

Aitken Spence

Interim Statement

for the six months ended 30th September 2012



Aitken Spence PLC

CONSOLIDATED INCOME STATEMENTS

| | Quarter ended 30th September | | Six months ended 30th September | |
|---|---------------------------------|-----------------|------------------------------------|-----------------|
| | 2012 Rs.'000 | 2011 Rs.'000 | 2012 Rs.'000 | 2011 Rs.'000 |
| Revenue | 9,944,378 | 7,563,433 | 18,558,377 | 13,198,899 |
| Revenue tax | (134,445) | (116,973) | (254,265) | (225,583) |
| Net revenue | 9,809,933 | 7,446,460 | 18,304,112 | 12,973,316 |
| Other operating income/(loss) | (26,310) | 54,807 | 70,579 | 99,792 |
| Changes in inventories of finished goods and work-in-progress | 20,592 | 25,349 | 20,079 | 21,678 |
| Raw materials and consumables used | (3,993,732) | (2,669,429) | (7,466,293) | (4,096,996) |
| Employee benefits expense | (933,606) | (887,012) | (1,876,829) | (1,626,401) |
| Depreciation and amortisation expense | (354,324) | (399,934) | (676,365) | (753,383) |
| Other operating expenses-direct | (2,125,728) | (1,769,119) | (3,934,716) | (3,273,666) |
| Other operating expenses-indirect | (1,157,725) | (983,044) | (2,209,497) | (1,936,186) |
| Profit from operations | 1,239,100 | 818,440 | 2,231,070 | 1,408,154 |
| Finance income | 212,426 | 121,867 | 393,178 | 221,255 |
| Finance expenses | (349,581) | (161,550) | (638,529) | (304,423) |
| Net finance expense | (137,155) | (39,683) | (245,351) | (83,168) |
| Share of profit of equity-accounted investees (net of tax) | 53,702 | 15,886 | 87,840 | 43,420 |
| Profit before tax | 1,155,647 | 794,643 | 2,073,559 | 1,368,406 |
| Income tax expenses | (205,626) | (165,082) | (337,557) | (236,649) |
| Profit for the period | 950,021 | 629,561 | 1,736,002 | 1,131,757 |
| Attributable to: | | | | |
| Equity holders of the parent | 731,411 | 467,960 | 1,371,980 | 894,291 |
| Non-controlling interests | 218,610 | 161,601 | 364,022 | 237,466 |
| Profit for the period | 950,021 | 629,561 | 1,736,002 | 1,131,757 |
| Earnings per share - Basic/Diluted (Rs.) | 1.80 | 1.15 | 3.38 | 2.20 |

The above figures are subject to audit.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Quarter ended 30th September | | Six months ended 30th September | |
|---|---------------------------------|------------------|------------------------------------|------------------|
| | 2012 Rs. '000 | 2011 Rs. '000 | 2012 Rs. '000 | 2011 Rs. '000 |
| Profit for the period | 950,021 | 629,561 | 1,736,002 | 1,131,757 |
| Other comprehensive income | | | | |
| Exchange differences on translation of foreign operations | (182,064) | 8,020 | 58,939 | (23,055) |
| Net change in fair value of available-for-sale financial assets | 60,996 | (22,626) | 30,670 | (22,626) |
| Other comprehensive income for the period, net of tax | (121,068) | (14,606) | 89,609 | (45,681) |
| Total comprehensive income for the period | 828,953 | 614,955 | 1,825,611 | 1,086,076 |
| Attributable to: | | | | |
| Equity holders of the parent | 634,274 | 449,673 | 1,435,436 | 856,099 |
| Non-controlling interests | 194,679 | 165,282 | 390,175 | 229,977 |
| Total comprehensive income for the period | 828,953 | 614,955 | 1,825,611 | 1,086,076 |

The above figures are subject to audit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at | 30.09.2012 Rs.'000 | 30.09.2011 Rs.'000 | 31.03.2012 Rs.'000 | 01.04.2011 Rs.'000 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant & equipment | 23,350,295 | 19,381,428 | 22,530,877 | 18,546,982 |
| Leasehold properties | 2,520,439 | 1,321,059 | 2,549,265 | 1,359,483 |
| Intangible assets | 666,949 | 199,909 | 602,614 | 204,310 |
| Investment property | 1,662,349 | 1,662,914 | 1,662,349 | 1,662,992 |
| Finance lease receivables | 2,455,633 | 2,191,273 | 1,919,640 | 2,232,000 |
| Investments in equity-accounted investees | 1,690,916 | 1,393,275 | 1,470,157 | 1,335,002 |
| Long term investment | 340,779 | 430,148 | 337,037 | 427,920 |
| Deferred tax assets | 202,600 | 151,187 | 209,770 | 137,694 |
| Other non-current assets | 55,700 | 55,700 | 55,700 | 55,700 |
| | <u>32,945,660</u> | <u>26,786,893</u> | <u>31,337,409</u> | <u>25,962,083</u> |
| Current assets | | | | |
| Inventories | 1,831,674 | 1,567,401 | 1,783,317 | 1,607,724 |
| Trade and other receivables | 9,005,664 | 4,869,952 | 8,956,345 | 4,159,051 |
| Finance lease receivables within one year | 138,606 | 353,133 | 684,259 | 604,220 |
| Amounts due from equity-accounted investees | 6,264 | 8,203 | 6,100 | 23,326 |
| Current investments | 268,079 | 281,319 | 241,542 | 304,820 |
| Deposits and prepayments | 1,344,142 | 775,424 | 755,758 | 547,022 |
| Current tax receivable | 172,206 | 141,964 | 158,172 | 122,298 |
| Other financial assets | - | - | - | 5,027 |
| Short-term deposits | 4,363,943 | 5,320,467 | 4,355,073 | 5,059,274 |
| Cash and cash equivalents | 2,415,286 | 984,142 | 2,176,837 | 736,009 |
| | <u>19,545,864</u> | <u>14,302,005</u> | <u>19,117,403</u> | <u>13,168,771</u> |
| Assets classified as held for sale | <u>149,125</u> | <u>161,663</u> | <u>149,125</u> | <u>181,489</u> |
| Total Assets | <u>52,640,649</u> | <u>41,250,561</u> | <u>50,603,937</u> | <u>39,312,343</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to equity holders of the parent | | | | |
| Stated capital | 2,135,140 | 2,135,140 | 2,135,140 | 2,135,140 |
| Reserves | 12,711,887 | 11,085,429 | 12,543,500 | 11,123,621 |
| Retained earnings | 11,065,335 | 8,471,485 | 10,261,421 | 7,984,227 |
| | <u>25,912,362</u> | <u>21,692,054</u> | <u>24,940,061</u> | <u>21,242,988</u> |
| Non-controlling interests | <u>4,861,655</u> | <u>3,922,545</u> | <u>4,672,919</u> | <u>4,154,265</u> |
| Total Equity | <u>30,774,017</u> | <u>25,614,599</u> | <u>29,612,980</u> | <u>25,397,253</u> |
| Non-current liabilities | | | | |
| Interest bearing liabilities | 6,253,035 | 4,907,054 | 5,742,548 | 4,143,648 |
| Deferred tax liabilities | 465,205 | 275,126 | 425,303 | 256,001 |
| Employee benefits | 404,721 | 352,430 | 387,984 | 335,637 |
| | <u>7,122,961</u> | <u>5,534,610</u> | <u>6,555,835</u> | <u>4,735,286</u> |
| Current liabilities | | | | |
| Trade and other payables | 6,308,784 | 4,298,456 | 6,583,023 | 3,911,576 |
| Provisions | 138,651 | 623,707 | 490,662 | 457,827 |
| Interest bearing liabilities repayable within one year | 1,952,825 | 1,924,354 | 2,135,469 | 1,718,328 |
| Amounts due to equity-accounted investees | 1,503 | 20 | 14,088 | 482 |
| Current tax payable | 304,626 | 133,427 | 286,567 | 179,647 |
| Other financial liabilities | 7,491 | 1,399 | 57,820 | - |
| Short term bank borrowings | 6,029,791 | 3,119,989 | 4,867,493 | 2,911,944 |
| | <u>14,743,671</u> | <u>10,101,352</u> | <u>14,435,122</u> | <u>9,179,804</u> |
| Total Equity and Liabilities | <u>52,640,649</u> | <u>41,250,561</u> | <u>50,603,937</u> | <u>39,312,343</u> |
| Net Assets per share (Rs.) | 63.82 | 53.43 | 61.43 | 52.32 |

The above figures are subject to audit.

The Chief Financial Officer certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.
D.H.S. Jayawardena
Chairman

Sgd.
J.M.S. Brito
Deputy Chairman & Managing Director

Sgd.
Ms. N. Sivapragasam
Chief Financial Officer

Colombo,
12h November, 2012

STATEMENT OF CHANGES IN EQUITY - GROUP

For the six months ended 30th September 2012

| | Attributable to equity holders of the parent | | | | | | Retained | Total | Non- | Total |
|--|--|----------------|------------------|------------------|----------------|---------------|-------------------|-------------------|------------------|-------------------|
| | Stated | Capital | General | Revaluation | Foreign | Available | earnings | | Controlling | Equity |
| | capital | reserves | reserves | reserve | currency | for sale | | | Interests | |
| | | | | | translation | reserve | | | | |
| | Rs '000 | Rs '000 | Rs '000 | Rs '000 | reserve | Rs '000 | Rs '000 | Rs '000 | Rs '000 | Rs '000 |
| Balance as at 01st April 2012 | 2,135,140 | 127,521 | 6,327,782 | 5,358,153 | 743,671 | (13,627) | 10,261,421 | 24,940,061 | 4,672,919 | 29,612,980 |
| Profit for the period | - | - | - | - | - | - | 1,371,980 | 1,371,980 | 364,022 | 1,736,002 |
| Other comprehensive income for the period | - | - | - | - | 31,754 | 31,702 | - | 63,456 | 26,153 | 89,609 |
| Total comprehensive income for the period | - | - | - | - | 31,754 | 31,702 | 1,371,980 | 1,435,436 | 390,175 | 1,825,611 |
| Share of net assets of equity accounted investees | - | - | - | 104,931 | - | - | 328 | 105,259 | 36,083 | 141,342 |
| Dividends for 2011/2012 | - | - | - | - | - | - | (568,394) | (568,394) | - | (568,394) |
| Dividends paid by subsidiary companies to minority share holders | - | - | - | - | - | - | - | - | (237,522) | (237,522) |
| Balance as at 30th September 2012 | 2,135,140 | 127,521 | 6,327,782 | 5,463,084 | 775,425 | 18,075 | 11,065,335 | 25,912,362 | 4,861,655 | 30,774,017 |

For the six months ended 30th September 2011

| | Attributable to equity holders of the parent | | | | | | Retained | Total | Non- | Total |
|--|--|----------------|------------------|------------------|----------------|---------------|------------------|-------------------|------------------|-------------------|
| | Stated | Capital | General | Revaluation | Foreign | Available | earnings | | Controlling | Equity |
| | capital | reserves | reserves | reserve | currency | for sale | | | Interests | |
| | | | | | translation | reserve | | | | |
| | Rs '000 | Rs '000 | Rs '000 | Rs '000 | reserve | Rs '000 | Rs '000 | Rs '000 | Rs '000 | Rs '000 |
| Balance as at 01st April 2011 | 2,135,140 | 127,521 | 5,570,692 | 5,058,520 | 314,919 | 51,969 | 7,984,227 | 21,242,988 | 4,154,265 | 25,397,253 |
| Profit for the period | - | - | - | - | - | - | 894,291 | 894,291 | 237,466 | 1,131,757 |
| Other comprehensive income for the period | - | - | - | - | - | (38,192) | - | (38,192) | (7,489) | (45,681) |
| Total comprehensive income for the period | - | - | - | - | - | (38,192) | 894,291 | 856,099 | 229,977 | 1,086,076 |
| Share of net assets of equity accounted investees | - | - | - | - | - | - | (2,035) | (2,035) | (3,203) | (5,238) |
| Effect of acquisitions, disposals and change in percentage holding in subsidiaries | - | - | - | - | - | - | 998 | 998 | 795 | 1,793 |
| Dividends for 2010/2011 | - | - | - | - | - | - | (405,996) | (405,996) | - | (405,996) |
| Dividends paid by subsidiary companies to minority share holders | - | - | - | - | - | - | - | - | (459,289) | (459,289) |
| Balance as at 30th September 2011 | 2,135,140 | 127,521 | 5,570,692 | 5,058,520 | 314,919 | 13,777 | 8,471,485 | 21,692,054 | 3,922,545 | 25,614,599 |

COMPANY INCOME STATEMENTS

| | Quarter ended 30th September | | Six months ended 30th September | |
|--|---------------------------------|-----------------|------------------------------------|-----------------|
| | 2012 Rs.'000 | 2011 Rs.'000 | 2012 Rs.'000 | 2011 Rs.'000 |
| Revenue | 143,443 | 86,858 | 282,441 | 210,504 |
| Revenue tax | (2,462) | (1,765) | (4,941) | (3,983) |
| Net revenue | 140,981 | 85,093 | 277,500 | 206,521 |
| Other operating income | 464,200 | 565,586 | 498,992 | 721,205 |
| Employee benefits expense | (64,884) | (50,594) | (142,941) | (107,086) |
| Depreciation and amortisation expense | (15,692) | (12,814) | (28,717) | (24,898) |
| Other operating expenses-direct | - | - | - | - |
| Other operating expenses-indirect | (60,276) | (59,204) | (120,912) | (114,386) |
| Profit from operations | 464,329 | 528,067 | 483,922 | 681,356 |
| Finance income | 182,102 | 102,338 | 339,247 | 189,837 |
| Finance expenses | (147,096) | (89,556) | (266,421) | (166,961) |
| Net finance expense | 35,006 | 12,782 | 72,826 | 22,876 |
| Profit before tax | 499,335 | 540,849 | 556,748 | 704,232 |
| Income tax expenses | (2,734) | (2,435) | (3,181) | (2,435) |
| Profit for the period | 496,601 | 538,414 | 553,567 | 701,797 |
| Earnings per share - Basic/Diluted (Rs.) | 1.22 | 1.33 | 1.36 | 1.73 |

The above figures are subject to audit.

COMPANY STATEMENTS OF COMPREHENSIVE INCOME

| | Quarter ended 30th September | | Six months ended 30th September | |
|---|---------------------------------|-----------------|------------------------------------|-----------------|
| | 2012 Rs.'000 | 2011 Rs.'000 | 2012 Rs.'000 | 2011 Rs.'000 |
| Profit for the period | 496,601 | 538,414 | 553,567 | 701,797 |
| Other comprehensive income | | | | |
| Net change in fair value of available-for-sale financial assets | <u>3,287</u> | 96 | <u>2,706</u> | 96 |
| Other comprehensive income for the period, net of tax | <u>3,287</u> | 96 | <u>2,706</u> | 96 |
| Total comprehensive income for the period | <u>499,888</u> | <u>538,510</u> | <u>556,273</u> | <u>701,893</u> |
| Attributable to: | | | | |
| Equity holders of the parent | <u>499,888</u> | 538,510 | <u>556,273</u> | 701,893 |
| Non-controlling interests | <u>-</u> | - | <u>-</u> | - |
| Total comprehensive income for the period | <u>499,888</u> | <u>538,510</u> | <u>556,273</u> | <u>701,893</u> |

The above figures are subject to audit.

COMPANY STATEMENT OF FINANCIAL POSITION

| As at | 30.09.2012 Rs. '000 | 30.09.2011 Rs. '000 | 31.03.2012 Rs. '000 | 01.04.2011 Rs. '000 |
|--|------------------------|------------------------|------------------------|------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant & equipment | 150,448 | 167,442 | 159,426 | 158,245 |
| Intangible assets | 81,164 | 47,071 | 48,537 | 50,884 |
| Investment property | 3,455,551 | 3,458,970 | 3,457,305 | 3,460,705 |
| Investments in subsidiaries and joint ventures - unquoted | 4,727,126 | 4,547,755 | 4,713,877 | 4,424,972 |
| Investments in subsidiaries - quoted | 2,458,287 | 2,458,287 | 2,458,287 | 2,458,287 |
| Investments in equity-accounted investees | 165,000 | 165,000 | 165,000 | 165,000 |
| Long term investment | 109,346 | 106,396 | 103,648 | 105,239 |
| Other non-current assets | 55,700 | 55,700 | 55,700 | 55,700 |
| | <u>11,202,622</u> | <u>11,006,622</u> | <u>11,161,780</u> | <u>10,879,032</u> |
| Current assets | | | | |
| Inventories | 3,770 | 2,726 | 1,651 | 1,755 |
| Trade and other receivables | 755,287 | 205,986 | 629,107 | 274,359 |
| Amounts due from subsidiaries & joint ventures | 3,635,218 | 2,580,255 | 2,981,362 | 2,248,879 |
| Amounts due from equity-accounted investees | 5,531 | 6,552 | 3,983 | 8,143 |
| Current investments | 3,082 | 3,250 | 2,840 | 4,312 |
| Deposits and prepayments | 55,366 | 57,275 | 60,176 | 23,205 |
| Current tax receivable | 151,757 | 124,970 | 140,483 | 109,659 |
| Short-term deposits | 2,804,313 | 3,566,128 | 2,467,084 | 2,710,280 |
| Cash and cash equivalents | 794,896 | 138,341 | 819,042 | 20,554 |
| | <u>8,209,220</u> | <u>6,685,483</u> | <u>7,105,728</u> | <u>5,401,146</u> |
| Assets classified as held for sale | 57,237 | 57,337 | 57,237 | 70,837 |
| Total Assets | <u>19,469,079</u> | <u>17,749,442</u> | <u>18,324,745</u> | <u>16,351,015</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to equity holders of the parent | | | | |
| Stated capital | 2,135,140 | 2,135,140 | 2,135,140 | 2,135,140 |
| Reserves | 6,491,401 | 5,734,764 | 6,488,695 | 5,734,668 |
| Retained earnings | 4,514,757 | 4,228,808 | 4,529,584 | 3,933,007 |
| Total Equity | <u>13,141,298</u> | <u>12,098,712</u> | <u>13,153,419</u> | <u>11,802,815</u> |
| Non-current liabilities | | | | |
| Interest bearing liabilities | 2,647,500 | 1,884,000 | 2,100,000 | 844,000 |
| Employee benefits | 60,559 | 51,509 | 56,394 | 46,936 |
| | <u>2,708,059</u> | <u>1,935,509</u> | <u>2,156,394</u> | <u>890,936</u> |
| Current liabilities | | | | |
| Trade and other payables | 720,456 | 443,518 | 235,264 | 334,209 |
| Interest bearing liabilities repayable within one year | 436,500 | 608,000 | 544,000 | 568,000 |
| Amounts due to subsidiaries & joint ventures | 1,160,818 | 2,663,693 | 1,967,010 | 1,940,706 |
| Amounts due to equity-accounted investees | 1,328 | 10 | 726 | 45 |
| Short term bank borrowings | 1,300,620 | - | 267,932 | 814,304 |
| | <u>3,619,722</u> | <u>3,715,221</u> | <u>3,014,932</u> | <u>3,657,264</u> |
| Total Equity and Liabilities | <u>19,469,079</u> | <u>17,749,442</u> | <u>18,324,745</u> | <u>16,351,015</u> |
| Net Assets per share (Rs.) | 32.37 | 29.80 | 32.40 | 29.07 |

The above figures are subject to audit.

The Chief Financial Officer certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.
D.H.S. Jayawardena
Chairman

Sgd.
J.M.S. Brito
Deputy Chairman & Managing Director

Sgd.
Ms. N. Sivapragasam
Chief Financial Officer

Colombo,
12th November, 2012

STATEMENT OF CHANGES IN EQUITY- COMPANY

For the six months ended 30th September 2012

| | Stated capital | General reserve | Revaluation reserve | Available for sale reserve | Retained earnings | Total |
|--|-------------------|--------------------|------------------------|----------------------------------|----------------------|-------------------|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Balance as at 01st April 2012 | 2,135,140 | 6,301,070 | 193,746 | (6,121) | 4,529,584 | 13,153,419 |
| Profit for the period | - | - | - | - | 553,567 | 553,567 |
| Other comprehensive income for the period | - | - | - | 2,706 | - | 2,706 |
| Total comprehensive income for the period | - | - | - | 2,706 | 553,567 | 556,273 |
| Dividends for 2011/2012 | - | - | - | - | (568,394) | (568,394) |
| Balance as at 30th September 2012 | 2,135,140 | 6,301,070 | 193,746 | (3,415) | 4,514,757 | 13,141,298 |

For the six months ended 30th September 2011

| | Stated capital | General reserve | Revaluation reserve | Available for sale reserve | Retained earnings | Total |
|--|-------------------|--------------------|------------------------|----------------------------------|----------------------|-------------------|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Balance as at 01st April 2011 | 2,135,140 | 5,543,980 | 193,746 | (3,058) | 3,933,007 | 11,802,815 |
| Profit for the period | - | - | - | - | 701,797 | 701,797 |
| Other comprehensive income for the period | - | - | - | 96 | - | 96 |
| Total comprehensive income for the period | - | - | - | 96 | 701,797 | 701,893 |
| Dividends for 2010/2011 | - | - | - | - | (405,996) | (405,996) |
| Balance as at 30th September 2011 | 2,135,140 | 5,543,980 | 193,746 | (2,962) | 4,228,808 | 12,098,712 |

CASH FLOW STATEMENTS

For the six months ended 30th September

| | Group | | Company | |
|---|-------------|-------------|-------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Cash flow from operating activities | | | | |
| Net profit before taxation | 2,073,559 | 1,368,406 | 556,748 | 704,232 |
| Adjustments for | | | | |
| Depreciation and amortisation | 676,365 | 753,383 | 28,717 | 24,898 |
| Interest expense | 590,683 | 274,034 | 263,713 | 164,986 |
| Gain on disposal of property plant & equipment | (20,869) | (34,844) | - | (5,144) |
| (Gain)/Loss on disposal of investments | (4,566) | - | (6,212) | - |
| Interest income | (393,178) | (221,255) | (339,247) | (189,837) |
| Share of equity-accounted investees' profit after tax | (87,840) | (43,420) | - | - |
| Provision of bad and doubtful debts | 87,815 | 33,715 | - | - |
| Surplus on acquisition of companies | - | (7,775) | - | - |
| Profit on retirement of assets held for sale | - | (343) | - | (343) |
| Foreign exchange gain | 8,551 | (29,228) | (7,392) | - |
| Provision for retirement benefit obligations | 50,080 | 40,345 | 7,180 | 6,071 |
| | 907,041 | 764,612 | (53,241) | 631 |
| Operating profit before working capital changes | 2,980,600 | 2,133,018 | 503,507 | 704,863 |
| (Increase)/decrease in trade and other receivables | (137,527) | (729,525) | (781,583) | (255,506) |
| (Increase)/decrease in inventories | (48,357) | 40,323 | (2,119) | (971) |
| (Increase)/ decrease in deposits & prepayments | (588,384) | (228,402) | 4,810 | (34,070) |
| Increase/(decrease) in trade and other payables | (289,452) | 371,930 | (323,026) | 827,588 |
| Increase/(decrease) in other current liabilities | (2,119) | - | - | - |
| Increase/(decrease) in provisions | (352,011) | 165,879 | - | - |
| | (1,417,850) | (379,795) | (1,101,918) | 537,041 |
| Cash generated from / (used in) operations | 1,562,750 | 1,753,223 | (598,411) | 1,241,904 |
| Interest paid | (590,683) | (264,708) | (263,713) | (164,986) |
| Income tax paid | (295,065) | (302,179) | (14,455) | (17,747) |
| Retirement benefit obligations paid | (31,137) | (25,687) | (3,015) | (1,499) |
| | (916,885) | (592,574) | (281,183) | (184,232) |
| Net cash flow from operating activities | 645,865 | 1,160,649 | (879,594) | 1,057,672 |
| Cash flow from investing activities | | | | |
| Investments made during the period | (6,512) | (63,509) | (18,249) | (119,283) |
| Acquisition of subsidiaries & joint ventures | - | (265,753) | - | - |
| Effect of changes in percentage holding in subsidiaries | (1,021) | 6,670 | - | - |
| Purchase of property, plant and equipment | (1,450,889) | (1,258,163) | (9,018) | (28,437) |
| Purchase of intangible assets | (68,223) | - | (41,595) | - |
| Purchase of investment property | - | (108) | - | (108) |
| Proceeds from disposal of investments | 8,974 | - | 7,978 | - |
| Proceeds from disposal of property, plant and equipment & intangible assets | 69,582 | 40,148 | - | 5,144 |
| Proceeds from disposal of leasehold rights | 38,859 | - | - | - |
| Receipts of finance lease receivables | 9,659 | 291,815 | - | - |
| Proceeds / (purchase) of short-term deposits deposits (net) | (8,870) | (273,389) | (337,229) | (866,691) |
| Proceeds on retirement of assets held for sale | - | 19,826 | - | 10,343 |
| Dividends received from equity-accounted investees | 9,936 | - | - | - |
| Dividends and dividend taxes paid by subsidiary companies to outside shareholders | (237,522) | (459,289) | - | - |
| Net cash flow from investing activities | (1,636,027) | (1,961,752) | (398,113) | (999,032) |

CASH FLOW STATEMENTS – CONTD.

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|------------------|
| | 2012 Rs. '000 | 2011 Rs. '000 | 2012 Rs. '000 | 2011 Rs. '000 |
| <i>For the six months ended 30th September</i> | | | | |
| Cash flow from financing activities | | | | |
| Interest received | 344,968 | 238,523 | 339,247 | 194,774 |
| Proceeds from interest-bearing liabilities | 1,233,827 | 1,646,396 | 600,000 | 1,200,000 |
| Repayment of interest-bearing liabilities | (960,786) | (668,682) | (160,000) | (120,000) |
| Dividends paid | (565,766) | (401,323) | (565,766) | (401,323) |
| Net cash flow from financing activities | 52,243 | 814,914 | 213,481 | 873,451 |
| Net increase/(decrease) in cash and cash equivalents | (937,919) | 13,811 | (1,064,226) | 932,091 |
| Cash and cash equivalents at the beginning of the period (Note A) | (2,676,586) | (2,149,658) | 558,502 | (793,750) |
| Cash and cash equivalents at the end of the period | (3,614,505) | (2,135,847) | (505,724) | 138,341 |
| Cash and cash equivalents at the end of the period | | | | |
| Cash at bank and in hand & deposits | 2,415,286 | 984,142 | 794,896 | 138,341 |
| Short-term bank borrowings | (6,029,791) | (3,119,989) | (1,300,620) | - |
| Cash and cash equivalents at the end of the period | (3,614,505) | (2,135,847) | (505,724) | 138,341 |
| Note A | | | | |
| Cash and cash equivalents at the beginning of the period | | | | |
| Cash at bank and in hand & deposits | 2,176,837 | 736,009 | 819,042 | 20,554 |
| Bank loans and overdrafts | (4,867,493) | (2,911,944) | (267,932) | (814,304) |
| Cash and cash equivalents as previously reported | (2,690,656) | (2,175,935) | 551,110 | (793,750) |
| Effect of exchange rate changes | 14,070 | 26,277 | 7,392 | - |
| Cash and cash equivalents as restated | (2,676,586) | (2,149,658) | 558,502 | (793,750) |

The above figures are subject to audit.

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting entity

Aitken Spence PLC., (the “Company”) is a company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

The interim financial statements of the Company for the period ending 30th September 2012 comprise the financial statements of the Company and its subsidiaries and the it's interest in equity accounted investees and jointly controlled entities.

2 Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements have been prepared in accordance with the Sri Lanka Accounting Standards –LKAS 34 – Interim Financial Reporting and the option 1 of the ruling on the comparative figures in the Interim Financial Statements issued by the Institute of Chartered Accountants of Sri Lanka.

Interim financial statements for all the periods presented have been prepared and presented based on the Sri Lanka Accounting Standards (SLFRSs/LKAS) effective from 1st January 2012. Financial Statements of the equity accounted investees have been prepared based on the Sri Lanka Accounting Standards that existed immediately prior to 1st January 2012. This information has not been adjusted in-line with the SLFRSs/LKASs due to the absence of clear guidelines on the conversion of certain material transactions/balances recognised by the investees in the plantation sector.

The financial position as at 31st March 2012 is restated and presented based on the Sri Lanka Accounting Standards (SLFRSs/LKAS) effective from 1st January 2012 as required by the Sri Lanka Accounting Standards SLFRS 1 –First-time Adoption of Sri Lanka Accounting Standards (SLFRSs). Financial Statements for the year ended 31st March 2012 which were prepared in accordance with the Sri Lanka Accounting Standards that existed immediately prior to 1st January 2012 (SLASs) , are available upon request from the Company's registered office located at “Aitken Spence Tower II”, 315 Vauxhall Street, Colombo 02., or on the company website www.aitkenspence.com.

Note 10 gives an explanation of how the transition to SLFRS/LKAS has affected the reported financial position and the financial performance of the Group for the periods 1st April 2011, 30th September 2011 and 31st March 2012.

2.2 Basis of measurement

The condensed consolidated financial statements have been prepared on the historical cost basis, except for land recognised under property, plant & equipment and financial instruments which are measured at fair value.

2. Approval of financial statements by Directors

The financial statements for the 6 months ended 30th September 2012 were authorised for issue by the Board of Directors on the 12th November 2012.

2.4 Functional currency

The financial statements are presented in Sri Lankan rupees, which is the Company's functional currency. All financial information presented in rupees has been rounded to the nearest thousand.

3 Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed interim financial statements are same as those published in the Annual Report for the year ended 31st March 2012.

The changes to the accounting policies set out below have been applied in preparing the financial statements for the six months ended 30th September 2011 and 2012, for the year ended 31st March 2012, and in the opening SLFRS statement of financial position as at 1st April 2011 for the purpose of the transition to SLFRS/LKASs.

3.1 Basis of consolidation

The consolidated financial statements (referred to as the “Group”) comprise the financial statements of the Company and its subsidiaries and the Group's interest in associate companies and jointly controlled entities.

3.1.1 Business combinations

Business combinations are accounted using acquisition method. The Group measures goodwill at the acquisition date, as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

As part of its transition to SLFRS/LKAS, the Group elected to restate if necessary only those business combinations that occurred on or after 1st April 2011. In respect of acquisitions prior to 1st April 2011, goodwill represents the amount recognised under the Group's previous accounting policies.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

3.1.3 Loss of control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control are recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date. It is then accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

A change in ownership in the interest of a subsidiary without a loss of control is accounted as an equity transaction.

3.1.4 Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements includes the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, from the date that significant influence commenced until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3.1.5 Jointly controlled operations

Entities in which the Group has joint control over the financial and operating policies are termed joint ventures. The Group's interests in such jointly controlled entities are accounted for on a proportionate consolidation basis. The Group's share of the assets and liabilities of such entities are included in the consolidated balance sheet and the Group's share of their profits and losses are included in the consolidated income statement.

3.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Assets and bases of their valuation

3.2.1 Property plant & equipment

3.2.1.1 Significant components of property plant & equipment

When parts of an item of property, plant and equipment have different useful lives than the underline asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

3.2.1.2 Revaluation of land

Group recognises the land owned by them in the statement of financial position at its re-valued amount. Revaluations are performed with sufficient regularity such that the carrying amount do not differ materially from those that would be determined using fair values at the end of each reporting period. If the fair values of land does not change other than by insignificant amount at each reporting period the Group will revalue these land at least once in every 5 years.

Any revaluation increase arising on the revaluation of such land is recognised in the other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the carrying amount arising on for the revaluation of such land is recognised in the income statement to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

3.2.1.3 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing funds.

3.2.2 Intangible assets

3.2.2.1 Computer software

The Group recognises computer software that are not an integral part of the related equipment as an intangible asset having a finite useful life. These computer software are measured at cost less accumulated amortisation and accumulated impairment losses.

Group amortises the computer software over 3 to 5 years.

3.2.3 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

3.3 Revenue Recognition

3.3.1 Services

Revenue on installation of elevators is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date.

3.4 Financial Instruments

The Group recognises a financial assets or a financial liabilities in its statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or a liability (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial asset or liability, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Financial assets and liabilities are offset and the net amount is presented when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.4.1 Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.4.1.1 Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss if it is identified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value.

Financial assets at fair value through profit or loss are measured at fair value at each balance sheet date, and changes therein are recognised in the income statement.

3.4.1.2 Held-to-maturity financial assets

Are non derivative financial asset with fixed or determinable payments with fixed maturity where group intends to hold to maturity are classified under this category.

Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

3.4.1.3 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

3.4.1.4 Available-for-sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets.

Subsequent to initial recognition, they are measured at fair value and changes therein, are recognised in the other comprehensive income and presented in the available for sale reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is derecognised from the available for sale reserve and recognised in the income statement.

3.4.1.5 Impairment of financial assets

Financial assets other than those measured at fair value are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that as a result of one or more event that occurred after the initial recognition of the financial asset, the estimated future cash from the asset have been affected.

3.4.1.6 Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the asset has expires, or when the Group has transferred the financial asset and substantially all the risks and rewards of ownership to another entity.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income or accumulated in equity is recognised in the Income Statement.

3.4.2 Financial Liabilities

Financial Liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

3.4.2.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss if it is identified as held for trading or is designated as such upon initial recognition.

3.4.2.2 Other financial liabilities

These are all financial liabilities other than financial liabilities at fair value through profit or loss.

3.4.2.3 Derecognition of financial Liability

Financial liabilities are derecognised when and only when they are extinguished, that is when the obligation is discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

3.5 Determining whether an arrangement containing a lease

The Group assessed the arrangement between Ceylon Electricity Board and Ace Power Embilipitiya (pvt) Ltd., on the right to use the power plant by Ceylon Electricity Board during the power purchase agreement and concluded that the above agreement falls under the guidelines given in IFRIC 4. The Group has adopted the IFRIC 4 guidelines and accounted the arrangement as a finance lease.

3.6 Exemptions offered in the SLFRS – 1 First Time Adoption of Sri Lanka Accounting Standards (SLFRSs)

On initial adoption of IFRSs the Group has taken advantage of the following optional exemptions offered to in the SLFRS –1 First Time Adoption of Sri Lanka Accounting Standards (SLFRSs).

3.6.1 Exemptions for business combinations

The Group elected not to apply IFRS 3 -retrospectively to past business combination that occurred before 1st April 2011.

3.6.2 Exemptions from other IFRSs

3.6.2.1 Deemed Cost

The Group elected to measure all items of investment property at the date of transition to SLFRS (i.e. 1st April 2011) at their fair values and use the fair values as its deemed cost at that date.

3.6.2.2 Investments in subsidiaries, jointly controlled entities and associates

The Group elected to account for its Investments in subsidiaries, jointly controlled entities and associates at cost as recognised previously as per the previous Sri Lanka accounting standards.

3.7 New accounting Standards issued but not effective as at balance sheet date

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

SLFRS 9 – Financial Instruments

SLFRS 10 – Consolidated Financial Statements

SLFRS 11 – Joint Arrangements

SLFRS 12 – Disclosure of Interest in other entities

SLFRS 13 – Fair value measurement

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

4. Segmental Analysis of Group Revenue and Profit

4.1 Revenue

| | Total revenue generated | | Inter - segmental revenue | | Intra - segmental revenue | | Revenue from external customers | |
|---|-------------------------|-------------------|---------------------------|------------------|---------------------------|------------------|---------------------------------|-------------------|
| For the six months ended 30th September | 2012 Rs. '000 | 2011 Rs. '000 | 2012 Rs. '000 | 2011 Rs. '000 | 2012 Rs. '000 | 2011 Rs. '000 | 2012 Rs. '000 | 2011 Rs. '000 |
| Tourism sector * | 6,439,764 | 5,061,895 | 22,601 | 27,360 | 534,841 | 476,274 | 5,882,322 | 4,558,261 |
| Cargo logistics sector | 3,145,410 | 3,205,158 | 221,227 | 143,732 | 83,142 | 67,430 | 2,841,040 | 2,993,996 |
| Strategic investments * | 10,068,972 | 5,809,266 | 112,382 | 85,119 | 36,523 | 23,298 | 9,920,067 | 5,700,849 |
| Services sector | 359,032 | 328,124 | 95,633 | 76,355 | 10,101 | 7,505 | 253,298 | 244,264 |
| Total revenue with equity-accounted investees | 20,013,178 | 14,404,443 | 451,843 | 332,566 | 664,607 | 574,507 | 18,896,727 | 13,497,370 |
| Share of equity-accounted investees revenue | (338,350) | (298,471) | - | - | - | - | (338,350) | (298,471) |
| Total Revenue | 19,674,828 | 14,105,972 | 451,843 | 332,566 | 664,607 | 574,507 | 18,558,377 | 13,198,899 |

* Includes equity-accounted investees

4.2 Profit

| | Profit from operations | | Profit before tax * | | Income tax expenses | |
|---|------------------------|------------------|---------------------|------------------|---------------------|------------------|
| For the six months ended 30th September | 2012 Rs. '000 | 2011 Rs. '000 | 2012 Rs. '000 | 2011 Rs. '000 | 2012 Rs. '000 | 2011 Rs. '000 |
| Tourism sector | 967,167 | 476,662 | 986,806 | 483,399 | 207,059 | 70,881 |
| Cargo logistics sector | 321,654 | 459,190 | 307,600 | 456,133 | 80,742 | 113,403 |
| Strategic investments | 856,046 | 384,889 | 687,421 | 340,098 | 27,044 | 36,155 |
| Services sector | 86,203 | 87,413 | 91,732 | 88,776 | 22,712 | 16,210 |
| | 2,231,070 | 1,408,154 | 2,073,559 | 1,368,406 | 337,557 | 236,649 |

* Includes equity-accounted investees

- There was no material change in the use of funds raised through rights/debenture issues by the group companies.
- A first & final ordinary dividend of Rs. 1.40 per share for the year ended 31st March 2012 was paid on 10th July 2012, after it was approved at the Annual General Meeting on the 28th June 2012. The total dividend payment for the year ended 31st March 2012 amounted to Rs. 568,394,463/-.
- There were no liabilities for management fees or any other similar expenditure not provided for in the interim financial statements.
- During the period under review there was no significant change in the nature of the contingent liabilities, disclosed in the annual report for the year ended 31 March 2012.
- There were no material events that occurred after the balance sheet date that require adjustments to or disclosure in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS– CONTD.

10. Reconciliation of Financial Statements

10.1 Reconciliation of Consolidated Income Statement for the six months ended 30th September 2011

| Notes | Quarter ended 30th September 2011 | | | Six months ended 30th September 2011 | | |
|--|-----------------------------------|---------------------------------|-----------------------------------|--------------------------------------|---------------------------------|----------------------------------|
| | As per SLAS Rs. '000 | Remeasure- ments Rs. '000 | As per SLFRS/ LKAS Rs. '000 | As per SLAS Rs. '000 | Remeasure- ments Rs. '000 | As per SLFRS/LKAS Rs. '000 |
| Revenue | | | | | | |
| Revenue tax | 7,383,512 (116,973) | 179,921 - | 7,563,433 (116,973) | 12,967,221 (225,583) | 231,678 - | 13,198,899 (225,583) |
| Net revenue | <u>7,266,539</u> | <u>179,921</u> | <u>7,446,460</u> | <u>12,741,638</u> | <u>231,678</u> | <u>12,973,316</u> |
| Other operating income | 39,284 | 15,523 | 54,807 | 105,570 | (5,778) | 99,792 |
| Changes in inventories of finished goods and work-in-progress | 25,686 (2,501,340) | (337) (168,089) | 25,349 (2,669,429) | 22,015 (3,765,104) | (337) (331,892) | 21,678 (4,096,996) |
| Raw materials and consumables used | (887,012) | - | (887,012) | (1,626,401) | - | (1,626,401) |
| Employee benefits expense | (547,011) | 147,439 | (399,572) | (1,075,513) | 322,130 | (753,383) |
| Depreciation and amortisation expense | (1,445,464) | (323,655) | (1,769,119) | (2,758,772) | (514,894) | (3,273,666) |
| Other operating expenses-direct | (996,981) | 13,937 | (983,044) | (1,950,123) | 13,937 | (1,936,186) |
| Other operating expenses-indirect | | | | | | |
| Profit from operations | <u>953,701</u> | <u>(135,261)</u> | <u>818,440</u> | <u>1,693,310</u> | <u>(285,156)</u> | <u>1,408,154</u> |
| Finance income | 133,038 | (11,171) | 121,867 | 238,523 | (17,268) | 221,255 |
| Finance expenses | (156,887) | (4,663) | (161,550) | (295,097) | (9,326) | (304,423) |
| Net finance expense | <u>(23,849)</u> | <u>(15,834)</u> | <u>(39,683)</u> | <u>(56,574)</u> | <u>(26,594)</u> | <u>(83,168)</u> |
| Share of profit of equity-accounted investees (net of tax) | 15,886 | - | 15,886 | 43,420 | - | 43,420 |
| Profit before tax | <u>945,738</u> | <u>(151,095)</u> | <u>794,643</u> | <u>1,680,156</u> | <u>(311,750)</u> | <u>1,368,406</u> |
| Income tax expenses | (165,126) | 44 | (165,082) | (236,693) | 44 | (236,649) |
| Profit for the period | <u>780,612</u> | <u>(151,051)</u> | <u>629,561</u> | <u>1,443,463</u> | <u>(311,706)</u> | <u>1,131,757</u> |
| Attributable to: | | | | | | |
| Equity holders of the parent | 583,177 | (115,217) | 467,960 | 1,133,920 | (239,629) | 894,291 |
| Non-controlling interests | 197,435 | (35,834) | 161,601 | 309,543 | (72,077) | 237,466 |
| Profit for the period | <u>780,612</u> | <u>(151,051)</u> | <u>629,561</u> | <u>1,443,463</u> | <u>(311,706)</u> | <u>1,131,757</u> |
| Earnings per share - Basic/Diluted (Rs.) | 1.44 | (0.28) | 1.15 | 2.79 | (0.59) | 2.20 |

The above figures are subject to audit.

10.2 Reconciliation of Consolidated Statement of Comprehensive Income for the six months ended 30th September 2011

| | Quarter ended 30th September 2011 | | | Six months ended 30th September 2011 | | |
|--|-----------------------------------|---------------------------------|----------------------------------|--------------------------------------|---------------------------------|----------------------------------|
| | As per SLAS Rs. '000 | Remeasure- ments Rs. '000 | As per SLFRS/LKAS Rs. '000 | As per SLAS Rs. '000 | Remeasure- ments Rs. '000 | As per SLFRS/LKAS Rs. '000 |
| Profit for the period | - | 629,561 | 629,561 | - | 1,131,757 | 1,131,757 |
| Other comprehensive income | | | | | | |
| Exchange differences on translation of foreign operations | - | 8,020 | 8,020 | - | (23,055) | (23,055) |
| Net change in fair value of available-for-sale financial assets | - | (22,626) | (22,626) | - | (22,626) | (22,626) |
| Other comprehensive income for the period, net of tax | <u>-</u> | <u>(14,606)</u> | <u>(14,606)</u> | <u>-</u> | <u>(45,681)</u> | <u>(45,681)</u> |
| Total comprehensive income for the period | <u>-</u> | <u>614,955</u> | <u>614,955</u> | <u>-</u> | <u>1,086,076</u> | <u>1,086,076</u> |
| Attributable to: | | | | | | |
| Equity holders of the parent | - | 449,673 | 449,673 | - | 856,099 | 856,099 |
| Non-controlling interests | - | 165,282 | 165,282 | - | 229,977 | 229,977 |
| Total comprehensive income for the period | <u>-</u> | <u>614,955</u> | <u>614,955</u> | <u>-</u> | <u>1,086,076</u> | <u>1,086,076</u> |

The above figures are subject to audit.

NOTES TO THE FINANCIAL STATEMENTS– CONTD.

10.3 Reconciliation of Consolidated Statement of Financial Position as at 30th September 2011

| | Notes | Reconciliation of equity as at 30 September 2011 | | |
|--|-------|--|--------------------|------------------------|
| | | As per SLAS | Remeasurements | As per SLFRS/LKAS |
| | | 30.09.2011 Rs. '000 | Rs. '000 | 30.09.2011 Rs. '000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant & equipment | x | 24,599,866 | (5,218,438) | 19,381,428 |
| Leasehold properties | | 1,321,059 | - | 1,321,059 |
| Intangible assets | x | 133,740 | 66,169 | 199,909 |
| Investment property | xi | 102,721 | 1,560,193 | 1,662,914 |
| Finance lease receivables | xii | - | 2,191,273 | 2,191,273 |
| Investments in equity-accounted investees | | 1,393,275 | - | 1,393,275 |
| Long term investment | xiii | 473,945 | (43,797) | 430,148 |
| Deferred tax assets | ix | 151,807 | (620) | 151,187 |
| Other non-current assets | xiii | - | 55,700 | 55,700 |
| | | <u>28,176,413</u> | <u>(1,389,520)</u> | <u>26,786,893</u> |
| Current assets | | | | |
| Inventories | xiv | 1,569,447 | (2,046) | 1,567,401 |
| Trade and other receivables | xv | 4,840,973 | 28,979 | 4,869,952 |
| Finance lease receivables within one year | xii | - | 353,133 | 353,133 |
| Amounts due from equity-accounted investees | | 8,203 | - | 8,203 |
| Current investments | xiii | 261,436 | 19,883 | 281,319 |
| Deposits and prepayments | | 775,424 | - | 775,424 |
| Current tax receivable | | 141,964 | - | 141,964 |
| Short-term deposits | xvii | 5,321,315 | (848) | 5,320,467 |
| Cash and cash equivalents | | 984,142 | - | 984,142 |
| | | <u>13,902,904</u> | <u>399,101</u> | <u>14,302,005</u> |
| Assets classified as held for sale | | 161,663 | - | 161,663 |
| Total Assets | | <u>42,240,980</u> | <u>(990,419)</u> | <u>41,250,561</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to equity holders of the parent | | | | |
| Stated capital | | 2,135,140 | - | 2,135,140 |
| Reserves | | 11,055,818 | 29,611 | 11,085,429 |
| Retained earnings | | 9,036,282 | (564,797) | 8,471,485 |
| | | 22,227,240 | (535,186) | 21,692,054 |
| Non-controlling interests | | 4,970,312 | (1,047,767) | 3,922,545 |
| Total Equity | | <u>27,197,552</u> | <u>(1,582,953)</u> | <u>25,614,599</u> |
| Non-current liabilities | | | | |
| Interest bearing liabilities | | 4,907,054 | - | 4,907,054 |
| Deferred tax liabilities | xiv | 286,904 | (11,778) | 275,126 |
| Employee benefits | | 352,430 | - | 352,430 |
| | | <u>5,546,388</u> | <u>(11,778)</u> | <u>5,534,610</u> |
| Current liabilities | | | | |
| Trade and other payables | xviii | 4,319,250 | (20,794) | 4,298,456 |
| Provisions | xix | - | 623,707 | 623,707 |
| Interest bearing liabilities repayable within one year | | 1,924,354 | - | 1,924,354 |
| Amounts due to equity-accounted investees | | 20 | - | 20 |
| Current tax payable | | 133,427 | - | 133,427 |
| Other financial liabilities | xvi | - | 1,399 | 1,399 |
| Short term bank borrowings | | 3,119,989 | - | 3,119,989 |
| | | <u>9,497,040</u> | <u>604,312</u> | <u>10,101,352</u> |
| Total Equity and Liabilities | | <u>42,240,980</u> | <u>(990,419)</u> | <u>41,250,561</u> |
| Net Assets per share (Rs.) | | 54.75 | (1.32) | 53.43 |

The above figures are subject to audit.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.4 Reconciliation of Consolidated Statement of Financial Position as at 1st April 2011 and 31st March 2012

| | | Reconciliation of equity as at 31 March 2012 | | | Reconciliation of equity as at 1 April 2011 (date of transition to SLFRS / LKAS) | | |
|--|-------|--|---------------------------------|--|---|---------------------------------|--|
| | Notes | As per SLAS 31.03.2012 Rs. '000 | Remeasure- ments Rs. '000 | As per SLFRS / LKAS 31.03.2012 Rs. '000 | As per SLAS 01.04.2011 Rs. '000 | Remeasure- ments Rs. '000 | As per SLFRS / LKAS 01.04.2011 Rs. '000 |
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Property, plant & equipment | x | 27,893,497 | (5,362,620) | 22,530,877 | 23,925,653 | (5,378,671) | 18,546,982 |
| Leasehold properties | | 2,549,265 | - | 2,549,265 | 1,359,483 | - | 1,359,483 |
| Intangible assets | x | 528,857 | 73,757 | 602,614 | 134,026 | 70,284 | 204,310 |
| Investment property | xi | 102,156 | 1,560,193 | 1,662,349 | 102,799 | 1,560,193 | 1,662,992 |
| Finance lease receivables | xii | - | 1,919,640 | 1,919,640 | - | 2,232,000 | 2,232,000 |
| Investments in equity-accounted investees | | 1,470,157 | - | 1,470,157 | 1,335,002 | - | 1,335,002 |
| Long term investment | xiii | 383,495 | (46,458) | 337,037 | 473,945 | (46,025) | 427,920 |
| Deferred tax assets | ix | 210,468 | (698) | 209,770 | 138,314 | (620) | 137,694 |
| Other non-current assets | xiii | - | 55,700 | 55,700 | - | 55,700 | 55,700 |
| | | <u>33,137,895</u> | <u>(1,800,486)</u> | <u>31,337,409</u> | <u>27,469,222</u> | <u>(1,507,139)</u> | <u>25,962,083</u> |
| Current assets | | | | | | | |
| Inventories | xiv | 1,788,467 | (5,150) | 1,783,317 | 1,607,724 | - | 1,607,724 |
| Trade and other receivables | xv | 8,953,827 | 2,518 | 8,956,345 | 4,148,373 | 10,678 | 4,159,051 |
| Finance lease receivables within one year | xii | - | 684,259 | 684,259 | - | 604,220 | 604,220 |
| Amounts due from equity-accounted investees | | 6,100 | - | 6,100 | 23,326 | - | 23,326 |
| Current investments | xiii | 241,542 | - | 241,542 | 261,436 | 43,384 | 304,820 |
| Deposits and prepayments | | 755,758 | - | 755,758 | 547,022 | - | 547,022 |
| Current tax receivable | | 158,172 | - | 158,172 | 122,298 | - | 122,298 |
| Other financial assets | xvi | - | - | - | - | 5,027 | 5,027 |
| Short-term deposits | xvii | 5,892,079 | (1,537,006) | 4,355,073 | 5,047,926 | 11,348 | 5,059,274 |
| Cash and cash equivalents | | 647,880 | 1,528,957 | 2,176,837 | 736,009 | - | 736,009 |
| | | <u>18,443,825</u> | <u>673,578</u> | <u>19,117,403</u> | <u>12,494,114</u> | <u>674,657</u> | <u>13,168,771</u> |
| Assets classified as held for sale | | 149,125 | - | 149,125 | 181,489 | - | 181,489 |
| Total Assets | | <u>51,730,845</u> | <u>(1,126,908)</u> | <u>50,603,937</u> | <u>40,144,825</u> | <u>(832,482)</u> | <u>39,312,343</u> |
| EQUITY AND LIABILITIES | | | | | | | |
| Equity attributable to equity holders of the parent | | | | | | | |
| Stated capital | | 2,135,140 | - | 2,135,140 | 2,135,140 | - | 2,135,140 |
| Reserves | | 12,557,127 | (13,627) | 12,543,500 | 11,071,652 | 51,969 | 11,123,621 |
| Retained earnings | | 10,855,377 | (593,957) | 10,261,421 | 8,309,395 | (325,168) | 7,984,227 |
| | | <u>25,547,644</u> | <u>(607,584)</u> | <u>24,940,061</u> | <u>21,516,187</u> | <u>(273,199)</u> | <u>21,242,988</u> |
| Non-controlling interests | | 5,700,409 | (1,027,489) | 4,672,919 | 5,129,687 | (975,422) | 4,154,265 |
| Total Equity | | <u>31,248,053</u> | <u>(1,635,073)</u> | <u>29,612,980</u> | <u>26,645,874</u> | <u>(1,248,621)</u> | <u>25,397,253</u> |
| Non-current liabilities | | | | | | | |
| Interest bearing liabilities | | 5,742,548 | - | 5,742,548 | 4,143,648 | - | 4,143,648 |
| Deferred tax liabilities | ix | 444,582 | (19,279) | 425,303 | 267,078 | (11,077) | 256,001 |
| Employee benefits | | 387,984 | - | 387,984 | 335,637 | - | 335,637 |
| | | <u>6,575,114</u> | <u>(19,279)</u> | <u>6,555,835</u> | <u>4,746,363</u> | <u>(11,077)</u> | <u>4,735,286</u> |
| Current liabilities | | | | | | | |
| Trade and other payables | xviii | 6,604,061 | (21,037) | 6,583,023 | 3,942,187 | (30,611) | 3,911,576 |
| Provisions | xix | - | 490,662 | 490,662 | - | 457,827 | 457,827 |
| Interest bearing liabilities repayable within one year | | 2,135,469 | - | 2,135,469 | 1,718,328 | - | 1,718,328 |
| Amounts due to equity-accounted investees | | 14,088 | - | 14,088 | 482 | - | 482 |
| Current tax payable | | 286,567 | - | 286,567 | 179,647 | - | 179,647 |
| Other financial liabilities | xvi | - | 57,820 | 57,820 | - | - | - |
| Short term bank borrowings | | 4,867,493 | - | 4,867,493 | 2,911,944 | - | 2,911,944 |
| | | <u>13,907,678</u> | <u>527,444</u> | <u>14,435,122</u> | <u>8,752,588</u> | <u>427,216</u> | <u>9,179,804</u> |
| Total Equity and Liabilities | | <u>51,730,845</u> | <u>(1,126,908)</u> | <u>50,603,937</u> | <u>40,144,825</u> | <u>(832,482)</u> | <u>39,312,343</u> |
| Net Assets per share (Rs.) | | 62.93 | (1.50) | 61.43 | 53.00 | (0.67) | 52.32 |

The above figures are subject to audit.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.5 Reconciliation of Company Income Statement for the six months ended 30th September 2011

| Notes | Quarter ended 30th September 2011 | | | Six months ended 30th September 2011 | | |
|--|--------------------------------------|---------------------|----------------------|---|---------------------|----------------------|
| | As per SLAS | Remeasure- ments | As per SLFRS/LKAS | As per SLAS | Remeasure- ments | As per SLFRS/LKAS |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Revenue | 86,858 | - | 86,858 | 210,504 | - | 210,504 |
| Revenue tax | (1,765) | - | (1,765) | (3,983) | - | (3,983) |
| Net revenue | 85,093 | - | 85,093 | 206,521 | - | 206,521 |
| Other operating income | 565,586 | - | 565,586 | 721,205 | - | 721,205 |
| Employee benefits expense | (50,594) | - | (50,594) | (107,086) | - | (107,086) |
| Depreciation and amortisation expense | (12,814) | - | (12,814) | (24,898) | - | (24,898) |
| Other operating expenses-indirect | (59,204) | - | (59,204) | (114,386) | - | (114,386) |
| Profit from operations | 528,067 | - | 528,067 | 681,356 | - | 681,356 |
| Finance income | 102,091 | 247 | 102,338 | 194,774 | (4,937) | 189,837 |
| Finance expenses | (89,556) | - | (89,556) | (166,961) | - | (166,961) |
| Net finance expense | 12,535 | 247 | 12,782 | 27,813 | (4,937) | 22,876 |
| Profit before tax | 540,602 | 247 | 540,849 | 709,169 | (4,937) | 704,232 |
| Income tax expenses | (2,435) | - | (2,435) | (2,435) | - | (2,435) |
| Profit for the period | 540,602 | 247 | 538,414 | 706,734 | (4,937) | 701,797 |
| Earnings per share - Basic/Diluted (Rs.) | 1.33 | 0.00 | 1.33 | 1.74 | (0.01) | (1.73) |

10.6 Reconciliation of Company Statement of Comprehensive Income for the six months ended 30th September 2011

| | Quarter ended 30th September 2011 | | | Six months ended 30th September 2011 | | |
|---|--------------------------------------|---------------------|----------------------|---|---------------------|----------------------|
| | As per SLAS | Remeasure- ments | As per SLFRS/LKAS | As per SLAS | Remeasure- ments | As per SLFRS/LKAS |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Profit for the period | - | 538,414 | 538,414 | - | 701,797 | 701,797 |
| Other comprehensive income | | | | | | |
| Net change in fair value of available-for-sale financial assets | - | 96 | 96 | - | 96 | 96 |
| Other comprehensive income for the period, net of tax | - | 96 | 96 | - | 96 | 96 |
| Total comprehensive income for the period | - | 538,510 | 538,510 | - | 701,893 | 701,893 |

The above figures are subject to audit.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.7 Reconciliation of Company Statement of Financial Position as at 30th September 2011

| Reconciliation of equity as at 30 September 2011 | | | | |
|--|-------|------------------------|------------------|------------------------|
| | Notes | As per SLAS | Remeasurements | As per SLFRS/LKAS |
| | | 30.09.2011 Rs. '000 | Rs. '000 | 30.09.2011 Rs. '000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant & equipment | x | 214,513 | (47,071) | 167,442 |
| Intangible assets | x | - | 47,071 | 47,071 |
| Investment property | xi | 674,153 | 2,784,817 | 3,458,970 |
| Investments in subsidiaries and joint ventures - unquoted | xx | 4,722,755 | (175,000) | 4,547,755 |
| Investments in subsidiaries - quoted | | 2,458,287 | - | 2,458,287 |
| Investments in equity-accounted investees | | 165,000 | - | 165,000 |
| Long term investment | xiii | 167,873 | (61,477) | 106,396 |
| Other non-current assets | xiii | - | 55,700 | 55,700 |
| | | <u>8,402,581</u> | <u>2,604,041</u> | <u>11,006,622</u> |
| Current assets | | | | |
| Inventories | | 2,726 | - | 2,726 |
| Trade and other receivables | | 205,986 | - | 205,986 |
| Amounts due from subsidiaries & joint ventures | xx | 2,328,474 | 251,781 | 2,580,255 |
| Amounts due from equity-accounted investees | | 6,552 | - | 6,552 |
| Current investments | xiii | 436 | 2,814 | 3,250 |
| Deposits and prepayments | | 57,275 | - | 57,275 |
| Current tax receivable | | 124,970 | - | 124,970 |
| Short-term deposits | xvii | 3,566,976 | (848) | 3,566,128 |
| Cash and cash equivalents | | <u>138,341</u> | <u>-</u> | <u>138,341</u> |
| | | <u>6,431,736</u> | <u>253,747</u> | <u>6,685,483</u> |
| Assets classified as held for sale | | <u>57,337</u> | <u>-</u> | <u>57,337</u> |
| Total Assets | | <u>14,891,654</u> | <u>2,857,788</u> | <u>17,749,442</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to equity holders of the parent | | | | |
| Stated capital | | 2,135,140 | - | 2,135,140 |
| Reserves | | 5,737,726 | (2,963) | 5,734,764 |
| Retained earnings | | <u>1,368,058</u> | <u>2,860,751</u> | <u>4,228,808</u> |
| Total Equity | | <u>9,240,924</u> | <u>2,857,788</u> | <u>12,098,712</u> |
| Non-current liabilities | | | | |
| Interest bearing liabilities | | 1,884,000 | - | 1,884,000 |
| Employee benefits | | <u>51,509</u> | <u>-</u> | <u>51,509</u> |
| | | <u>1,935,509</u> | <u>-</u> | <u>1,935,509</u> |
| Current liabilities | | | | |
| Trade and other payables | | 443,518 | - | 443,518 |
| Interest bearing liabilities repayable within one year | | 608,000 | - | 608,000 |
| Amounts due to subsidiaries & joint ventures | | 2,663,693 | - | 2,663,693 |
| Amounts due to equity-accounted investees | | <u>10</u> | <u>-</u> | <u>10</u> |
| | | <u>3,715,221</u> | <u>-</u> | <u>3,715,221</u> |
| Total Equity and Liabilities | | <u>14,891,654</u> | <u>2,857,788</u> | <u>17,749,442</u> |
| Net Assets per share (Rs.) | | 22.76 | 7.04 | 29.80 |

The above figures are subject to audit.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.8 Reconciliation of Company Statement of Financial Position as at 1st April 2011 and 31st March 2012

| | | Reconciliation of equity as at 31 March 2012 | | | Reconciliation of equity as at 1 April 2011 (date of transition to SLFRS / LKAS) | | |
|--|-------|--|---------------------------------|--|---|---------------------------------|--|
| | | As per SLAS 31.03.2012 Rs. '000 | Remeasure- ments Rs. '000 | As per SLFRS/LKAS 31.03.2012 Rs. '000 | As per SLAS 31.03.2011 Rs. '000 | Remeasure- ments Rs. '000 | As per SLFRS/LKAS 01.04.2011 Rs. '000 |
| | Notes | | | | | | |
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Property, plant & equipment | x | 207,963 | (48,537) | 159,426 | 209,129 | (50,884) | 158,245 |
| Intangible assets | x | - | 48,537 | 48,537 | - | 50,884 | 50,884 |
| Investment property | xi | 672,488 | 2,784,817 | 3,457,305 | 675,888 | 2,784,817 | 3,460,705 |
| Investments in subsidiaries and joint ventures - unquoted | xx | 4,888,877 | (175,000) | 4,713,877 | 4,599,972 | (175,000) | 4,424,972 |
| Investments in subsidiaries - quoted | | 2,458,287 | - | 2,458,287 | 2,458,287 | - | 2,458,287 |
| Investments in equity-accounted investees | | 165,000 | - | 165,000 | 165,000 | - | 165,000 |
| Long term investment | xiii | 167,873 | (64,225) | 103,648 | 167,873 | (62,634) | 105,239 |
| Other non-current assets | xiii | - | 55,700 | 55,700 | - | 55,700 | 55,700 |
| | | <u>8,560,488</u> | <u>2,601,292</u> | <u>11,161,780</u> | <u>8,276,149</u> | <u>2,602,883</u> | <u>10,879,032</u> |
| Current assets | | | | | | | |
| Inventories | | 1,651 | - | 1,651 | 1,755 | - | 1,755 |
| Trade and other receivables | | 629,107 | - | 629,107 | 274,359 | - | 274,359 |
| Amounts due from subsidiaries & joint ventures | xx | 2,723,674 | 257,688 | 2,981,362 | 2,003,004 | 245,875 | 2,248,879 |
| Amounts due from equity-accounted investees | | 3,983 | - | 3,983 | 8,143 | - | 8,143 |
| Current investments | xiii | 436 | 2,404 | 2,840 | 436 | 3,876 | 4,312 |
| Deposits and prepayments | | 60,176 | - | 60,176 | 23,205 | - | 23,205 |
| Current tax receivable | | 140,483 | - | 140,483 | 109,659 | - | 109,659 |
| Short-term deposits | xvi | 3,275,132 | (808,048) | 2,467,084 | 2,700,285 | 9,995 | 2,710,280 |
| Cash and cash equivalents | xvi | 19,042 | 800,000 | 819,042 | 20,554 | - | 20,554 |
| | | <u>6,853,684</u> | <u>252,044</u> | <u>7,105,728</u> | <u>5,141,400</u> | <u>259,746</u> | <u>5,401,146</u> |
| Assets classified as held for sale | | 57,237 | - | 57,237 | 70,837 | - | 70,837 |
| Total Assets | | <u>15,471,409</u> | <u>2,853,336</u> | <u>18,324,745</u> | <u>13,488,386</u> | <u>2,862,629</u> | <u>16,351,015</u> |
| EQUITY AND LIABILITIES | | | | | | | |
| Equity attributable to equity holders of the parent | | | | | | | |
| Stated capital | | 2,135,140 | - | 2,135,140 | 2,135,140 | - | 2,135,140 |
| Reserves | | 6,494,816 | (6,121) | 6,488,695 | 5,737,726 | (3,058) | 5,734,668 |
| Retained earnings | | 1,670,127 | 2,859,457 | 4,529,584 | 1,067,320 | 2,865,687 | 3,933,007 |
| Total Equity | | <u>10,300,083</u> | <u>2,853,336</u> | <u>13,153,419</u> | <u>8,940,186</u> | <u>2,862,629</u> | <u>11,802,815</u> |
| Non-current liabilities | | | | | | | |
| Interest bearing liabilities | | 2,100,000 | - | 2,100,000 | 844,000 | - | 844,000 |
| Employee benefits | | 56,394 | - | 56,394 | 46,936 | - | 46,936 |
| | | <u>2,156,394</u> | <u>-</u> | <u>2,156,394</u> | <u>890,936</u> | <u>-</u> | <u>890,936</u> |
| Current liabilities | | | | | | | |
| Trade and other payables | | 235,264 | - | 235,264 | 334,209 | - | 334,209 |
| Interest bearing liabilities repayable within one year | | 544,000 | - | 544,000 | 568,000 | - | 568,000 |
| Amounts due to subsidiaries & joint ventures | | 1,967,010 | - | 1,967,010 | 1,940,706 | - | 1,940,706 |
| Amounts due to equity-accounted investees | | 726 | - | 726 | 45 | - | 45 |
| Short term bank borrowings | | 267,932 | - | 267,932 | 814,304 | - | 814,304 |
| | | <u>3,014,932</u> | <u>-</u> | <u>3,014,932</u> | <u>3,657,264</u> | <u>-</u> | <u>3,657,264</u> |
| Total Equity and Liabilities | | <u>15,471,409</u> | <u>2,853,336</u> | <u>18,324,745</u> | <u>13,488,386</u> | <u>2,862,629</u> | <u>16,351,015</u> |
| Net Assets per share (Rs.) | | 25.37 | 7.03 | 32.40 | 22.02 | 7.05 | 29.07 |

The above figures are subject to audit

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.9 Notes to the reconciliations

i Revenue

| | Group Quarter ended 30.09.2011 Rs. '000 | 6 months to 30.09.2011 Rs. '000 |
|---|---|--|
| Adjustment arising from recognition of revenue on gross basis | 326,475 | 517,714 |
| Decrease in revenue in Ace Power Embilipitiya (Pvt) Ltd resulting from application of IFRIC 4 | (146,554) | (286,036) |
| | <u>179,921</u> | <u>231,678</u> |

ii Other operating income

Recognition of exchange gain/(loss) on application of IFRIC 4.

iii Raw materials and consumables used

Adjustment resulting from application of IFRIC 4 by Ace Power Embilipitiya (Pvt) Ltd.

iv Depreciation and amortisation expense

| | Group Quarter ended 30.09.2011 Rs. '000 | 6 months to 30.09.2011 Rs. '000 |
|---|---|--|
| Adjustment in depreciation due to recognition of components in PPE | (26,513) | (26,513) |
| Difference in depreciation due to restatement of assets at their fair value under the deemed cost exception given for the first time adoption of SLFRSs | 11,927 | 23,793 |
| On application of IFRIC 4 by Ace Power Embilipitiya (Pvt) Ltd | <u>162,025</u> | <u>324,850</u> |
| | <u>147,439</u> | <u>322,130</u> |

v Other operating expenses-direct

Impact to the direct expenses on recognition of revenue on gross basis.

vi Other operating expenses-indirect

Impairment of trade debtors on application of SLFRS/LKAS.

vii Finance income

Fair valuing of financial instruments classified as fair value through profit & loss on application of SLFRS 32 & 39.

viii Financial costs

Interest adjustment due to acquisition of asset on deferred payment terms.

ix Income tax expenses/Deferred taxation

The deferred tax impact arising from the timing difference with the adoption of SLFRS/LKAS.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.9 Notes to the reconciliations - Contd.

x Property, plant & equipment

| | Group | | | Company | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 30.09.2011 Rs. '000 | 31.03.2012 Rs. '000 | 01.04.2011 Rs. '000 | 30.09.2011 Rs. '000 | 31.03.2012 Rs. '000 | 01.04.2011 Rs. '000 |
| Derecognition of the power plant of Ace Power Embilipitiya resulting from the application of IFRIC 4. | (4,072,830) | (4,224,372) | (4,231,668) | - | - | - |
| Reclassification of computer software as intangible assets. | (44,422) | (73,757) | (48,537) | (47,071) | (48,537) | (50,884) |
| Difference in depreciation due to the recognition of components. | (122,618) | (104,602) | (95,859) | - | - | - |
| Restatement of assets at their fair value under the deemed cost exemption available in SLFRS 1 | (917,291) | (898,859) | (941,084) | - | - | - |
| Adjustment due to acquisition of land on deferred terms | (61,277) | (61,030) | (61,523) | - | - | - |
| | <u>(5,218,438)</u> | <u>(5,362,620)</u> | <u>(5,378,671)</u> | <u>(47,071)</u> | <u>(48,537)</u> | <u>(50,884)</u> |

xi Investment property

Incorporation of fair value as at 31st March 2011 as deemed cost of investment property.

xii Finance lease receivables

Current and non current portion of lease receivables of Ace Power Embilipitiya resulting from the application of IFRIC 4 - Finance Lease.

xiii Long term & Current investments

| | Group | | | Company | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 30.09.2011 Rs. '000 | 31.03.2012 Rs. '000 | 01.04.2011 Rs. '000 | 30.09.2011 Rs. '000 | 31.03.2012 Rs. '000 | 01.04.2011 Rs. '000 |
| Reclassification investment in debentures as long term loan receivables | (55,700) | (55,700) | (55,700) | (55,700) | (55,700) | (55,700) |
| Fair valuing of unquoted investments designated as available-for-sale | 11,903 | 9,242 | 9,675 | (5,777) | (8,525) | (6,934) |
| Fair valuing of quoted investments designated as available-for-sale | 19,883 | - | 43,384 | 2,814 | 2,404 | 3,876 |
| | <u>(23,914)</u> | <u>(46,458)</u> | <u>(2,641)</u> | <u>(58,663)</u> | <u>(61,821)</u> | <u>(58,758)</u> |

xiv Inventories

Change in inventories due to the revision of revenue recognition of elevator and escalator installation.

xv Trade and other receivables

| | 30.09.2011 Rs. '000 | 31.03.2012 Rs. '000 | 01.04.2011 Rs. '000 |
|---|------------------------|------------------------|------------------------|
| Impairment to trade debtors due to SLFRS/LKAS | 28,889 | 1,879 | 10,378 |
| Others | 90 | 410 | 300 |
| | <u>28,979</u> | <u>2,289</u> | <u>10,678</u> |

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.9 Notes to the reconciliations - Contd.

xvi Other financial assets & liabilities

Forward contracts designated as fair value through profit or loss (FVPL) according to LKAS 32 & 39.

xvii Short-term deposits and cash & cash equivalents

Short term deposits measured at fair value on application of LKAS 32 & 39 financial instruments.

xviii Trade and other payables

| | Group | | |
|---|-----------------|-----------------|-----------------|
| | 30.09.2011 | 31.03.2012 | 01.04.2011 |
| | Rs. '000 | Rs. '000 | Rs. '000 |
| Interest adjustment arising on assets purchased on deferred terms | (28,960) | (19,835) | (38,486) |
| Other adjustments | 8,166 | (1,202) | 7,875 |
| | <u>(20,794)</u> | <u>(21,037)</u> | <u>(30,611)</u> |

xix Provisions

Accounting for the constructive obligation that arises for the maintenance of the Embilipitiya power plant.

xx Amounts due from subsidiaries & joint ventures

| | Company | | |
|---|----------------|----------------|----------------|
| | 30.09.2011 | 31.03.2012 | 01.04.2011 |
| | Rs. '000 | Rs. '000 | Rs. '000 |
| Preference share being categorised as a long term loan on application of LKAS 32 & 39 (Investments in subsidiaries and joint ventures - unquoted) | 175,000 | 175,000 | 175,000 |
| Accrual of interest on the above loan | 76,781 | 82,688 | 70,875 |
| | <u>251,781</u> | <u>257,688</u> | <u>245,875</u> |

xxi Cash flow statements

Adjustments to the cashflow statements due to the transition to SLFRS/ LKAS from LKAS

| | Group | Company |
|---|------------------|--------------|
| | 30.09.2012 | 30.09.2012 |
| | Rs. '000 | Rs. '000 |
| Cash flow from operating activities | | |
| Net profit before taxation | (311,750) | (4,937) |
| Adjustments for | | |
| Depreciation and amortisation | (322,130) | - |
| Interest expense | 9,326 | - |
| Interest income | 17,268 | 4,937 |
| Provision of bad and doubtful debts | (18,333) | - |
| | <u>(313,869)</u> | <u>4,937</u> |
| Operating profit before working capital changes | (625,619) | - |
| (Increase)/decrease in inventories | 2,046 | - |
| Increase/(decrease) in provisions | 165,879 | - |
| | <u>167,925</u> | <u>-</u> |
| Cash generated from / (used in) operations | (457,694) | - |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | 165,879 | - |
| Receipts of finance lease receivables | 291,815 | - |
| | <u>457,694</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents | - | - |

NON FINANCIAL INFORMATION

30.09.2012

1. Stated Capital

| | |
|--|-------------|
| Number of shares represented by the stated capital (31.03.2012 - 405,996,045) | 405,996,045 |
| Percentage of shares held by the Public | 40.07% |

2. Shares Traded

| | |
|--|--------|
| Market Price per Share - Last traded (Rs.) | 128.90 |
| Market Price per Share - Highest (Rs.) | 135.00 |
| Market Price per Share - Lowest (Rs.) | 100.00 |

3. Share Holding of Directors

The number of shares held by the Board of Directors are as follows ;

| Name of Director | Position | 30.09.2012 | 31.03.2012 |
|------------------------------|------------------------------------|------------|------------|
| 1 D.H.S. Jayawardena | Chairman | Nil | Nil |
| 2 J.M.S. Brito | Deputy Chairman/ Managing Director | 294,495 | 294,495 |
| 3 R.M. Fernando | Director | Nil | Nil |
| 4 G. M. Perera | Director | Nil | Nil |
| 5 M.P. Dissanayake | Director | Nil | Nil |
| 6 G.C. Wickremasinghe | Director | 7,308,240 | 7,308,240 |
| 7 C.H. Gomez | Director | Nil | Nil |
| 8 N. J. de Silva Deva Aditya | Director | Nil | Nil |
| 9 V. M. Fernando | Director | Nil | Nil |
| 10 R.N. Asirwatham | Director | 1,000 | 1,000 |

4. Substantial Shareholdings

The twenty largest shareholding as at 30th September 2012, are as follows ;

| Name of the Share Holder | Share Holding | % |
|--|---------------|--------|
| 1 Melstacorp Limited | 161,629,983 | 39.811 |
| 2 Rubicond Enterprises Limited | 65,990,145 | 16.254 |
| 3 HSBC International Nominees Limited-BPSS LUX-Aberdeen Global-Asian Smaller Companies Fund | 23,745,300 | 5.849 |
| 4 HSBC International Nominees Limited -BPSS LDN- Aberdeen Asia Pacific Fund | 17,192,300 | 4.235 |
| 5 HSBC International Nominees Limited-BPSS LUX-Aberdeen Global-Emerging Markets Smaller Companies Fund | 11,000,000 | 2.709 |
| 6 HSBC International Nominees Limited -SSBT-Aberdeen Institutional Commingled funds, LLC | 9,473,966 | 2.334 |
| 7 Mr. G.C. Wickremasinghe | 7,308,240 | 1.8 |
| 8 HSBC International Nominees Limited -SSBT-National Westminster Bank PLC as depositary of First State Asia Pacific Fund, a sub fund of First State investments ICVC | 7,232,455 | 1.781 |
| 9 Placidrange Holdings Limited | 5,521,500 | 1.36 |
| 10 Mellon Bank N.A.-Florida Retirement System | 5,299,372 | 1.305 |
| 11 Employees Provident Fund | 4,561,063 | 1.123 |
| 12 HSBC International Nominees Limited -BP2S London-Aberdeen New Dawn Investment Trust Xcc6 | 4,503,555 | 1.109 |
| 13 HSBC International Nominees Limited -BPSS LDN-Aberdeen Investment Fund - ICVC Aberdeen Emerging Markets Fund | 4,342,500 | 1.07 |
| 14 Milford Exports (Ceylon) (Pvt) Limited | 4,321,500 | 1.064 |
| 15 HSBC International Nominees Limited -BPSS LUX-Aberdeen Global-Emerging Markets Equity Fund | 4,033,000 | 0.993 |
| 16 HSBC International Nominees Limited -SSBT -Janus Overseas Fund | 3,768,000 | 0.928 |
| 17 Stassen Exports Limited | 3,244,500 | 0.799 |
| 18 Ms. A.T. Wickremasinghe | 3,211,975 | 0.791 |
| 19 Ms. K. Fernando | 3,135,070 | 0.772 |
| 20 Mr. G. Wickremasinghe | 3,019,090 | 0.744 |

DIRECTORS

D.H.S. Jayawardena - Chairman

J.M.S. Brito - Deputy Chairman & Managing Director

Dr. R.M. Fernando

G. M. Perera

Dr. M.P. Dissanayake

G.C. Wickremasinghe

C.H. Gomez

V.M. Fernando

N.J. de Silva Deva Aditya

R.N. Asirwatham

A.L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya)

SECRETARY

R.E.V. Casie Chetty

REGISTERED OFFICE

Aitken Spence Tower II

315, Vauxhall Street,

Colombo 02.

Sri Lanka