-

The accounting policies and notes on pages 27 through 51 form an integral part of the Financial Statements.

Statement of Changes in Equity

Year ended 31 December 2015

	Stated Capital Rs. (Note 18)	Revaluation Reserve Rs. (Note 19)	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 January 2014	80,074,201	5,718,298	111,226,022	197,018,521
Profit for the Period	-	-	74,458,642	74,458,642
Other Comprehensive Income	-	-	(2,074,954)	(2,074,954)
Balance as at 31 December 2014	80,074,201	5,718,298	183,609,710	269,402,209
Re-estimation of fully depreciated assets (Note 12.7)	-	-	13,142,102	13,142,102
Adjusted balance as at 01 January 2015	80,074,201	5,718,298	196,751,812	282,544,311
Profit for the Period	-	-	155,810	155,810
Other Comprehensive Income	-	-	(1,554,260)	(1,554,260)
Interim Dividends (Note 11.1)	-	-	(2,838,987)	(2,838,987)
Balance as at 31 December 2015	80,074,201	5,718,298	192,514,375	278,306,874

The accounting policies and notes on pages 27 through 51 form an integral part of the Financial Statements.

Statement of Cash Flow

Year ended 31 December 2015

	Note	2015 Rs.	2014 Rs.
Cash Flows From Operating Activities			
Profit Before Tax		6,305,787	78,426,486
Adjustments for			
Depreciation	12	49,179,836	49,546,080
Amortization of Intangible Assets	13	855,945	1,237,224
Exchange Gains		(17,546,835)	(21,731,118)
Profit on disposal of Property, Plant and Equipment	6	(766)	(1,310,677)
Finance Income	8	(2,772,712)	(6,544,847)
Finance Costs	7	10,231,920	13,796,150
Provision for Defined Benefit Obligation	20	6,842,998	6,068,567
Income Tax Writeoff		88,097	-
Asset writeoff		224,800	-
Operating Profit before Working Capital Changes		53,409,070	119,487,865
(Increase)/ Decrease in Inventories		(25,743,929)	(74,059)
(Increase) / Decrease in Trade and Other Receivables and Prepayments		7,273,565	(15,873,226)
(Increase) / Decrease in Other Financial Assets		(969,415)	10,553,675
Increase / (Decrease) in Trade and Other Payables		9,821,110	(14,607,893)
Cash Generated from Operations		43,790,401	99,486,362
Income Tax Paid		(3,010,370)	(516,038)
Interest Received		2,772,712	6,544,847
Defined Benefit Obligation Paid	20	(1,412,340)	(1,132,004)
Net Cash From Operating Activities		42,140,403	104,383,167
Cash Flows from / (Used in) Investing Activities			
Acquisition of Property, Plant and Equipment	12	(18,129,669)	(24,188,721)
Proceeds from Sale of Property, Plant and Equipment		36,025	2,638,393
Net Cash Flows from Investing Activities		(18,093,644)	(21,550,328)
Cash Flows from / (Used in) Financing Activities			
Dividends Paid		(2,838,987)	-
Repayment of Interest Bearing Loans and Borrowings		(26,164,162)	(34,770,298)
Principal Payment under Finance Lease Liabilities		(6,694,190)	(6,040,185)
Finance Cost Paid		(10,231,920)	(13,796,150)
Net Cash Flows used in Financing Activities		(45,929,259)	(54,606,633)
Net Increase/(Decrease) in Cash and Cash Equivalents		(21,882,500)	28,226,206
Net Foreign Exchange Difference		10,429,498	(3,775,969)
Cash and Cash Equivalents at the Beginning of the Year	**17**	**44,257,005**	**19,806,769**
Cash and Cash Equivalents at the End of the Year	**17**	**32,804,003**	**44,257,005**

The accounting policies and notes on pages 27 through 51 form an integral part of the Financial Statements.

1. CORPORATE INFORMATION

The financial statements of the Company for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 24 February 2016. The Bogala Graphite Lanka PLC is a limited liability Company incorporated and domiciled in Sri Lanka and whose shares are publicly traded in Colombo Stock Exchange. The registered office and the principal place of business are located at Bogala Mines, Aruggammana.

The Company is principally engaged in mining, separation, refining, treating, processing and preparation and sale of graphite and the production of lubricants. Information on other related party relationship of the Company is provided in Note 22.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs & LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL).

The financial statements have been prepared on a historical cost basis, except for freehold land which has been measured at fair value. The financial statements are presented in Sri Lanka Rupees.

2.1.1 Comparative Information

The financial statements provide comparative information in respect of the previous period. The accounting policies have been consistently applied by the Company and they are consistent with those used in the previous years. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

During the current year the Company modified the statement of profit or loss by classification of salaries and related expenses of certain employees from cost of sales to administrative expenses to reflect more appropriately the work performed by those employees. Comparative amounts in the statement of profit or loss were reclassified for consistency, which resulted in Rs. 31,429,704/- being reclassified from cost of sales to administrative expenses. Since the amounts are reclassified within operating activities in the financial statements, this reclassification did not have any effect on the previously reported net profit or statement of financial position.

2.3 Summary of significant accounting policies

a) Current versus non-current classification

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

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.
Deferred tax liabilities are classified as non-current liabilities.

b) Fair value measurement

Fair value related disclosures for freehold land which is measured at fair value are summarised as follows.

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

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

Fair value of the Land has determined using Level 3 measurements.

The Company's Management Committee determines the policies and procedures for recurring fair value measurement of freehold land.

External valuers are involved for valuation of freehold land. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Management Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually depends on the terms and conditions of the contract of sale. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns.

Interest income

For all financial instruments measured at amortised cost interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

b) Taxes

Current income tax

Current income tax assets for the current period are measured at the amount expected to be recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

c) Foreign currencies

The Company's financial statements are presented in Sri Lanka rupees (Rs.), which is the functional and presentation currency of the Company.

i) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in profit or loss.

d) Property, plant and equipment

Property, plant and equipment (except Land), Constructions in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Lands are measured at fair value less impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in Other Comprehensive Income (OCI) and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Additionally, 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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets are disclosed in note 12.9 in these financial statements.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or

loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

e) Leases

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

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

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

f) Computer Softwares

Computer software acquired separately is measured on initial recognition at cost. Following initial recognition, they are carried at cost less any accumulated amortisation and accumulated impairment losses.

Computer softwares are amortised over the useful economic life of three years.

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

g) Financial instruments – initial recognition and subsequent measurement

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

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial assets include cash, trade receivables, staff loans and other receivables.

Subsequent measurement

Staff Loans and receivables

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

De-recognition

A financial asset (or, where applicable, a part of financial assets) is primarily derecognised (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired

or

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

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

ii) Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

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

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

De-recognition

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

h) Inventories

Inventories are valued at the lower of cost and net realisable value.

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

Raw materials – Purchased cost on a weighted average cost basis

Finished goods and work in progress – Direct cost incurred on excavation, Cost of raw materials, Processing, Finishing and Manufacturing Overheads (excluding borrowing cost)

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

i) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

j) Cash

Cash and Cash Equivalents in the statement of financial position comprise cash at banks and on hand.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

k) Provisions

General

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

l) Post-Employment Benefits

i) Defined Benefit Plan - Gratuity

The Company operates a defined benefit plan as prescribed in Gratuity act No.12 of 1983. These benefits are unfunded.

The cost of benefits under the defined benefit plans is determined using the projected unit credit method.

Actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Actuarial gains and losses are not reclassified to profit or loss in subsequent periods.

Current service cost and interest cost are recognised immediately in the Statement of profit or loss.

ii) Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

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

The Company has tax losses carried forward amounting to Rs.146, 930,046/- (2014:Rs. 149,473,853/-) and has recognized deferred tax assets amounting to Rs.8,452,908/- (2014: Rs.11,149,885/-) on these tax losses on the basis that Company is able to generate taxable profits in the future.

Retirement Benefit Obligation

The cost of retirement benefit obligation and the present value of the retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of long term government bonds, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality. Future salary increases and pension increases are based on expected future inflation rates of the country.

Further details about the assumptions used are given in Note 20.1.

4. EFFECT OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

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

SLFRS 09 establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users for assessment of amount, timing and uncertainty of entity's future cash flows.

This standard is effective for annual periods commencing on or after 01 January 2018.Hoewever early adoption is permitted.

(ii) SLFRS 15 -Revenue from Contracts with Customers

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

The Company will adopt these standards when they become effective. Pending the completion of detailed review, the financial impact is not reasonably estimable as at the date of publication of these financial statements.

Year ended 31 December 2015

5 REVENUE

	2015 Rs.	2014 Rs.
Summary		
Export Sales	577,382,805	602,123,346
Local Sales	5,478,101	5,301,757
	582,860,906	607,425,103

6 OTHER INCOME AND GAINS

	2015 Rs.	201 Rs.
Income from Sale of Obsolete Items	213,772	1,142,279
Profit on sales of Property, Plant and Equipment	766	1,310,677
Miscellaneous Income	300,132	442,568
	514,670	2,895,524

7 FINANCE COST

	2015 Rs.	2014 Rs.
Interest Expense on Overdrafts	286,857	3,817
Interest Expense on Interest Bearing Loans and Borrowings	8,841,223	12,034,569
Finance Charges on Lease Liabilities	1,103,840	1,757,764
	10,231,920	13,796,150

8. FINANCE INCOME

	2015 Rs.	2014 Rs.
Interest Income	2,772,712	6,544,847
	2,772,712	6,544,847

9. PROFIT BEFORE TAX

	2015 Rs.	2014 Rs.
(a) Included in Cost of Sales		
Depreciation	43,666,485	43,329,721
Staff Costs includes		
- Defined Benefit Plan Costs -Gratuity	4,379,098	3,346,598
- Defined Contribution Plan Costs - EPF and ETF	3,630,125	3,172,227
- Other staff Costs	44,874,670	41,267,444
Technical Services Fee	29,143,045	30,371,255
Legal Expenses	71,476	188,615

Year ended 31 December 2015

	2015 Rs.	2014 Rs.
(b) Included in Administrative Expenses		
Depreciation	5,513,345	6,216,108
Amortisation of Intangible Assets	855,945	1,237,224
Staff Costs includes		
- Defined Benefit Plan Costs -Gratuity	2,463,900	2,721,969
- Defined Contribution Plan Costs - EPF and ETF	6,636,527	5,723,741
- Other staff Costs	60,467,365	53,877,547
Auditors' Remuneration		
-Audit	750,000	715,000
-Non Audit	556,000	314,785
Directors' Fees	1,565,000	1,565,000
Donations	720,025	1,125,083
(c) Included in Selling Distribution Expenses		
Transport Costs	5,666,000	3,753,883
Royalty paid to the Government	35,062,829	35,556,331

10 INCOME TAX

The major components of income tax expense for the years ended 31 December are as follows :
Income Statement

	2015 Rs.	2014 Rs.
Current Income Tax		
Current Income Tax charge (10.1)	610,290	3,555,539
Under / (Over) Provision of current taxes in respect of prior years	688,501	(1,731,807)
Deferred Income Tax		
Deferred Taxation Charge (10.2)	4,851,186	2,144,112
Income tax expense reported in the Income Statement	6,149,977	3,967,844

10.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

	2015 Rs.	2014 Rs.
Accounting Profit Before Tax from Continuing Operations	6,305,787	78,426,486
Aggregate Disallowed Items	65,317,557	123,837,367
Aggregate Allowable Expenses	(67,128,036)	(160,490,200)
Aggregate Other Income	2,772,712	7,870,906
Statutory Deductions - Tax Loss (10.1.1)	(2,543,807)	(20,015,066)
Taxable Profit	4,724,213	29,629,494
Statutory Tax Rate		
- Income Tax Rate 12%	534,367	3,555,539
- Income Tax Rate 28%	75,923	-
Current Income Tax Charge	610,290	3,555,539

Year ended 31 December 2015

INCOME TAX (Cont….)

	2015 Rs.	2014 Rs.
10.1.1 Tax Losses Brought Forward	149,473,853	169,488,919
Set off against Current Years Profits	(2,543,807)	(20,015,066)
Tax Losses Carried Forward	146,930,046	149,473,853

10.1.2 The Company is liable for Income Tax at the rate of 12% on profit derived from Export Sales. The profit derived from local sales and Interest Income is taxable at 28%. A provision has been made in these financial statements on account of income taxes in view of adjusted taxable profits of the Company.

10.2 Deferred Tax Assets, Liabilities and Income Tax relates to the following;

	Statement of Financial position		Income Statement		Other comprehensive Income	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Deferred Tax Liability						
Capital allowances for tax purposes	19,887,154	17,081,266	(2,805,888)	(2,556,960)	-	-
Directly charged to Equity	1,220,275	-	-	-	-	-
	21,107,429	17,081,266	(2,805,888)	(2,556,960)	-	-
Deferred Tax Assets						
Retirement Benefit Obligation	5,240,421	4,376,797	651,679	592,388	211,944	282,948
Brought forward Losses	8,452,908	11,149,885	(2,696,977)	(179,540)	-	-
	13,693,329	15,526,682	(2,045,298)	412,848	211,944	282,948
Deferred income tax income/ (expense)			(4,851,186)	(2,144,112)	211,944	282,948
Net Deferred Tax Liability/ (Assets)	7,414,100	1,554,584				

10.2.1 "- Deferred Tax Liability arising from temporary differences is set-off against the Deferred Tax Assets created by brought forward tax losses to the extent that it could be recovered in the future.- Deferred Income Tax Asset arising from the remaining carried forward losses amounting to Rs.8,452,908/- (2014 - Rs.11,149,885/-) have been recognized in the financial statements only to the extend that would be probable to realized in the next three financial years such losses considered for deferred tax amount to Rs.70,440,901/- (2014 - Rs.92,915,707/-)."

11. EARNINGS PER SHARE

Basic Earning Per Share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	2015 Rs.	2014 Rs.
Net Profit Attributable to Ordinary shareholders for basic Earning Per Share	155,810	74,458,642
Number of Ordinary Shares used as Denominators:	**2015 Number**	**2014 Number**
Number of Ordinary Shares applicable to basic Earning Per Share	47,316,452	47,316,452

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Year ended 31 December 2015

11.1 DIVIDEND PER SHARE

	2015 Rs.	2014 Rs.
Dividend paid during the year	2,838,987	-
Dividend per Share (Rs.)	0.06	-

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Gross Carrying Amounts

	Balance As at 01.01.2015	Additions/ Transfers	Disposals Write-off	Balance As at 31.12.2015
At Cost	Rs.	Rs.	Rs.	Rs.
Buildings on Freehold Land	46,893,468	307,323	-	47,200,792
Road Development	8,807,789	-	-	8,807,789
Access Tunnels	209,376,445	27,959,735	(10,050,428)	227,285,752
Plant and Machinery	245,865,035	7,255,702	-	253,120,737
Other Equipments	42,599,131	-	(1,003,800)	41,595,331
Office Equipment	8,042,141	-	(1,998,232)	6,043,909
Furniture and Fittings	2,961,431	-	(96,383)	2,865,048
Computer Equipments	10,146,389	-	(1,215,802)	8,930,587
Motor Vehicles	14,017,862	1,391,940	(119,440)	15,290,362
	588,709,691	36,914,700	(14,484,085)	611,140,307
At Valuation				
Freehold Land	11,422,000	-	-	11,422,000
	11,422,000	-	-	11,422,000
Assets on Finance Leases				
Motor Vehicles	41,304,075	-	-	41,304,075
	41,304,075	-	-	41,304,075
Total value of Depreciable Assets	641,435,766	36,914,700	(14,484,085)	663,866,382

12.2 In the Course of Construction

	Balance As at 01.01.2014	Incurred During the Year	Transfers Write-off	Balance As at 31.12.2014
	Rs.	Rs.	Rs.	Rs.
Access Tunnels	26,682,338	9,530,769	(28,394,052)	7,819,055
Plant and Machinery	146,548	-	(146,548)	-
	26,828,886	9,530,769	(28,540,600)	7,819,056
Total Gross Carrying Amount	668,264,652	46,445,469	(43,024,685)	671,685,438

Year ended 31 December 2015

12. PROPERTY, PLANT AND EQUIPMENT - (Contd….)

12.3 Depreciation	Balance As at 01.01.2015 Rs.	Re - estimation Adjustment (Note 12.7) Rs.	Charge for the year/ Rs.	Disposals Rs.	Balance As at 31.12.2015 Rs.
Buildings	22,346,410	-	1,875,739	-	24,222,149
Road Development	3,461,632	-	779,278	-	4,240,910
Access Tunnels	124,025,342	(4,193,417)	16,118,006	(10,050,428)	125,899,504
Plant and Machinery	166,185,861	(8,673,507)	15,017,322	-	172,529,675
Other Equipments	30,631,520	(1,495,453)	3,099,629	(1,003,800)	31,231,896
Office Equipment	4,787,331	-	848,975	(1,986,850)	3,649,455
Furniture and Fittings	2,151,803	-	303,656	(96,383)	2,359,076
Computer Equipments	8,876,687	-	819,554	(1,215,802)	8,480,439
Motor Vehicles	10,158,045	-	2,056,862	(95,552)	12,119,355
	372,624,631	(14,362,377)	40,919,021	(14,448,815)	384,732,459
Assets on Finance Leases					
Motor Vehicles	25,189,268	-	8,260,815	-	33,450,083
	25,189,268	-	8,260,815	-	33,450,083
	397,813,898	(14,362,377)	49,179,836	(14,448,815)	418,182,542

12.4 Net Book Values	2015 Rs.	2014 Rs.
At Cost		
Buildings on Freehold Land	22,978,643	24,547,058
Road Development	4,566,879	5,346,157
Access Tunnels	101,386,248	85,351,103
Plant and Machinery	80,591,061	79,679,174
Other Equipments	10,363,436	11,967,612
Office Equipment	2,394,454	3,254,810
Furniture and Fittings	505,972	809,628
Computer Equipments	450,147	1,269,702
Motor Vehicles	3,171,007	3,859,817
	226,407,847	216,085,061
Assets on Finance Leases		
Motor Vehicles	7,853,992	16,114,807
	7,853,992	16,114,807
At Valuation		
Freehold Land	11,422,000	11,422,000
	11,422,000	11,422,000
In the Course of Construction		
Access Tunnels	7,819,055	26,682,338
Plant and Machinery	-	146,548
	7,819,056	26,828,886
Total Carrying Amount of Property, Plant and Equipment	253,502,895	270,450,754

Year ended 31 December 2015

12.5 The land was revalued during the financial year 2013 by N.M. Jayathilake an independent valuer. Land was valued on an open market value on an existing use basis without considering the mineral deposits and under ground works. The Cost of the land was Rs.5,703,702/-.

Significant unobservable valuation inputs:	**Range**
-Sales value per arce of comparable land	Rs. 150,000/- to Rs. 400,000/-

Significant increases (decreases) in sales value per hectare of comparable land would result in a significantly higher (lower) fair value measurement.

12.6 The Company has estimated the remaining useful life of revenue genarating fully depriciated assets and reinstate the cost and accumulated depreciation at amounts which would have been reflected in the statement of financial position on 01 January 2015 had the entity measured depreciation from date of acquisition of the assets based on the total useful life including the estimated remaining useful life and adjust the difference under retained earnings, in accordance with guide line issued by ICASL.

Cost of the re assessed property,plant and equipments	Rs. 67,236,785/-
Accumulated depreciation	Rs. 67,236,785/-
Accumulated depreciation should have been	Rs. 52,874,409/-
Deferred tax tmpact	Rs. 1,220,275/-
Adjustment to retained earnings (net of tax)	Rs. 13,142,102/-

12.7 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.46,445,469/- (2014 - Rs.65,502,919/-). Acquisitions through Cash payments amounting to Rs.18,129,669/- (2014 - Rs.24,188,721/-).

12.8 The useful lives of the assets are estimated as follows;

	2015	**2014**
Buildings	25 Years	25 Years
Road Development Cost	10 Years	10 Years
Access Tunnels	10 - 20 Years	10 - 15 Years
Plant and Machinery	5 - 20 Years	5 - 20 Years
Other Equipments	10 Years	10 Years
Office Equipment	05 Years	05 Years
Furniture and Fittings	05 Years	05 Years
Motor Vehicles	05 Years	05 Years
Computer Equipments	03 Years	03 Years

12.9 Information on the Freehold Land, Freehold Buildings including in the Property, Plant and Equipments of the Company

Company	**Address**	**Ownership**	**Extent**	**No of Buildings**
Bogala Graphite Lanka PLC	Bulathkohupitiya Kegalle.	Freehold Land	9.7159 Hectares	4
	Galigamuwa Kegalle.	Freehold Land	13.2113 Hectares	41
	Bulathkohupitiya Kegalle	Freehold Land	7.2361 Hectares	4

13. INTANGIBLE ASSETS

13.1 Gross Carrying Amounts

	Balance As at 01.01.2015 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2015 Rs.
At Cost				
Computer Softwares	7,840,788	-	-	7,840,788
	7,840,788	-	-	7,840,788

13.2 Amortization and Impairments

	Balance As at 01.01.2015 Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2015 Rs.
Computer Softwares	6,984,843	855,945	-	7,840,788
	6,984,843	855,945	-	7,840,788

13.3 Net Book Values

	2015 Rs.	2014 Rs.
At Cost		
Computer Softwares	-	855,945
	-	855,945

13.4 Useful life of the Intangible Asset is estimated as 03 Years.

14. OTHER FINANCIAL ASSETS AND LIABILITIES

14.1. Other Financial Assets

Loans and receivables	2015 Rs.	2014 Rs.
Loans to Company Officers (Note 14.1.1)	30,734,705	29,265,290
Short-term deposits	-	500,000
Total loans and receivables	30,734,705	29,765,290
Total other financial assets	30,734,705	29,765,290
Total current	12,252,811	12,228,094
Total non-current	18,481,894	17,537,196

14.1.1 Loans to Company Officers	Balance as at 01.01.2015 Rs.	Loans Granted During the Year Rs.	Repayments Rs.	Balance as at 31.12.2015 Rs.
Loans to Company Officers	29,265,290	14,899,896	(13,430,481)	30,734,705
	29,265,290	14,899,896	(13,430,481)	30,734,705
Current	11,728,094			12,252,811
Non Current	17,537,196			18,481,894
	29,265,290			30,734,705

Year ended 31 December 2015

14.2. Other Financial Liabilities	2015 Rs.	2014 Rs.
Current Interest -bearing loans and borrowings		
Obligations under finance leases (Note 23.1)	4,526,938	6,694,180
Other current loans		
Graphit Kropfmuhl GmBH Loan (Note 14.2.1)	26,815,096	27,773,083
Total Current Interest-bearing loans and borrowings	31,342,034	34,467,263
Non-Current Interest -bearing loans and borrowings		
Obligations under finance leases (Note 23.1)	1,139,317	5,666,265
Other non-current loans		
Graphit Kropfmuhl GmBH Loan (Note 14.2.1)	127,371,706	159,695,230
Total Non Current Interest-bearing loans and borrowings	128,511,023	165,361,495
Total Interest-bearing loans and borrowings	**159,853,057**	**199,828,758**

14.2.1 Loans	As at 01.01.2015 Rs.	Loans Obtained Rs.	Repayments Rs.	Exchange (Gain)/Loss Rs.	As at 31.12.2015 Rs.
Graphit Kropfmuhl GmbH Loan	187,468,313	-	(26,164,162)	(7,117,349)	154,186,802
	187,468,313	-	(26,164,162)	(7,117,349)	154,186,802
Current	27,773,083				26,815,096
Non Current	159,695,230				127,371,706
	187,468,313				154,186,802

Terms and Conditions:

Graphit Kropfmuhl GmbH Loan (Parent Company)

The repayment terms of borrowing and the security offered to each loan are set out below;

- Rate of Interest	"EURO LIBOR + 4%"
- Term of Repayment - Equal installments	EUR 43,616/25 (Quarterly- Without Interest)
- Grace Period	2 years up to October 2011
- Repayment by	2021
- Security offered	None

14.3. Fair Values

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2015, the carrying amounts of such receivables, net of provision for impairment, are not materially different from their calculated fair values.

Year ended 31 December 2015

15. INVENTORIES

	2015 Rs.	2014 Rs.
Raw Materials (at cost)	24,676,044	20,195,670
Semi Finished Goods (at cost)	30,258,839	16,291,070
Finished Goods - (at cost)	6,677,685	2,702,938
Consumables and Spares (at cost)	53,755,479	50,434,440
	115,368,047	89,624,118

16. TRADE AND OTHER RECEIVABLES

16.1 Summary

	2015 Rs.	2014 Rs.
16.1.1 Current		
Trade Receivables - Related Parties (16.2)	7,847,503	18,820,461
Others	45,637,174	41,848,506
	53,484,677	60,668,967
Other Receivables - Related Parties (16.3)	-	486,302
Others	29,661,736	27,620,562
	83,146,413	88,775,831

**Other receivable from others includes VAT receivables amounting to Rs.28,980,560/- (2014 - Rs.26,908,714/-).*

Trade receivables are non interest bearing and generally 30-90 day terms. As at 31 December, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor Impaired	Past due but not impaired			
			<30 days	30-60 days	61-90 days	>91 days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2015	53,484,677	50,049,197	3,435,480	-	-	-
2014	61,155,269	55,011,719	5,653,688	489,862	-	-

16.2. Trade Receivables - Related Parties

	Relationship	2015 Rs.	2014 Rs.
Graphit Kropfmuhl GmbH	Parent	-	15,732,175
Qingdao Kropfmuhl Graphite Co. Ltd.	Affiliates	2,666,367	-
Graphite Tyn Spol S.R.O	Affiliates	5,181,136	3,088,286
		7,847,503	18,820,461

16.3. Other Receivables - Related Parties

	Relationship	2015 Rs.	2014 Rs.
Ansro Lanka (Private) Limited	Affiliates	-	486,302
		-	486,302

Year ended 31 December 2015

17. CASH AND SHORT-TERM DEPOSITS

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December:

	2015 Rs.	2014 Rs.
Cash at bank and in hand	32,804,003	44,257,005
Total Cash and Cash Equivalents	32,804,003	44,257,005

18. STATED CAPITAL

	2015 Number	2015 Rs.	2014 Number	2014 Rs.
Fully paid Ordinary Shares	47,316,452	80,074,201	47,316,452	80,074,201
	47,316,452	80,074,201	47,316,452	80,074,201

19. RESERVES

	2015 Rs.	2014 Rs.
19.1 Capital Reserves		
Revaluation Reserve	5,718,298	5,718,298
	5,718,298	5,718,298

19.1.1 Nature and Purpose of Reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

20. EMPLOYEE BENEFIT LIABILITY

Gratuity	2015 Rs.	2014 Rs.
Defined Benefit Obligation at the beginning of the year	36,473,309	29,178,844
Interest on Benefit Liability	3,647,331	3,209,673
Current Service Cost	3,195,667	2,858,894
Actuarial Loss	1,766,204	2,357,902
Benefit paid during the year	(1,412,340)	(1,132,004)
Defined Benefit Obligation at the end of the year	43,670,171	36,473,309

The expenses are recognised in the following line items in the statement of profit or loss and other comprehensive income

Cost of Sale	4,379,098	3,346,598
Administrative Expenses	2,463,900	2,721,969
	6,842,998	6,068,567
Other Comprehensive Income	1,766,204	2,357,902

20.1 Messers Actuarial and Management Consultants (Pvt) Ltd; a firm of professional actuaries, carried out an actuarial valuation of the defined benefit gratuity on 31 December 2015. Appropriate and compatible assumptions were used in determining the retirement benefits. The principal assumptions used are as follows;

		2015	2014
Discount Rate Assumed		10%	10%
Salary Increased Rate Assumed	- Executive	9%	8%
	- Non Executive	9%	7%
Withdrawal Rate Assumed		2%	2%
Retirement Age		55 years	55 years

20.2 Sensitivity of the principal assumptions used

	Expected Future Salaries		Discount Rate	
	1% increase Rs. '000	1% decrease Rs. '000	1% increase Rs. '000	1% decrease Rs. '000
Change in Present value of Defined Benefit Obligation	3,521,603	(3,179,076)	(2,847,501)	3,188,926

20.3 The average future working life of the deferred benefit obligation at the end of the reporting period is 11 years

21. TRADE AND OTHER PAYABLES

	2015 Rs.	2014 Rs.
Trade Payables -Related Party (Note 21.1)	8,262,936	3,325,633
Trade Payables -Others	5,205,047	5,554,148
Sundry Creditors	6,789,231	3,344,540
Accrued Expenses	14,935,788	13,147,572
	35,193,002	25,371,892

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled on 30- 60 day terms
For explanations on the Company's credit risk management processes, refer to Note 24.

21.1 Trade Payable - Related Parties

	Relationship		
Graphit Kropfmuhl GmbH	Parent Company	8,262,936	3,325,633
		8,262,936	3,325,633

Year ended 31 December 2015

22. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

22.1 Transaction with the parent and related entities

	Name of Company & Relationship									
	Parent Graphit Kropfmuhl GmbH		Affiliate Graphite Tyn		Affiliate Qingdao Kropfmuhl Graphite Co. Ltd.		Affiliate Ansro Lanka (Pvt) Ltd.		Total	
Nature of Transaction	**2015 Rs.**	**2014 Rs.**	**2015 Rs.**	**2014 Rs.**	**2015 Rs.**	**2014 Rs.**	**2015 Rs.**	**2014 Rs.**	**2015 Rs.**	**2014 Rs.**
Balance Receivable (Payable) as at 01 January	(175,061,771)	(230,358,636)	3,088,286	7,488,586	-	1,179,472	486,302	70,472	(171,487,182)	(221,620,105)
Sale of Goods/Services	71,865,829	111,355,855	51,558,187	50,754,803	24,454,578	18,728,004	-	-	145,046,347	180,838,662
Purchase of Goods/Services	(54,242,810)	(44,708,645)	-	-	-	-	-	-	(54,242,810)	(44,708,645)
Expenses Reimburesable from related companies	7,099,566	602,658	-	-	-	-	-	415,830	7,099,566	1,018,488
Dividend	2,564,569	-	-	-	-	-	-	-	2,564,569	-
Finance Charges	(8,841,222)	(12,034,569)	-	-	-	-	-	-	(8,841,222)	(12,034,569)
Technical Service Fees	(29,143,045)	(30,371,255)	-	-	-	-	-	-	(29,143,045)	(30,371,255)
Repayment of Interest Bearing Loans and Borrowings	26,164,162	30,597,977	-	-	-	-	-	-	26,164,162	30,597,977
Net Settlements	(9,972,364)	(25,652,245)	(49,465,336)	(55,155,103)	(21,788,210)	(19,907,476)	(486,302)	-	(78,875,763)	(100,714,824)
Net Exchange (Gain) / Loss	7,117,349	25,507,088		-		-	-	-	7,113,144	25,507,088
Balance Receivable (Payable) as at 31 December	(162,449,738)	(175,061,771)	5,181,136	3,088,286	2,666,367	-	-	486,302	(154,602,235)	(171,487,182)
Above balance Included in	**2015 Rs.**	**2014 Rs.**	**2015 Rs.**	**2014 Rs.**	**2015 Rs.**	**2014 Rs.**	**2015 Rs.**	**2014 Rs.**	**2015 Rs.**	**2014 Rs.**
Trade Receivable	-	15,732,175	5,181,136	3,088,286	2,666,367	-	-	-	7,847,504	18,820,461
Other Receivable	-	-	-	-	-	-	-	486,302	-	486,302
Other Payables	(8,262,936)	(3,325,633)	-	-	-	-	-	-	(8,262,936)	(3,325,633)
Interest Bearing Loans and Borrowings	(154,186,802)	(187,468,313)	-	-	-	-	-	-	(154,186,802)	(187,468,313)
	(162,449,738)	(175,061,771)	5,181,136	3,088,286	2,666,367	-	-	486,302	(154,602,234)	(171,487,183)

** Total aggregated value of the sales made to Graphite Krpofmuhl GmbH and the Graphite Tyn is 12.6% and 8.5% respectively from the total revenue of the Company (2014 - 18% and 8%).*

Terms and Conditions :

All related party transactions have been conducted on an agreed commercial terms with the respective parties.

22.2 Transactions with Key Management Personnel of the Company or parent

Key Management Personnel Compensation	**2015 Rs.**	**2014 Rs**
Directors Emolument paid	19,353,432	14,450,238
Short Term Employee Benefits	3,788,762	4,430,042

Key management personnel are the Board of Directors of the Company.

23. COMMITMENTS AND CONTINGENCIES

23.1. Finance lease

The company has finance leases for Motor vehicles. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2015		2014	
	Minimum payments Rs.	Present value of payments (Note 14) Rs.	Minimum payments Rs.	Present value of payments (Note 14) Rs.
Within one year	4,989,936	4,526,938	7,798,032	6,694,180
After one year but not more than five years	1,170,844	1,139,317	6,160,780	5,666,265
Total minimum lease payments	6,160,780	5,666,255	13,958,812	12,360,445
Less amounts representing finance charges	(494,525)	-	(1,598,367)	-
Present value of minimum lease payments	5,666,255	5,666,255	12,360,445	12,360,445

22.1.1 Finance Leases

	As at 01.01.2015 Rs.	Lease Obtained Rs.	Repayment Rs.	As at 31.12.2015 Rs.
Gross Liability	13,958,812	-	(7,798,032)	6,160,780
Finance Charges allocated to future periods	(1,598,367)	-	1,103,842	(494,525)
Net liability	12,360,445	-	(6,694,190)	5,666,255

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise Interest Bearing loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd….)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's interest rate is EURO LIBOR + 4%.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant,the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax
2015	+50 -50	(51,160) 51,160
2014	+50 -50	(656,960) 689,808

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denomnated in a foreign currency) and the borrowings.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in Euro exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in Euro rate	Effect on profit before tax
2015	+5% -5%	7,709,340 (7,709,340)
2014	+5% -5%	8,248,606 (7,855,815)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd….)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade receivables

"Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an individual credit limits and are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and shipments to major customers are covered either by Advance Payments or by letters of credit. At 31 December 2015, the Company had 6 customers (2014: 3 customers,) that owed the Company more than Rs.40,000,000 each and accounted for approximately 95% (2014: 95%,) of all receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 16.The Company does not hold collateral as security.

The Company evaluates the concentration of risk with respect to trade receivables as low based on the terms with which we use to work such as telegraphic transfer (TT), Letter of Credit (LC) and Document against Payments (DP) and the long standing business relationship with the customer base, as its customers are located in several jurisdictions and industries and operate in largely independent markets."

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's Finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans, and finance leases. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Year ended 31 December 2015

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd….)

The table below summarises the maturity profile of the company's financial liabilities.

Year ended 31 December 2015	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	> 5 years Rs.	Total Rs.
Interest-bearing loans and borrowings	-	7,835,552	23,506,656	128,510,849	-	159,853,057
Trade and other payables	-	35,193,002	-	-	-	35,193,002
	-	43,028,554	23,506,656	128,510,849	-	195,046,059

Year ended 31 December 2014	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	> 5 years Rs.	Total Rs.
Interest-bearing loans and borrowings	-	8,694,716	25,805,520	144,696,551	20,631,970	199,828,758
Trade and other payables	-	25,371,892	-	-	-	25,371,892
	-	34,066,608	25,805,520	144,696,551	20,631,970	225,200,649

Capital management

For the purpose of the Company's Capital Management, Capital includes the equity attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	2014 Rs.	2013 Rs.
Interest-bearing loans and borrowings (Note 14)	159,853,057	199,828,758
Trade and other payables (Note 21)	35,193,002	25,371,892
Less: cash and cash equivalents (Note 17)	(32,804,003)	(44,257,005)
Net debt	162,242,056	180,943,645
Equity	278,306,874	269,402,209
Total capital	278,306,874	269,402,209
Capital and net debt	440,548,930	450,345,854
Gearing ratio	37%	40%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

25. ASSETS PLEDGED

There are no assets pledged as at the Reporting date.

26. EVENTS AFTER REPORTING DATE

On 20 January 2015 the Board of Directors decided to capitalize Rs.22 Mn form Company's retained earnings as fully paid shares to the stated capital in the proportion of 1:1 at a consideration of 0.46 cents per share.There are no any material events occuring after the reporting date that require adjustments to or a disclosure in the financial statements.

TEN YEAR FINANCIAL SUMMARY
(In Rupees '000)

		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Trading Results												
Turnover		582,860	607,425	535,758	556,226	399,324	386,373	241,382	383,976	403,005	297,684	277,632
Gross Profit		186,599	239,628	177,488	184,222	115,004	130,098	19,319	108,606	157,662	99,494	114,980
Other Income		3,287	9,440	7,718	13,813	6,925	36,132	6,926	2,195	3,346	4,077	2,361
Profit before Interest		16,537	92,223	47,757	40,741	38,069	88,405	(76,387)	(53,603)	72,283	45,100	61,664
Interest Cost		10,231	13,796	17,928	18,548	16,406	15,144	47,630	48,270	34,529	19,353	19,058
Profit after interest before Tax		6,305	78,426	29,829	22,193	21,663	73,261	(124,017)	(101,873)	37,754	25,746	42,606
Taxation		6,149	3,968	5,072	1,652	(1,552)	(2,844)	-	1,845	(3,229)	(2,877)	(6,366)
Net Profit/(Loss)		155	74,459	24,757	23,845	20,111	70,417	(124,017)	(100,028)	34,525	22,869	36,241
Reversal of Unclaimed Dividend			-									
Actuarial loss		1,554	2,075	126	1,738	-						
Total Comprehensive Income for the Year		(1,398)	72,384	24,656	22,108	-						
Balance Sheet												
Stated Capital		80,074	80,074	80,074	80,074	80,074	80,074	547,142	397,290	397,290	397,290	397,290
Reserves		198,233	189,328	116,944	92,313	82,009	76,135	(461,350)	(337,333)	(237,304)	(271,829)	(294,698)
Shareholders' Funds		278,307	269,402	197,018	172,362	162,083	156,209	85,792	59,957	159,986	125,461	102,592
Property, Plant & Equipment		253,503	270,451	297,136	282,859	275,276	242,700	262,043	303,916	270,929	215,430	167,545
Current & Non Current Assets		271,116	263,130	238,042	241,997	227,833	255,636	205,422	215,938	223,168	149,935	153,557
Current Liabilities		66,717	61,645	86,875	81,542	80,198	40,674	47,200	306,145	278,378	186,831	164,175
Non Current Liabilities		179,595	203,389	253,684	270,952	260,827	301,453	334,471	153,752	55,734	53,073	54,335
Net Assets		278,307	269,402	197,018	172,362	162,083	156,209	85,792	59,957	159,986	125,461	102,592
Key Indicators												
Gross Profit to Turnover	%	32%	39%	33%	33%	29%	33.67%	8.00%	28.28%	39.12%	33.42%	41.41%
Net Income to Turnover	%	0.03%	12.26%	4.62%	4.29%	5.04%	18.23%	-51.38%	-26.05%	8.57%	7.68%	13.05%
Earnings Per Share	Rupees	0.00	1.57	0.52	0.50	0.43	1.49	(2.62)	(2.52)	0.87	0.58	0.91
Price Earnings Ratio	Times	9,839	19.89	35.17	47.03	91.76	39.31	(6.87)	(3.57)	23.59	39.52	32.89
Market Value per share as at 31st December	Rupees	32.40	31.30	18.40	23.70	39.00	58.50	18.00	9.00	20.50	22.75	30.00
Return on Equity	%	0.06%	27.64%	12.57%	13.83%	12.41%	45.08%	-144.55%	-166.83%	21.58%	18.23%	35.33%
Net Assets per share	Rupees	5.88	5.69	4.16	3.64	3.43	3.30	1.81	1.51	4.03	3.16	2.58
No of Shares in Issue	Nos	47,316,452	47,316,452	47,316,452	47,316,452	47,316,452	47,316,452	47,316,452	39,729,000	39,729,000	39,729,000	39,729,000

Notes:

1) In Year 2004 a Loan of Euro 1,000,000 obtaind from GK was converted to 11,768,000 shares

2) In year 2009 further 7,587,452 shares were issued by capitalising Euro loan due to GK

3) In year 2010 BGL reduced its stated capital to Rs.80,074,201 by setting off the accumulated losses as at 31/12/2009 of Rs.467,067,988 against the stated capital of Rs.547,142,189 without affecting the number of shares in issue.

Top 20 Shareholders

As at 31st December 2015

	Name of Shareholders	No. Of Shares	%
1	GRAPHIT KROPFMUHL GMBH	37,655,034	79.58
2	ALTERNA GK LLC	4,887,790	10.33
3	SECRETARY TO THE TREASURY	254,500	0.54
4	MRS. N.TIRIMANNE	187,100	0.40
5	PEOPLES LEASING & FINANCE PLC/L.P.HAPANGAMA	110,348	0.23
6	MR. W.A.DE SILVA (DECEASED)	90,900	0.19
7	MR. D.M.KODIKARA	60,693	0.13
8	ASHA FINANCIAL SERVICES LIMITED/MR.C.N.PAKIANATHAN	55,037	0.12
9	MR. M.H.HANIFFA	51,045	0.11
10	UNIVOGUE GARMENTS (PVT) LIMITED.	49,500	0.10
11	MR. R.P.SUGATHADASA	40,065	0.08
12	MR. A.J.M.JINADASA	40,000	0.08
13	MRS. N.MULJIE	34,951	0.07
14	MR. K.S.M.RODRIGO	30,650	0.06
15	MR. A.P.JAYASINGHE	30,369	0.06
16	MR. N.A.WITHANA	27,302	0.06
17	MR. M.S.HIRIPITIYA	26,513	0.06
18	FIRST CAPITAL MARKETS LIMITED/MR.P.D.SAMARASINGHA	21,000	0.04
19	MR. E.P.PIYASENA	20,000	0.04
	MR. N.H.P.S.S.SAMPATH	20,000	0.04
	DR. K.SRIRANJAN	20,000	0.04
20	MR. W.M.L.THISERA	19,980	0.04

SHARES NOT TAKEN INTO ACCOUNT TO COMPUTATE PUBLIC HOLDING

Name	Shares	%
GRAPHIT KROPFMUHL GMBH	37,655,034	79.58
MR. A.P.JAYASINGHE	30,369	0.06
ALTERNA GK LLC	4,887,790	10.33
TOTAL	**42,573,193**	**89.98**

DIRECTORS SHAREHOLDING	No of Shares	%
Mr.A.P.Jayasinghe	30,369	0.06

Number of Share held by Public		4,743,259
Number of shareholders holding the Public Shares		9,504
Percentage		10.02
Number of shares representing stated capital		47,316,452
Total number of shareholders		9,507
Net Assets Value per Share as at 31st December 2015 (2014 - Rs.5.69)	Rs.	5.88

Summary of Shareholders

As at 31st December 2015

SHAREHOLDING	NO.OF SHAREHOLDERS	TOTAL NO.OF SHARES	PERCENTAGE %
1-1000	9,032	2,046,327	4.32
1001-5000	388	960,354	2.03
5001-10000	47	330,344	0.70
10001-50000	31	626,980	1.33
50001-100000	4	257,675	0.54
100001-500000	3	551,948	1.17
500001-1000000	0	0	0.00
OVER 1000000	2	42,542,824	89.91
TOTAL	**9,507**	**47,316,452**	**100.00**

SHARE TRADING DETAILS FOR THE YEAR 2015

Highest Market Price (23-10-2015)	Rs.	46.50
Lowest Market Price (08-10-2015)	Rs.	27.50
Market Price as at 31 st December 2015	Rs.	32.40
Traded Share Volume		7,496,940
No of Trades		3,742
Trading Turnover		252,638,625.80

NOTICE IS HEREBY GIVEN THAT the Twenty Fifth Annual General Meeting of the Company will be held at 10.30 a.m. on Friday the 29th April 2016 at the Ceylon Chamber of Commerce Auditorium at No. 50, Navam Mawatha, Colombo 02 for the following purposes:

AGENDA

1. To receive and consider the Annual Report of the Board together with the Financial Statements of the Company for the year ended 31st December 2015 together with the Auditors' Report thereon.
2. To propose the following resolution as an ordinary resolution for the reappointment of Mr. J. C. P. Jayasinghe who has reached the age of 72 years.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. J.C.P Jayasinghe who has reached the age of 72 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".
3. To propose the following resolution as an ordinary resolution for the reappointment of Mr. V. P. Malalasekera who has reached the age of 70 years.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. V.P. Malalasekera who has reached the age of 70 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".
4. WHEREAS the Company by letter dated the 4th March 2016 has informed Ernst & Young that a resolution will be passed at the Annual General Meeting proposing the appointment of KPMG as auditors of the Company in line with ultimate parent Company AMG Advanced Metallurgical Group NV policy of auditor's rotation; and

   WHEREAS Ernst & Young have informed the Company that there are no circumstances connected with their ceasing to hold office, which they consider should be brought to the attention of the shareholders or the creditors of the Company; and

   WHEREAS the Audit Committee has recommended the appointment of KPMG, Chartered Accountants, of 32 A, Sir Mohamed Macan Markar Mawatha, Colombo 03 as auditors of the Company in place of Ernst & Young, Chartered Accountants.

   IT IS HEREBY RESOLVED that KPMG of 32 A, Sir Mohamed Macan Markar Mawatha, Colombo 03 be and is hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to audit the Financial Statements of the Company for the accounting period ending 31st December 2016 at a remuneration to be agreed with the Board of Directors
5. To authorise the Directors to determine contributions to charities for the ensuing year.

By Order of the Board

CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries
BOGALA GRAPHITE LANKA PLC

Colombo on Wednesday 24th February 2016

Note:

Any member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a member of the Company.

A completed form of proxy must be deposited at the Registered Office of the Company at No.216, De Saram Place, Colombo 10 not less than 48 hours before the time appointed for the holding of the meeting.

Form of Proxy

I/We ……..... of

……..... being

a member/s of BOGALA GRAPHITE LANKA PLC hereby appoint …….....

..... of

…….or failing him Mr.V.P.Malalasekera or failing him Mr.F.E.Berger or failing him Mr.J.C.P.Jayasinghe or failing him Mr.A.P.Jayasinghe or failing him Mr.T.Mueller or failing him Mr.T.Junker or failing him Ms.M.C.Pietersz or failing her Mr.A.S.R.Amarasinghe or failing him Mr.M.Adamally as my/our proxy to speak/vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on the 29 day of April 2016 at 10.30 a.m. and at any adjournment thereof and at every poll which may be taken in connection with such meeting.

As witness my/our hands this ……..... day of …….....Two Thousand and Sixteen.

.....
Signature

Note :
Delete what is inapplicable

***Please bring your National Identity Card.**

INSTRUCTIONS AS TO COMPLETION

1. The instrument appointing a proxy may be in writing under the hands of the appointor or of its attorney duly authorized in writing under the hands of the appointor or of its attorney duly authorized in writing or if such appointor is a corporation under its common seal or the hand of its attorney or duly authorized person.

2. The instrument appointing a proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of the Power of Attorney or other authority will have to be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the holding of the meeting.

Corporate Information

1. **Name of the Company** - Bogala Graphite Lanka PLC
2. **Legal Form** - A Public Quoted Company with limited liability incorporate under the provisions of Companies Act No 7 of 2007
3. **Date of Incorporation** - 11th March 1991
4. **Company Registration Number** - PQ 218
5. **Nature of Business** - Mining, Separation, Refining, Treating , Processing and Preparation, and sale of Graphite, and production of Lubricants
6. **Board of Directors**

Mr. Vijaya Malalasekera	- Chairman
Mr. Frank E Berger	- Vice Chairman
Mr. Jayampathi Jayasinghe	
Mr. Thomas A Junker	
Mr. Amila Jayasinghe	- CEO / Managing Director
Mr. Torben Muller	
Ms. Coralie Pietersz	
Mr. Sugath Amarasinghe	- Finance Director
Mr. Mohamed Adamaly	

7. **Business Address** Bogala Mines, 71041 Aruggammana
Website : www.gk-graphite.lk

8. **Secretaries**
Corporate Services (Private) Limited
216, De Saram Place, Colombo 10.
Tel: 004718200 Fax 004718220
email: csl@figdesaram.com

Lawyers
F J & G De Saram
216 De Saram Place, Colombo 10.
Tel: 0114605100 Fax 0112669769
email: fjgdesaram@fjgdesaram.com

9. **External Auditors**
Ernst & Young
Chartered Accountants
201, De Saram Place,
Colombo 10

Internal Auditors
B.R.De Silva & Company
Chartered Accountants
22/4 Vijaya Kumaranathunga Mawatha
Colombo 05

10. **Bankers** Deutsche Bank
Peoples Bank

11. **Management Committee**

General Manager	- Gamini Kumburahena
Deputy General Manager	- Uditha Rajapaksa
Chief Information Officer / HOD Marketing	- Waruna Illukpitiya
Assistant General Manager (HR & ADM)	- Dimuth Mahaliyana
Assistant General Manager (Underground)	- Chaminda Ekanayake
Assistant General Manager (Processing)	- Anura Liyanage
Manager Supplies (Local)	- Jayantha Priyaratne
Manager Training & Management Systems	- Kapila Ekanayake
Manager Safety, Health & Environment	- Saliya Gunasekara
Management Accountant	- Ms. Devika Kumari
Mine Service Manager / Geologist	- Kithsiri Palandagama
Manager Underground Maintenance	- Udaya Bokalamulla
Manager Stores & Public Relations	- Hemantha Jayasinghe

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