Interim Statement

for the year ended 31st March 2013

Aitken Spence PLC

CONSOLIDATED INCOME STATEMENT

	Quarter ended 31st March		Year ended 31st March	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Revenue	9,375,656	9,698,502	37,139,927	31,021,623
Revenue tax	(147,353)	(132,931)	(533,641)	(478,519)
Net revenue	9,228,303	9,565,571	36,606,286	30,543,104
Other operating income	(5,601)	933,624	12,508	1,086,078
Changes in inventories of finished goods and work-in-progress	(30,521)	11,428	(11,487)	(5,875)
Raw materials and consumables used	(2,414,245)	(3,489,876)	(12,913,768)	(10,475,739)
Employee benefits expense	(1,079,376)	(1,036,991)	(3,997,179)	(3,580,485)
Depreciation, amortisation and impairment	(397,362)	(290,906)	(1,428,073)	(1,145,483)
Other operating expenses-direct	(2,208,236)	(1,986,620)	(8,398,247)	(7,042,263)
Other operating expenses-indirect	(1,024,657)	(1,061,197)	(4,367,202)	(3,977,480)
Profit from operations	2,068,305	2,645,033	5,502,838	5,401,857
Finance income	170,432	144,929	760,887	471,364
Finance expenses	(417,533)	(288,130)	(1,443,964)	(775,850)
Net finance expense	(247,101)	(143,201)	(683,077)	(304,486)
Share of profit of equity-accounted investees (net of tax)	31,372	21,300	181,501	85,983
Profit before tax	1,852,576	2,523,132	5,001,262	5,183,354
Income tax expenses	(241,134)	(295,240)	(747,176)	(746,090)
Profit for the period	1,611,442	2,227,892	4,254,086	4,437,264
Attributable to:				
Equity holders of the parent	1,193,171	1,820,469	3,266,838	3,487,669
Non-controlling interests	418,271	407,423	987,248	949,595
Profit for the period	1,611,442	2,227,892	4,254,086	4,437,264
Earnings per share - Basic/Diluted (Rs.)	2.94	4.48	8.05	8.59

The above figures are subject to audit.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31st March		Year ended 31st March	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Profit for the period	**1,611,442**	2,227,892	**4,254,086**	4,437,264
Other comprehensive income				
Exchange differences on translation of foreign operations	**(5,148)**	572,502	**(51,107)**	655,651
Revaluation of property, plant and equipment	**280,247**	365,668	**280,247**	365,668
Net change in fair value of available-for-sale financial assets	**7,512**	(3,589)	**36,961**	(65,063)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	**–**	–	**(2,403)**	–
Share of other comprehensive income of equity-accounted investees	**–**	178,141	**–**	178,141
Other comprehensive income for the period, net of tax	**282,611**	1,112,722	**263,698**	1,134,397
Total comprehensive income for the period	**1,894,053**	3,340,614	**4,517,784**	5,571,661
Attributable to:				
Equity holders of the parent	**1,405,316**	2,599,431	**3,476,149**	4,256,189
Non-controlling interests	**488,737**	741,183	**1,041,635**	1,315,472
Profit for the period	**1,894,053**	3,340,614	**4,517,784**	5,571,661

The above figures are subject to audit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	31.03.2013 Rs.'000	31.03.2012 Rs.'000	01.04.2011 Rs.'000
ASSETS			
Non-current assets			
Property, plant & equipment	24,041,780	22,585,836	18,546,977
Investment property	1,661,596	1,662,349	1,662,992
Intangible assets	654,056	643,600	139,112
Leasehold properties	1,463,930	1,521,101	1,354,028
Pre-paid operating leases	980,731	1,028,164	5,455
Finance lease receivables	2,325,091	2,512,923	2,286,621
Investments in equity-accounted investees	1,931,205	1,770,117	1,472,162
Deferred tax assets	222,147	209,769	137,694
Other financial assets	462,117	392,737	483,620
	33,742,653	32,326,596	26,088,661
Current assets			
Inventories	1,824,723	1,783,317	1,607,724
Finance lease receivables	168,964	90,976	549,599
Trade and other receivables	9,972,627	8,947,611	4,182,377
Current tax receivable	180,918	158,172	122,298
Deposits and prepayments	1,129,843	755,758	547,022
Other financial assets	6,764,163	4,596,615	5,369,121
Cash and short-term deposits	2,217,994	2,176,837	736,009
	22,259,232	18,509,286	13,114,150
Assets classified as held for sale	149,125	149,125	181,489
Total Assets	56,151,010	50,985,007	39,384,300
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	2,135,140	2,135,140	2,135,140
Reserves	12,695,793	12,454,684	10,929,074
Retained earnings	13,222,324	10,564,698	8,250,731
	28,053,257	25,154,522	21,314,945
Non-controlling interests	5,449,444	4,708,800	4,154,265
Total Equity	33,502,701	29,863,322	25,469,210
Non-current liabilities			
Interest bearing liabilities	6,245,351	5,742,548	4,143,648
Deferred tax liabilities	504,743	429,238	256,001
Employee benefits	447,390	391,409	335,637
	7,197,484	6,563,195	4,735,286
Current liabilities			
Interest bearing liabilities	1,370,093	2,135,469	1,718,328
Provisions	277,103	490,661	457,827
Trade and other payables	7,713,639	6,720,453	3,912,058
Current tax payable	501,238	286,567	179,647
Other financial liabilities	–	57,847	–
Bank overdrafts and other short-term borrowings	5,588,753	4,867,493	2,911,944
	15,450,825	14,558,490	9,179,804
Total Equity and Liabilities	56,151,010	50,985,007	39,384,300
Net Assets per share (Rs.)	69.10	61.96	52.50

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,
28th May, 2013

STATEMENT OF CHANGES IN EQUITY - GROUP

For the year ended 31st March 2013

	Attributable to equity holders of the parent									
	Stated capital	**Capital reserves**	**General reserves**	**Revaluation reserve**	**Foreign currency translation reserve**	**Available for sale reserve**	**Retained earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
	Rs '000	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**
Balance as at 01st April 2012	2,135,140	127,521	6,327,782	5,269,337	743,671	(13,627)	10,564,698	25,154,522	4,708,800	29,863,322
Profit for the period	–	–	–	–	–	–	3,266,838	3,266,838	987,248	4,254,086
Other comprehensive income for the period	–	–	–	208,757	(36,607)	37,161	–	209,311	54,387	263,698
Total comprehensive income for the period	–	–	–	208,757	(36,607)	37,161	3,266,838	3,476,149	1,041,635	4,517,784
Share of net assets of equity accounted investees	–	–	–	–	–	–	419	419	187	606
Direct cost on share issues by subsidiary companies	–	–	–	–	–	–	(8,231)	(8,231)	(2,859)	(11,090)
Effect of acquisions, disposals and change in percentage holding in subsidiaries	–	–	–	–	–	–	(1,208)	(1,208)	4,496	3,288
Transfer to general reserve	–	–	31,798	–	–	–	(31,798)	–	–	–
Dividends for 2011/2012	–	–	–	–	–	–	(568,394)	(568,394)	–	(568,394)
Dividends paid by subsidiary companies to minority shareholders	–	–	–	–	–	–	–	–	(302,815)	(302,815)
Total contributions and distributions, recognised directly in equity	–	–	31,798	–	–	–	(609,212)	(577,414)	(300,991)	(878,405)
Balance as at 31st March 2013	**2,135,140**	**127,521**	**6,359,580**	**5,478,094**	**707,064**	**23,534**	**13,222,324**	**28,053,257**	**5,449,444**	**33,502,701**

For the year ended 31st March 2012

	Attributable to equity holders of the parent									
	Stated capital	**Capital reserves**	**General reserves**	**Revaluation reserve**	**Foreign currency translation reserve**	**Available for sale reserve**	**Retained earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
	Rs '000	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**	**Rs '000**
Balance as at 01st April 2011	2,135,140	127,521	5,570,692	4,864,773	314,919	51,169	8,250,731	21,314,945	4,154,265	25,469,210
Profit for the period	–	–	–	–	–	–	3,487,669	3,487,669	949,595	4,437,264
Other comprehensive income for the period	–	–	–	404,564	428,752	(64,796)	-	768,520	365,877	1,134,397
Total comprehensive income for the period	–	–	–	404,564	428,752	(64,796)	3,487,669	4,256,189	1,315,472	5,571,661
Share of net assets of equity accounted investees	–	–	–	–	–	–	(3,472)	(3,472)	(1,693)	(5,165)
Effect of acquisions, disposals and change in percentage holding in subsidiaries	–	–	–	–	–	–	(7,144)	(7,144)	(15,701)	(22,845)
Transfer to general reserve	–	–	757,090	–	–	–	(757,090)	–	–	–
Dividends for 2010/2011	–	–	–	–	–	–	(405,996)	(405,996)	–	(405,996)
Dividends paid by subsidiary companies to minority shareholders	–	–	–	–	–	–	–	–	(743,543)	(743,543)
Total contributions and distributions, recognised directly in equity	–	–	757,090	–	–	–	(1,173,702)	(416,612)	(760,937)	(1,177,549)
Balance as at 31st March 2012	2,135,140	127,521	6,327,782	5,269,337	743,671	(13,627)	10,564,698	25,154,522	4,708,800	29,863,322

COMPANY INCOME STATEMENT

	Quarter ended 31st March		Year ended 31st March	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Revenue	126,928	152,084	535,500	448,428
Revenue tax	(2,620)	(2,821)	(9,960)	(8,516)
Net revenue	124,308	149,263	525,540	439,912
Other operating income	13,842	716,479	557,466	1,837,391
Employee benefits expense	(105,949)	(91,356)	(336,742)	(275,385)
Depreciation and amortisation expense	(14,688)	(13,107)	(59,881)	(51,396)
Other operating expenses-indirect	(77,189)	(75,330)	(265,986)	(234,669)
Profit from operations	(59,676)	685,949	420,397	1,715,853
Finance income	168,514	115,367	694,908	417,589
Finance expenses	(131,614)	(100,110)	(557,435)	(361,300)
Net finance income	36,900	15,257	137,473	56,289
Profit before tax	(22,776)	701,206	557,870	1,772,142
Income tax expenses	(7,084)	(8,826)	(11,482)	(12,479)
Profit for the period	(29,860)	692,380	546,388	1,759,663
Earnings per share - Basic/Diluted (Rs.)	(0.07)	1.71	1.35	4.33

The above figures are subject to audit.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31st March		Year ended 31st March	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Profit for the period	**(29,860)**	692,380	**546,388**	1,759,663
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	**(230)**	(2,714)	**3,238**	(3,063)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	**–**	–	**(1,014)**	–
Other comprehensive income for the period, net of tax	**(230)**	(2,714)	**2,224**	(3,063)
Total comprehensive income for the period	**(30,090)**	689,666	**548,612**	1,756,600

The above figures are subject to audit.

COMPANY STATEMENT OF FINANCIAL POSITION

As at	31.03.2013 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000
ASSETS			
Non-current assets			
Property, plant & equipment	141,046	159,426	158,245
Investment property	3,455,995	3,457,305	3,460,705
Intangible assets	76,037	48,537	50,884
Investments in subsidiaries and joint ventures - unquoted	4,946,407	4,838,877	4,424,972
Investments in subsidiaries - quoted	2,458,287	2,458,287	2,458,287
Investments in equity-accounted investees	165,000	165,000	165,000
Other financial assets	232,403	159,348	160,939
	11,475,175	11,286,780	10,879,032
Current assets			
Inventories	2,484	1,651	1,755
Trade and other receivables	3,315,508	3,614,452	2,531,381
Current tax receivable	168,596	140,483	109,659
Deposits and prepayments	53,075	60,176	23,205
Other financial assets	3,227,060	2,469,924	2,714,592
Cash and short-term deposits	62,885	819,042	20,554
	6,829,608	7,105,728	5,401,146
Assets classified as held for sale	57,237	57,237	70,837
Total Assets	18,362,020	18,449,745	16,351,015
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	2,135,140	2,135,140	2,135,140
Reserves	6,328,970	6,294,948	5,540,921
Retained earnings	4,669,527	4,723,331	4,126,754
Total Equity	13,133,637	13,153,419	11,802,815
Non-current liabilities			
Interest bearing liabilities	2,542,500	2,100,000	844,000
Employee benefits	73,405	56,394	46,936
	2,615,905	2,156,394	890,936
Current liabilities			
Interest bearing liabilities	157,500	544,000	568,000
Trade and other payables	2,355,097	2,328,000	2,274,960
Bank overdrafts and other short-term borrowings	99,881	267,932	814,304
	2,612,478	3,139,932	3,657,264
Total Equity and Liabilities	18,362,020	18,449,745	16,351,015
Net Assets per share (Rs.)	32.35	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,
28th May, 2013

STATEMENT OF CHANGES IN EQUITY- COMPANY

For the year ended 31st March 2013

	Stated capital Rs. '000	General reserve Rs. '000	Revaluation reserve Rs. '000	Available for sale reserve Rs. '000	Retained earnings Rs.'000	Total Rs. '000
Balance as at 01st April 2012	2,135,140	6,301,070	–	(6,122)	4,723,331	13,153,419
Profit for the period	–	–	–	–	546,388	546,388
Other comprehensive income for the period	–	–	–	2,224	–	2,224
Total comprehensive income for the period	–	–	–	2,224	546,388	548,612
Transfer to general reserve	–	31,798	–	–	(31,798)	–
Dividends for 2011/2012	–	–	–	–	(568,394)	(568,394)
Total contributions and distributions, recognised directly in equity	–	31,798	–	–	(600,192)	(568,394)
Balance as at 31st March 2013	**2,135,140**	**6,332,868**	**–**	**(3,898)**	**4,669,527**	**13,133,637**

For the year ended 31st March 2012

	Stated capital Rs. '000	General reserve Rs. '000	Revaluation reserve Rs. '000	Available for sale reserve Rs. '000	Retained earnings Rs.'000	Total Rs. '000
Balance as at 01st April 2011	2,135,140	5,543,980	–	(3,059)	4,126,754	11,802,815
Profit for the period	–	–	–	–	1,759,663	1,759,663
Other comprehensive income for the period	–	–	–	(3,063)	–	(3,063)
Total comprehensive income for the period	–	–	–	(3,063)	1,759,663	1,756,600
Transfer to general reserve	–	757,090	–	–	(757,090)	–
Dividends for 2010/2011	–	–	–	–	(405,996)	(405,996)
Total contributions and distributions, recognised directly in equity	–	757,090	–	–	(1,163,086)	(405,996)
Balance as at 31st March 2012	**2,135,140**	**6,301,070**	**–**	**(6,122)**	**4,723,331**	**13,153,419**

CASH FLOW STATEMENTS

For the year ended 31st March	Group 2013 Rs. '000	Group 2012 Rs. '000	Company 2013 Rs. '000	Company 2012 Rs. '000
Cash flow from operating activities				
Profit before tax	5,001,262	5,183,354	557,870	1,772,142
Adjustments for				
Depreciation and amortisation	1,349,568	1,145,483	59,881	51,396
Impairment of property, plant & equipment and goodwill	78,505	–	–	–
Interest expense	1,327,591	639,299	553,206	356,338
Gain on disposal of property plant & equipment	(28,737)	(61,671)	(8)	(8,173)
(Gain) / loss on disposal of group investments	6,523	(590,798)	–	(590,798)
Gain on disposal of available-for-sale financial assets reclassified from equity	(11,089)	(995)	(6,212)	(995)
Gain on retirement of assets held for sale	–	(343)	–	(12,781)
Interest income	(760,887)	(471,364)	(694,908)	(417,589)
Gain on bargain purchase	–	(7,784)	–	–
Share of profit of equity-accounted investees (net of tax)	(181,501)	(85,983)	–	–
Provision for impairment / (write back) of trade & other receivables	47,554	17,054	(6)	(14,611)
Net foreign exchange (gain) / loss	(31,036)	(4,536)	4,772	(61,554)
Provision for retirement benefit obligations	116,561	88,476	23,500	13,404
	1,913,052	666,838	(59,775)	(685,363)
Operating profit before working capital changes	6,914,314	5,850,192	498,095	1,086,779
(Increase)/decrease in trade and other receivables	(1,072,570)	(4,782,287)	298,950	(1,068,460)
(Increase)/decrease in inventories	(41,406)	(175,593)	(833)	104
(Increase)/ decrease in deposits & prepayments	(374,085)	(208,736)	7,101	(36,971)
Increase/(decrease) in trade and other payables	991,830	2,810,293	25,742	51,964
Increase/(decrease) in provisions	(213,558)	32,834	–	–
	(709,789)	(2,323,489)	330,960	(1,053,363)
Cash generated from operations	6,204,525	3,526,703	829,055	33,416
Interest paid	(1,327,591)	(639,299)	(553,206)	(356,338)
Income tax paid	(492,804)	(585,821)	(39,595)	(43,302)
Retirement benefit obligations paid	(59,256)	(43,837)	(6,489)	(3,946)
	(1,879,651)	(1,268,957)	(599,290)	(403,586)
Net cash flow from operating activities	4,324,874	2,257,746	229,765	(370,170)
Cash flow from investing activities				
Investment in subsidiaries, joint ventures & equity accounted investees	(4,595)	(852,910)	(107,530)	(490,366)
Effect of changes in percentage holding in subsidiaries and joint ventures	(6,786)	(58,984)	–	–
Purchase of equity and debt securities	(88,986)	(176,097)	(88,986)	–
Purchase of property, plant and equipment	(2,588,357)	(3,587,332)	(19,238)	(34,093)
Purchase of intangible assets	(76,156)	(21,969)	(48,461)	(13,295)
Purchase of investment property	–	(109)	–	(109)
Prepayment of rentals of operating leases	–	(1,022,800)	–	–
Proceeds from disposal of property, plant and equipment	83,295	144,987	15	8,840
Proceeds from disposal of intangible assets	73	–	–	–
Refund of pre-paid lease rentals	38,067	–	–	–
Receipts from finance lease receivables	92,314	620,150	–	–
Proceeds from sale of equity and debt securities	23,449	671,754	15,930	671,754
Proceeds / (purchase) of other financial assets & liabilities (net)	(2,101,040)	747,678	(736,697)	225,153
Proceeds on retirement of assets held for sale	–	32,708	–	22,880
Dividends and dividend taxes paid by subsidiary companies to outside shareholders	(302,815)	(743,543)	–	–
Dividends received from equity-accounted investees	25,615	–	–	–
Net cash flow from investing activities	(4,905,922)	(4,246,467)	(984,967)	390,764

CASH FLOW STATEMENTS – CONTD.

For the year ended 31st March	Group 2013 Rs. '000	Group 2012 Rs. '000	Company 2013 Rs. '000	Company 2012 Rs. '000
Cash flow from financing activities				
Interest received from deposits	692,338	489,056	682,907	435,632
Proceeds from interest bearing liabilities	3,366,073	3,246,944	600,000	1,800,000
Repayment of interest-bearing liabilities	(3,614,550)	(1,763,371)	(544,000)	(568,000)
Direct cost on share issue by a subsidiary company	(11,090)	–	–	–
Dividends paid	(567,039)	(404,920)	(567,039)	(404,920)
Net cash flow from financing activities	(134,268)	1,567,709	171,868	1,262,712
Net increase in cash and cash equivalents	(715,316)	(421,012)	(583,334)	1,283,306
Cash and cash equivalents at the beginning of the year	(2,655,443)	(2,234,431)	546,338	(736,968)
Cash and cash equivalents at the end of the year (note B)	(3,370,759)	(2,655,443)	(36,996)	546,338

A. Disposal of joint venture

During the year the Group divested its invesment in Business Travels Services LLC., a joint venture company. The fair value of assets & liabilities disposed of this divestment is as follows;

	Rs. '000
Property, plant & equipment	(1,196)
Trade and other receivables	(73,708)
Deposits and prepayments	(1,323)
Employee benefits	1,453
Trade and other payables	68,251
Net assets disposed	(6,523)
Purchase consideration received on acquisition	–
Net cash inflow on disposal	–

B. Cash and cash equivalents at the end of the year

For the year ended 31st March	Group 2013 Rs. '000	Group 2012 Rs. '000	Company 2013 Rs. '000	Company 2012 Rs. '000
Cash at bank and in hand	1,204,674	647,880	62,885	19,042
Short term deposits	1,013,320	1,528,957	–	800,000
Short-term bank borrowings	(5,588,753)	(4,867,493)	(99,881)	(267,932)
Cash and cash equivalents as previously reported	(3,370,759)	(2,690,656)	(36,996)	551,110
Effect of exchange rate changes	–	35,213	–	(4,772)
Cash and cash equivalents as restated	(3,370,759)	(2,655,443)	(36,996)	546,338

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting entity

Aitken Spence PLC., (the "Company") is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The company's registered office and the principal place of business is located at "Aitken Spence Tower II", 315 Vauxhall Street, Colombo 02.

The consolidated interim financial statements of the Company as at, and for the year ended 31st March 2013 comprise of the financial statements of the Company and its subsidiaries and the Group's interest in equity accounted investees and jointly controlled entities.

Aitken Spence PLC does not have an identifiable parent.

2 Basis of Preparation

2.1 Statement of compliance

The condensed interim financial statements of the Group and the separate condensed financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/ LKASs) effective from 1st January 2012, laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The Statement of the financial position as at 1st April 2011 (date of transition to SLFRSs/LKASs) and 31st March 2012, the statements of income, comprehensive income, changes in equity and the cash flows for the year ended 31st March 2012, were retrospectively prepared based on the Sri Lanka Accounting Standards (SLFRSs/LKASs) effective from 1 January 2012 as required by SLFRS 1 – First-time Adoption of Sri Lanka Accounting Standards (SLFRSs).

An explanation of how the transition to SLFRSs/LKASs, has affected the reported financial position, financial performance and the cash flow of the Group and the Company is provided in the notes to the interim financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for measurement of the following material items in the statement of financial position.

Land recognised under property, plant and equipment, financial assets and financial liabilities classified as fair value through profit or loss and available for sale assets are measured at fair value: while retirement benefit obligations are measured at the present value of defined benefit obligations.

2.3 Functional currency

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

2.4 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group.

3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in this interim financial statements of the Group and the Company and in preparing the opening statement of financial position as at 1st April 2011 for the purposes of the transition to SLFRSs/LKASs.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are those entities controlled by the Group. Existence of control is evident when the Company controls the composition of the Board of Directors, holds more than half of the issued shares of the entity, controls more than half of the potential voting rights of the entity, or when control is provided by virtue of contractual arrangements.

Entities that are subsidiaries of another entity which is a subsidiary of the company are also treated as subsidiaries of the company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

3.1.1.1 Business combinations and Goodwill

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date, as the fair value of the consideration transferred and 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 at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

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

After initial recognition goodwill is stated at cost less accumulated impairment losses.

The goodwill arising on acquisition of subsidiaries and joint ventures is presented as an intangible asset.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement

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

3.1.1.2 Non-controlling interest

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading "Non – controlling interest "in the Consolidated Income Statement.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading "Non – controlling interest" in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with the equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Adjustments to non-controlling interest arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3.1.2 Equity accounted investees (investments in associates)

Equity accounted investees are those entities in which the Group has significant influence, but does not have control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% - 50% of the voting rights of another entity.

The Group's investments in its equity accounted investees are accounted for using the equity method

Under the equity method Investments in equity accounted investees are recognised initially at cost. The carrying amount of the investment is adjusted at each reporting date to recognise changes in the Group's share of net assets of the equity accounted investee arising since the acquisition date. Goodwill relating to the equity accounted investee is included in the carrying amount of the investment Dividends declared by the equity accounted investees are recognised against the equity value of the Group's investment.

The income statement reflects the Group's share of the results of operations of the equity accounted investees. When there has been a change recognised directly in the equity of the entity, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the equity accounted investees are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of equity accounted investees is shown on the face of the income statement and represents profits or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the equity accounted investees are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'Share of losses of an equity accounted investee' in the income statement.

Upon loss of significant influence over the equity accounted investee, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the equity accounted investee upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

3.1.3 Interest in joint ventures

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 combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

necessary to bring the accounting policies in line with those of the Group

The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture. Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an equity accounted investees.

3.1.4 Reporting date

All the Group's subsidiaries, jointly controlled entities and equity accounted investees have the same reporting period as the parent company.

3.1.5 Intra-group transactions

Pricing policies of all intra-group sales are identical to those adopted for normal trading transactions, which are at market prices.

3.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or 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 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 Foreign currencies

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transaction. All monetary assets and liabilities denominated in foreign currency at the reporting date are translated at the rate prevailing on the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities which are carried in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined.

Foreign currency differences arising on re-translation are recognised in profit or loss, except for differences arising on the re-translation of available for sale equity investments, a financial liability designated a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

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

3.2.2 Foreign operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the rate of exchange prevailing on the reporting date. Income and expenses of the foreign entities are translated at exchange rate approximating to the actual rate at the time of the transaction. For practical purposes this is presumed to be the average rate during each month. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest, and in any other partial disposal of foreign operation, the relevant proportion is reclassified to profit or loss.

3.3 Financial instruments

Financial assets and financial liabilities are recognised when a Group company becomes a party to the contractual provisions of the instrument.

The classification of financial instruments at initial recognition is dependent on their purpose and characteristics and the management's intention in acquiring them.

Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities other than financial instruments recognised as fair value through profit and loss, are added to or deducted from the fair value of the financial instruments. Transaction cost which s insignificant is expensed immediately in the income statement.

3.3.1 Non-derivative financial assets

3.3.1.1 Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

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

Financial assets at fair value through profit or loss

A financial asset is recognised at fair value through profit or loss, if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of trading in the near term. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, are recognised in profit or loss.

Attributable transaction costs of fair value through profit or loss financial assets are recognised in profit or loss when incurred.

The Company has categorised its portfolio of investments treasury bills and treasury bonds as financial assets at fair value through profit or loss. The Group has not designated any equity instruments in this category

Loans and receivables

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

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities until maturity , then such financial assets are classified as held-to –maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. if the transaction cost is significant. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

During the Financial year the Group has not designated any financial assets as held-to-maturity investments.

Available-for-sale financial assets

Available for sale financial assets are non derivative financial assets that are designated as available for sale or are not classified in any of the previous categories. The Group 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 any changes therein, other than impairment losses and foreign currency differences on available for sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised the gain or loss accumulated in equity is reclassified to profit or loss.

The Group designates listed and unlisted equity investments that are not held for trading purposes as available for sale financial instruments. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold or redeemed in response to needs for liquidity or in response to changes in the market conditions.

Interest income on available-for-sale debt securities calculated using the effective interest method and dividend income on available for sale quoted and unquoted equity investments are recognised in the income statement

3.3.1.2 Impairment of financial assets

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

Loans & Receivables

The objective evidence of impairment could include significant financial difficulty of the issuer or counter party, breach of contract such as default in interest or principal payments, or it becomes probable that the borrower will enter bankruptcy or financial reorganisation

The Group considers impairment of trade receivables at both a specific significant individual debtor level and collectively. Any Group company which has any individually significant debtors assesses them for specific impairment. All individually insignificant debtors that are not specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together assets with similar risk characteristics. In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred and adjusted for the management's judgment. The carrying amount of the trade receivables is reduced through the use of the bad debt provision account and the amount of the loss is recognised in the profit or loss. If there is no realistic prospect of future recovery of a debt, the amount is written off.

An impairment loss in respect of other financial assets measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed, does not exceed what the

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

amortised cost would have been had the impairment not been recognised.

Available for sale

For equity instruments classified as available for sale financial assets a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

Impairment losses of an available-for-sale security investment are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3.3.1.3 Derecognition of financial assets

The Group derecognises a financial asset when

- The right to receive cash flows from the asset have expired or the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement: and either
- The entity has transferred substantially all the risks and rewards of the asset, or
- The entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset or the carrying amount allocated to the portion of the asset transferred and the sum of the consideration received and receivable and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3.3.2 Non-derivative financial liabilities

3.3.2.1 Initial recognition and measurement

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its non-derivative financial liabilities into following categories:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit loss.

Gains or losses on liabilities held for trading are recognised in the income statement.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial Liabilities

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

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

3.3.2.2 Derecognition of financial assets and liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3.3.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.3.4 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

3.3.5 Share capital

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

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

3.4. Property, plant & equipment

3.4.1 Recognition and measurement

Property, plant and equipment other than land, are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition for its intended use, and borrowing costs if the recognition criteria are met. This also includes cost of dismantling and removing the items and restoring them in the site on which they are located.

All items of property, plant and equipment are recognised initially at cost.

The Group recognises land owned by it in the statement of financial position at their re-valued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which 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 an insignificant amount at each reporting period the Group will revalue such land every 5 years.

Any revaluation increase arising on the revaluation of such land is recognised in 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 a revaluation of 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 the same land.

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

3.4.2 Significant components of property plant & equipment

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

3.4.3 Subsequent cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.4.4 Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

Leased Assets	Over the periods of the lease
Buildings	20 - 50 years
Plant & Machinery	10 - 20 years
Equipment	04 - 05 years
Power Generation Plants	10 - 20 years
Motor Vehicles	04 - 10 years
Furniture & Fittings	10 years
Computer Equipment	3-5 years
Crockery, Cutlery & Glassware	3-5 years
Speed Boats	5 years
Soft Furnishing	5-10 years

Power generation plants of some of the group companies in the renewable energy segment that are not depreciated as above are depreciated on the unit of production basis.

The cost of replacement of components of assets recognised in the carrying amount of property, plant and equipment is depreciated over the balance useful life of the asset.

The cost of major planned overhauls capitalised are depreciated over the period until the next planned maintenance.

3.5 Investment properties

3.5.1 Recognition and measurement

Investment property is land and buildings that are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods and services or for administrative purposes. Investment property is measured at cost at initial recognition and subsequently at cost less

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

aggregate depreciation. However, if there is impairment in value, other than of a temporary nature, the carrying amount is reduced to recognise the decline.

Upon transition to SLFRSs/LAKSs the Group elected to measure land classified under investment property at fair value on 1st of April 2011 and use this fair value as deemed cost on this date.

3.5.2 Depreciation

No depreciation is provided on land treated as investment property.

Depreciation of other investment property of the Group is provided for on a consistent basis, over the period appropriate to the estimated useful lives of the assets on a straight-line method.

Leased Assets	Over the periods of the lease
Buildings	20 - 50 years

In the consolidated financial statements, properties which are occupied by companies within the Group for the production or supply of goods and services or for administrative purposes is treated as property, plant and equipment, while these properties are treated as investment property in the financial statements of the company owning the asset.

3.6 Leases

3.6.1 Finance leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as leased assets under property, plant and equipment and are stated at an amount equal to the lower of its fair value and the present value of minimum lease payments. Leased assets are depreciated over the remaining lease period or the useful life of the asset, whichever is shorter.

3.6.2 Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the assets are classified as operating leases. Lease payments under operating leases are recognised as an expense in the income statement on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

3.6.3 Leasehold property

The initial cost of acquiring leasehold property is treated as an operating lease and is amortised over the period of the lease in accordance with the pattern of benefits expected to be derived from the lease. The carrying amount of leasehold property is tested for impairment annually.

3.6.4 Determining whether an arrangement contains a lease

At the inception of an arrangement, the Group determines whether such an arrangement is a lease or contains a lease. This will be apparent if the following two criteria are met:

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and

- the arrangement contains a right to use the asset(s).

At the inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those in respect of the lease and those for other elements, on the basis of their relative fair values. In respect of a finance lease, If the Group concludes that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently as payments are made the liability is reduced and imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

3.7 Intangible assets

3.7.1 Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible assets arising from development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Expenditure incurred during the research phase of an internal project is recognised in the income statement

3.7.2 Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

3.7.3 Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

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The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each balance sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.7.4 Intangible assets recognised by the Group.

3.7.4.1 Computer software

All computer software cost incurred and licensed for use by the Group, which does not form an integral part of related hardware, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets

The Group amortises the computer software over period of 3 to 5 years.

3.7.4.2 Website Costs

Costs incurred on development of websites are capitalised as intangible assets when the entity is satisfied that the web site will generate probable economic benefits in the future.

The Group amortises the website costs over a period of 3 to 5 years.

3.7.4.3 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included as an intangible assets.

Goodwill is initially recognised at cost and subsequently measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is allocated to the carrying amount of the equity accounted investee.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on a weighted average cost. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of factory overheads based on normal operating capacity.

3.9 Non-current assets held for sale

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

3.10 Impairment – Non-financial assets

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

The recoverable amount of goodwill is estimated at each reporting date, or as and when an indication of impairment is identified.

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

Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

3.10.1 Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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3.10.2 Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in the income statement.

3.11 Liabilities

Liabilities classified as current liabilities on the balance sheet are those which fall due for payment on demand of the creditor or within one year of the reporting date. Non-current liabilities are those balances that become repayable after one year from the reporting date.

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

3.12 Employee benefits

3.12.1 Defined benefit plan - retiring gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

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

The liability is not externally funded.

The Group recognises all actuarial gains and losses arising from defined benefit plans in the income statement

3.12.2 Defined contribution plan

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

The Group contributes a sum not less than 12% of the gross emoluments of employees as provident fund benefits and 3% as trust fund benefits, respectively.

3.12.3 Short-term employee benefits

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

3.13 Provisions

A provision is recognised if, as a result of past events, the Group has an obligation legal or constructive that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.13.1 Provision for major overhauls

Provision is made on a monthly basis for major overhaul costs based on the estimated overhauls to be carried out within the estimated interval between two major overhauls. The cost of the actual overhaul carried out is set off against the provision. The adequacy of the provision balance is reviewed at a consistent frequency, and any under / over provision which arises due to a change in estimate and the timing of the major overhauls, is adjusted in the income statement for the period in which such under / over provision is identified.

3.14 Revenue

Group revenue represents sales to customers outside the Group and excludes value added tax and intra-group sales.

3.14.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The Group also assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

3.14.2 Sale of goods

Revenue from the sale of goods is recognised on accrual basis when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

3.14.3 Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period

3.14.3.1 Hotel operation

In respect of the Group's hotel operations, apartment revenue is recognised on the rooms occupied on a daily basis, and food & beverage sales are accounted for at the time of sale.

3.14.3.2 Loyalty points programme of Hotel Companies,

'Diamond points" a loyalty programme, allows customers to accumulate points when they patronize the Group hotels which could be redeemed for future hotel accommodation, subject to a minimum number of points being obtained. Consideration received on hotel rooms occupied is allocated between the current sales and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed. The Group has not included extensive disclosure regarding the loyalty programme as the amounts are not significant.

3.14.3.3 Lease income

Minimum lease payments receivable under a finance lease are apportioned between the finance income and the reduction of the outstanding receivable. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the finance asset.

3.14.3.4 Installation of elevators

Revenue on installation of elevators is recognised in the income statement by reference to the stage of completion of the transaction at the reporting date. Stage of completion is measured by reference to cost incurred to date as a percentage of total estimated total cost for each installation.

3.14.3.5 Commission income

When the Group acts in the capacity of an agent rather than the principal in a transaction , the revenue recognition is the net amount of commission earned by the Group.

3.14.4 Use by others of entity assets

3.14.4.1 Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale the 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 income statement.

3.14.4.2 Dividends

Dividend is recognised when the right to receive such is established, which is generally when the dividend is declared.

3.14.4.3 Rental income

Rental income arising from renting of property, plant and equipment and investment properties is accounted for on a straight-line basis over the rent period.

3.15 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit for the year.

3.16 Finance Income /(Expenses)

Finance income comprises interest income on funds invested, other than the income from investments categorised under available-for-sale financial assets, which income is recognised in the other comprehensive income statement. Gains on the disposal of interest generating investments whether classified under fair value through profit or loss on under available-for-sale financial assets is recognised under finance income

Interest income is recognised as it accrues in profit or loss, using the effective interest method

Finance expenses comprise interest expense on borrowings and leases, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the asset.

3.17 Government grants and subsidies.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Grants and subsidies which intend to compensate an expense or loss already incurred or received for the purpose of immediate financial support with no future related costs, are recognised in the income statement in the period in which the grant becomes receivable.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

Grants and subsidies related to assets are immediately recognised in the balance sheet as deferred income, and recognised in the income statement on a systematic and rational basis over the useful life of the asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and recognised to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the applicable market rate, the effect of this favourable interest is regarded as a government grant.

3.18 Income tax expense

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

3.18.1 Current Tax

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

3.18.1.1 Companies incorporated in Sri Lanka

Provision for current tax for companies incorporated in Sri Lanka has been computed in accordance with the Inland Revenue Act No. 10 of 2006 and its amendments thereto.

3.18.1.2 Companies incorporated outside Sri Lanka

Provision for current tax for companies incorporated outside Sri Lanka have been computed in accordance to the relevant tax laws applicable in the countries in which they operates

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

3.18.2 Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and the differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

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

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3.18.3 Economic service charge

As per the provisions of the Economic Service Charge Act No 13 of 2006, economic service charge is payable on the liable turnover at specified rates. Economic service charge is deductible from the income tax liability. Any unclaimed liability can be carried forward and set off against the income tax payable as per the relevant provisions in the Act.

3.19 Operating Segments

An operating segment is a distinguishable component of the Group that engages in business activities from which it earn revenues and incurs expenses, including revenues and expenses that relate to transactions with Group's other segments. .

The operations of the Group are categorised under four segments based on the nature of the products or services provided by each segment and the risks and rewards associated with the economic environment in which these segments operate. The performance of the Group is evaluated based on the performance of these four main segments by the Group's Managing Director (chief operating decision maker). The internal management reports prepared on these segments are reviewed by the Group's Managing Director on a monthly basis.

3.20 Movement of reserves

Movements of reserves are disclosed in the statement of changes in equity.

3.21 Cash flow

The cash flow statement is reported based on the "indirect method".

3.22 Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

3.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.24 First Time Adoption of Sri Lanka Accounting Standards (SLFRSs/LKASs)

These financial statements, for the year ended 31 March 2013, are the first the Group has prepared in accordance with SLFRSs/LKASs. For periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with the Sri Lanka Accounting Standards that existed immediately prior to 1st January 2012 (SLASs)Accordingly, the Group has prepared financial statements which comply with SLFRSs/LKASs applicable for periods ending on or after 31 March 2013, together with the comparative period data as at and for the year ended 31 March 2012, as described in the significant accounting policies. In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1st April 2011 the date of transition to SLFRSs/LKASs for the Group.

Optional exemptions as permitted in the SLFRS – 1 First Time Adoption of Sri Lanka Accounting Standards (SLFRSs).

Deemed Cost

The Group elected to measure some items of Property Plant and equipment and 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 their deemed cost at that date

Investments in subsidiaries, jointly controlled entities and associates

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

Borrowing Cost

The Group opted to apply transition provisions set out in LKAS 23 – Borrowing Costs and capitalise the borrowing costs that are directly attributable to construction of qualifying assets after the transition date of 1st April 2011.

3.25 Events occurring after the reporting date

All material post balance sheet events have been considered, disclosed and adjusted where applicable.

3.26 New accounting Standards issued but not effective as at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for annual periods beginning after the current financial year. Accordingly these standards have not been applied in preparing theses financial statements. The Group expects that these standards when applied will have substantial 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

For the year ended 31st March	Total revenue generated 2013 Rs. '000	Total revenue generated 2012 Rs. '000	Inter - segmental revenue 2013 Rs. '000	Inter - segmental revenue 2012 Rs. '000	Intra - segmental revenue 2013 Rs. '000	Intra - segmental revenue 2012 Rs. '000	Revenue from external customers 2013 Rs. '000	Revenue from external customers 2012 Rs. '000
Tourism sector *	15,503,153	12,678,164	24,254	46,409	1,415,907	1,369,767	14,062,992	11,261,988
Cargo logistics sector	6,351,822	6,150,753	399,065	353,426	209,501	134,665	5,743,256	5,662,662
Strategic investments *	18,286,145	14,789,607	189,267	155,885	188,463	53,067	17,908,415	14,580,655
Services sector	734,952	663,884	178,168	164,363	19,412	17,106	537,372	482,415
Total revenue with equity-accounted investees	40,876,072	34,282,408	790,754	720,083	1,833,283	1,574,605	38,252,035	31,987,720
Share of equity-accounted investees' revenue	(1,112,108)	(966,097)	–	–	–	–	(1,112,108)	(966,097)
Total Revenue	39,763,964	33,316,311	790,754	720,083	1,833,283	1,574,605	37,139,927	31,021,623

** Includes equity-accounted investees*

4.2 Profit

For the year ended 31st March	Profit from operations 2013 Rs. '000	Profit from operations 2012 Rs. '000	Profit before tax * 2013 Rs. '000	Profit before tax * 2012 Rs. '000	Non cash expenses 2013 Rs. '000	Non cash expenses 2012 Rs. '000	Income tax expenses 2013 Rs. '000	Income tax expenses 2012 Rs. '000
Tourism sector	3,443,263	2,627,960	3,444,655	2,622,019	66,458	17,398	516,847	383,680
Cargo logistics sector	586,596	851,827	556,328	839,427	39,750	40,506	142,230	248,703
Strategic investments	1,324,489	1,768,144	837,504	1,561,558	78,910	27,253	57,346	79,864
Services sector	148,490	153,926	162,775	160,350	7,921	10,417	30,753	33,843
	5,502,838	5,401,857	5,001,262	5,183,354	193,039	95,574	747,176	746,090

** Includes equity-accounted investees*

5. 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/-.

6. There was no material change in the use of funds raised through rights/debenture issues by the group companies.

7. There were no liabilities for management fees or any other similar expenditure not provided for in the interim financial statements.

8. The contingent liability as at 31.03.2013 on guarantees given by Aitken Spence PLC to third parties amounted to Rs. 1,741 million. Of this sum Rs. 1,503 million and Rs. 238 million relates to facilities obtained by subsidiaries and joint ventures respectively and none to associate companies. Liability as at 31.03.2013 on guarantees given by subsidiaries to third parties amounted to Rs. 4,935 million. None of the above guarantees were in relation to facilities obtained by companies other than companies within the Group. There were no guarantees given in relation to facilities obtained by Aitken Spence PLC.

   Ace Power Embilipitiya (Pvt) Ltd., a subsidiary company currently supplies power to the Ceylon Electricity Board based on a generation license validly obtained on 14th January 2004 for which payment has been received regularly. However, the Sri Lanka Electricity Act No.20 of 2009, states that for a company to be eligible to obtain a power generation license for power generation capacity of over and above 25MW, the company must be incorporated under the Companies Act No.7 of 2007, in which the government, a public corporation, a company in which the government holds more than fifty per centum of the shares or a subsidiary of such a company, holds such number of shares as may be determined by the Secretary to the Treasury with the concurrence of the Minister in charge of the subject of Finance. However such determination has not been made by the Secretary to the Treasury to-date. Based on the legal opinion obtained by the company we are of the view that the above provision of the Act will not have a material impact on the financial position of the subsidiary and/or the Group. Further, in the absence of the determination by the Secretary to the Treasury, Aitken Spence PLC is unable to determine the financial effect on the dilution, if any, of its holding in the shares of Ace Power Embilipitiya (Pvt) Ltd.

9. Subsequent to the balance sheet date the Board of Directors of the Company resolved to recommend a first & final ordinary dividend of Rs. 1.50 per share for the year 2012/2013 to be approved at the Annual General Meeting.

   There were no other material events that occurred after the balance sheet date that require adjustments to or disclosure in the financial statements.

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10. Reconciliations on transition to new Sri Lanka Accounting Standards (SLFRS/ LKAS)

10 .1 Reconciliation of Consolidated Income Statement for the year ended 31st March 2012

	Notes	Quarter ended 31st March 2012			Year ended 31st March 2012		
		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	i	9,646,927	51,575	9,698,502	30,670,417	351,206	31,021,623
Revenue tax		(132,931)	–	(132,931)	(478,519)	–	(478,519)
Net revenue		9,513,996	51,575	9,565,571	30,191,898	351,206	30,543,104
Other operating income	ii	621,818	311,806	933,624	698,246	387,832	1,086,078
Changes in inventories of finished goods and work-in-progress		11,428	–	11,428	(5,875)	–	(5,875)
Raw materials and consumables used	iii	(3,350,723)	(139,153)	(3,489,876)	(9,856,597)	(619,142)	(10,475,739)
Employee benefits expense		(1,036,991)	–	(1,036,991)	(3,580,485)	–	(3,580,485)
Depreciation and amortisation expense	iv	(379,591)	88,685	(290,906)	(1,777,449)	631,966	(1,145,483)
Other operating expenses-direct	v	(1,759,420)	(227,200)	(1,986,620)	(6,076,253)	(966,010)	(7,042,263)
Other operating expenses-indirect	vi	(1,074,223)	13,026	(1,061,197)	(3,989,102)	11,622	(3,977,480)
Profit from operations		2,546,294	98,739	2,645,033	5,604,383	(202,526)	5,401,857
Finance income	vii	119,311	25,618	144,929	489,056	(17,692)	471,364
Finance expenses	viii	(220,244)	(67,886)	(288,130)	(693,975)	(81,875)	(775,850)
Net finance expense		(100,933)	(42,268)	(143,201)	(204,919)	(99,567)	(304,486)
Share of profit of equity-accounted investees (net of tax)	ix	(690)	21,990	21,300	63,993	21,990	85,983
Profit before tax		2,444,671	78,461	2,523,132	5,463,457	(280,103)	5,183,354
Income tax expenses	x	(301,607)	6,367	(295,240)	(752,900)	6,810	(746,090)
Profit for the period		2,143,064	84,828	2,227,892	4,710,557	(273,293)	4,437,264
Attributable to:							
Equity holders of the parent		1,756,501	63,968	1,820,469	3,709,162	(221,493)	3,487,669
Non-controlling interests		386,563	20,860	407,423	1,001,395	(51,800)	949,595
Profit for the period		2,143,064	84,828	2,227,892	4,710,557	(273,293)	4,437,264
Earnings per share - Basic/Diluted (Rs.)		4.33	0.16	4.48	9.14	(0.55)	8.59

10.2 Reconciliation of Consolidated Statement of Comprehensive Income for the year ended 31st March 2012

	Quarter ended 31st March 2012			Year ended 31st March 2012		
	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	–	2,227,892	2,227,892	–	4,437,264	4,437,264
Other comprehensive income						
Exchange differences on translation of foreign operations	–	572,502	572,502	–	655,651	655,651
Revaluation of property, plant and equipment	–	365,668	365,668	–	365,668	365,668
Net change in fair value of available-for-sale financial assets	–	(3,589)	(3,589)	–	(65,063)	(65,063)
Share of other comprehensive income of equity-accounted investees	–	178,141	178,141	–	178,141	178,141
Other comprehensive income for the period, net of tax	–	1,112,722	1,112,722	–	1,134,397	1,134,397
Total comprehensive income for the period	–	3,340,614	3,340,614	–	5,571,661	5,571,661
Attributable to:						
Equity holders of the parent	–	2,599,430	2,599,430	–	4,256,189	4,256,189
Non-controlling interests	–	741,184	741,184	–	1,315,472	1,315,472
Total comprehensive income for the period	–	3,340,614	3,340,614	–	5,571,661	5,571,661

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

	Notes	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 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	xi	27,893,497	(5,307,661)	22,585,836	23,925,653	(5,378,676)	18,546,977
Investment property	xii	102,156	1,560,193	1,662,349	102,799	1,560,193	1,662,992
Intangible assets	xiii	528,857	114,743	643,600	134,026	5,086	139,112
Leasehold properties		1,521,101	–	1,521,101	1,354,028	–	1,354,028
Pre-paid operating leases		1,028,164	–	1,028,164	5,455	–	5,455
Finance lease receivables	xiv	–	2,512,923	2,512,923	–	2,286,621	2,286,621
Investments in equity-accounted investees	xvi	1,470,157	299,960	1,770,117	1,335,002	137,160	1,472,162
Deferred tax assets	x	210,468	(699)	209,769	138,314	(620)	137,694
Other financial assets	xvii	383,495	9,242	392,737	473,945	9,675	483,620
		33,137,895	(811,299)	32,326,596	27,469,222	(1,380,561)	26,088,661
Current assets							
Inventories	xviii	1,788,467	(5,150)	1,783,317	1,607,724	–	1,607,724
Finance lease receivables	xiv	–	90,976	90,976	–	549,599	549,599
Trade and other receivables	xix	8,959,927	(12,316)	8,947,611	4,171,699	10,678	4,182,377
Current tax receivable		158,172	–	158,172	122,298	–	122,298
Deposits and prepayments		755,758	–	755,758	547,022	–	547,022
Other financial assets	xvii	6,133,621	(1,537,006)	4,596,615	5,309,362	59,759	5,369,121
Cash and short-term deposits	xx	647,880	1,528,957	2,176,837	736,009	–	736,009
		18,443,825	65,461	18,509,286	12,494,114	620,036	13,114,150
Assets classified as held for sale		149,125	–	149,125	181,489	–	181,489
Total Assets		51,730,845	(745,838)	50,985,007	40,144,825	(760,525)	39,384,300
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	(102,443)	12,454,684	11,071,652	(142,578)	10,929,074
Retained earnings		10,855,377	(290,679)	10,564,698	8,309,395	(58,664)	8,250,731
		25,547,644	(393,122)	25,154,522	21,516,187	(201,242)	21,314,945
Non-controlling interests		5,700,409	(991,609)	4,708,800	5,129,687	(975,422)	4,154,265
Total Equity	xxi	31,248,053	(1,384,731)	29,863,322	26,645,874	(1,176,664)	25,469,210
Non-current liabilities							
Interest bearing liabilities		5,742,548	–	5,742,548	4,143,648	–	4,143,648
Deferred tax liabilities	x	444,582	(15,344)	429,238	267,078	(11,077)	256,001
Employee benefits		387,984	3,425	391,409	335,637	–	335,637
		6,575,114	(11,919)	6,563,195	4,746,363	(11,077)	4,735,286
Current liabilities							
Interest bearing liabilities		2,135,469	–	2,135,469	1,718,328	–	1,718,328
Provisions	xxii	–	490,661	490,661	–	457,827	457,827
Trade and other payables	xxiii	6,618,149	102,304	6,720,453	3,942,669	(30,611)	3,912,058
Current tax payable		286,567	–	286,567	179,647	–	179,647
Other financial liabilities	xxiv	–	57,847	57,847	–	–	–
Bank overdrafts and other short-term borrowings		4,867,493	–	4,867,493	2,911,944	–	2,911,944
		13,907,678	650,812	14,558,490	8,752,588	427,216	9,179,804
Total Equity and Liabilities		51,730,845	(745,838)	50,985,007	40,144,825	(760,525)	39,384,300
Net Assets per share (Rs.)		62.93	(0.97)	61.96	53.00	(0.50)	52.50

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10. 4 Reconciliation of Company Income Statement for the year ended 31st March 2012

	Notes	Quarter ended 31st March 2012 As per SLAS Rs. '000	Remeasure-ments Rs. '000	As per SLFRS/LKAS Rs. '000	Year ended 31st March 2012 As per SLAS Rs. '000	Remeasure-ments Rs. '000	As per SLFRS/LKAS Rs. '000
Revenue		152,084	–	152,084	448,428	–	448,428
Revenue tax		(2,821)	–	(2,821)	(8,516)	–	(8,516)
Net revenue		149,263	–	149,263	439,912	–	439,912
Other operating income		716,479		716,479	1,837,391	–	1,837,391
Employee benefits expense		(91,356)	–	(91,356)	(275,385)	–	(275,385)
Depreciation and amortisation expense		(13,107)	–	(13,107)	(51,396)	–	(51,396)
Other operating expenses-indirect		(75,330)	–	(75,330)	(234,669)	–	(234,669)
Profit from operations		685,949	–	685,949	1,715,853	–	1,715,853
Finance income	vii	115,768	(401)	115,367	423,819	(6,230)	417,589
Finance expenses		(100,110)	–	(100,110)	(361,300)	–	(361,300)
Net finance expense		15,658	(401)	15,257	62,519	(6,230)	56,289
Profit before tax		701,607	(401)	701,206	1,778,372	(6,230)	1,772,142
Income tax expenses		(8,826)	–	(8,826)	(12,479)	–	(12,479)
Profit for the period		692,781	(401)	692,380	1,765,893	(6,230)	1,759,663
Earnings per share - Basic/Diluted (Rs.)		1.71	(0.00)	1.71	4.35	(0.02)	4.33

10.5 Reconciliation of Company Statement of Comprehensive Income for the year ended 31st March 2012

	Quarter ended 31st March 2012 As per SLAS Rs. '000	Remeasure-ments Rs. '000	As per SLFRS/LKAS Rs. '000	Year ended 31st March 2012 As per SLAS Rs. '000	Remeasure-ments Rs. '000	As per SLFRS/LKAS Rs. '000
Profit for the period	–	692,380	692,380	–	1,759,663	1,759,663
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	–	(2,714)	(2,714)	–	(3,063)	(3,063)
Other comprehensive income for the period, net of tax	–	(2,714)	(2,714)	–	(3,063)	(3,063)
Total comprehensive income for the period	–	689,666	689,666	–	1,756,600	1,756,600

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

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

	Notes	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 Audited Rs. '000	Remeasure-ments Audited Rs. '000	As per SLFRS/LKAS 31.03.2012 Audited Rs. '000	As per SLAS 31.03.2011 Audited Rs. '000	Remeasure-ments Audited Rs. '000	As per SLFRS/LKAS 01.04.2011 Audited Rs. '000
ASSETS							
Non-current assets							
Property, plant & equipment	xi	207,963	(48,537)	159,426	209,129	(50,884)	158,245
Investment property	xii	672,488	2,784,817	3,457,305	675,888	2,784,817	3,460,705
Intangible assets	xiii	–	48,537	48,537	–	50,884	50,884
Investments in subsidiaries and joint ventures - unquoted	xiv	4,888,877	(50,000)	4,838,877	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
Other financial assets	xvii	167,873	(8,525)	159,348	167,873	(6,934)	160,939
		8,560,488	2,726,292	11,286,780	8,276,149	2,602,883	10,879,032
Current assets							
Inventories		1,651	–	1,651	1,755	–	1,755
Trade and other receivables	xix	3,356,764	257,688	3,614,452	2,285,506	245,875	2,531,381
Current tax receivable		140,483	–	140,483	109,659	–	109,659
Deposits and prepayments		60,176	–	60,176	23,205	–	23,205
Other financial assets	xvii	3,275,568	(805,644)	2,469,924	2,700,721	13,871	2,714,592
Cash and short-term deposits	xx	19,042	800,000	819,042	20,554	–	20,554
		6,853,684	252,044	7,105,728	5,141,400	259,746	5,401,146
Assets classified as held for sale		57,237	–	57,237	70,837	–	70,837
Total Assets		15,471,409	2,978,336	18,449,745	13,488,386	2,862,629	16,351,015
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	(199,868)	6,294,948	5,737,726	(196,805)	5,540,921
Retained earnings		1,670,127	3,053,204	4,723,331	1,067,320	3,059,434	4,126,754
Total Equity	xxi	10,300,083	2,853,336	13,153,419	8,940,186	2,862,629	11,802,815
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
		2,156,394	–	2,156,394	890,936	–	890,936
Current liabilities							
Interest bearing liabilities		544,000	–	544,000	568,000	–	568,000
Trade and other payables	xxiii	2,203,000	125,000	2,328,000	2,274,960	–	2,274,960
Bank overdrafts and other short-term borrowings		267,932	–	267,932	814,304	–	814,304
		3,014,932	125,000	3,139,932	3,657,264	–	3,657,264
Total Equity and Liabilities		15,471,409	2,978,336	18,449,745	13,488,386	2,862,629	16,351,015
Net Assets per share (Rs.)		25.37	7.03	32.40	22.02	7.05	29.07

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.7 Notes to the reconciliations

i Revenue

	Group 2011/2012 Rs. '000
Adjustment arising from recognition of revenue on gross basis *	960,970
Decrease in revenue in Ace Power Embilipitiya (Pvt) Ltd resulting from application of IFRIC 4 , Determining whether an Arrangement contains a Lease.	(620,154)
Revision of revenue recognition on installation of elevators	10,390
	351,206

* In instances when it was identified that the Group entities act as the principal rather than an agent upon reassessment of the substance of the transaction the revenue on these transactions was re-measured on Gross basis.

ii Other operating income

The movement in the other operating income represents the exchange gain on application of IFRIC 4 , Determining whether an Arrangement contains a Lease.

iii Raw materials and consumables used

The movement in the Raw material and consumables represents the provision made for the major overhaul of the power plant in Embilipitiya and the other adjustments on application of IFRIC 4 , Determining whether an Arrangement contains a Lease, by Ace Power Embilipitiya (Pvt) Ltd.

iv Depreciation and amortisation expense

	Group 2011/2012 Rs. '000
Adjustment in depreciation due to recognition of components in Property, plant & equipment.	(29,995)
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	42,226
On application of IFRIC 4, Determining whether an Arrangement contains a Lease, by Ace Power Embilipitiya (Pvt) Ltd.	593,602
Reversal of goodwill impairment recognised due to re-assessment of goodwill.	26,133
	631,966

v Other operating expenses-direct

	Group 2011/2012 Rs. '000
Impact to the direct expenses on recognition of revenue on gross basis.	(960,970)
Impact to the direct expenses on change in revenue recognition of installation of elevators	(5,040)
	(966,010)

vi Other operating expenses-indirect

	Group 2011/2012 Rs. '000
Impairment of trade debtors on application of SLFRS/LKAS.	(8,272)
Reversal of provision for fall in value of investments recognised under previous standards.	19,894
	11,622

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.7 Notes to the reconciliations - Contd.

vii Finance income

	Group 2011/2012 Rs. '000	Company 2011/2012 Rs. '000
Fair valuing of government securities & other financial instruments classified as fair value through profit & loss on application of SLFRS 32 & 39	(17,692)	(18,043)
Dividend income on preference shares	–	11,813
	(17,692)	(6,230)

viii Finance expenses

	Group 2011/2012 Rs. '000
Recognition of forward foreign exchange contracts classified as fair value through profit or loss on application of SLFRS 32 and 39	(62,874)
Interest adjustment due to acquisition of asset on deferred payment terms	(19,001)
	(81,875)

ix Share of profit of equity-accounted investees (net of tax)

This represents the Group's share of the adjustments to the profits of the equity accounted investees in the plantation sector on adoption of the SLFRSs / LJKASs. Profits of this company was adjusted for the following.

- Re-assessment of the estimated useful life of the assets (property, plant and equipment) which were previously carried at zero written down value.
- Change in valuation basis of the produce from biological assets from since realised price to lower of cost of production or market value.
- Re-measurement of the consumable biological assets (timber stocks) on fair value basis.

x Income tax expenses /Deferred taxation

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

xi Property, plant & equipment

	Group		Company	
	31.03.2012 Rs. '000	01.04.2011 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.	(4,224,372)	(4,231,668)	–	–
Reclassification of computer software as intangible assets.	(79,491)	(70,290)	(48,537)	(50,884)
Difference in depreciation due to the recognition of components.	(104,600)	(74,111)	–	–
Restatement of assets at their fair value under the deemed cost exemption available in SLFRS 1	(838,168)	(941,084)	–	–
Adjustment due to acquisition of land on deferred terms	(61,030)	(61,523)	–	–
	(5,307,661)	(5,378,676)	(48,537)	(50,884)

xii Investment property

This represents the adjustment due to the re-measurement of investment property at its fair value as its deemed cost on the date of transition, 1st April 2011.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.7 Notes to the reconciliations - Contd.

xiii Intangible assets

	Group		Company	
	31.03.2012 Rs. '000	01.04.2011 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000
Reclassification of computer software as intangible assets.	79,491	70,290	48,537	50,884
Re-assessment of goodwill *	35,252	(65,204)	–	–
	114,743	5,086	48,537	50,884

* Upon the application of the acquisition method for business combinations the Group re-assessed the goodwill on consolidation previously recognised and adjustments were made for the following:

- Group re-measured the fair values of the assets and liabilities of the acquirees on the date of acquisition of subsidiaries and the goodwill was recalculated based on the difference between the fair value of the consideration transferred and the fair value of the assets and liabilities of the acquiree taking in to account the acuiree's adjustments on transition to SLFRS/LKAS.
- Goodwill previously recognised on part acquisition s of subsidiaries which were acquisitions of non-controlling interest that were treated as transactions with the equity holders and were recognised against the equity of the company.
- Contingent consideration of previous acquisitions were measured at their fair values on the date of acquisition and treated as part of the consideration transferred on the acquisition.

xiv Finance lease receivables

These represents the current and non current portion of lease receivables of Ace Power Embilipitiya resulting from the application of IFRIC 4 , Determining whether an Arrangement contains a Lease.

xv Investments in subsidiaries and and joint ventures

	Company	
	31.03.2012 Rs. '000	01.04.2011 Rs. '000
Preference share being categorised as a long term loan on application of LKAS 32 & 39	(175,000)	(175,000)
Contingent consideration recognised	125,000	–
	(50,000)	(175,000)

xvi Investments in equity-accounted investees

	Group	
	31.03.2012 Rs. '000	01.04.2011 Rs. '000
Group's share of the movement in equity value of Aitken Spence Plantation Management PLC (see note ix)	159,149	137,160
Group's share of the movement in equity value of Browns Beach Hotels PLC due to the revaluation of land	140,811	–
	299,960	137,160

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.7 Notes to the reconciliations - Contd.

xvii Other financial assets

Re-measurement of other financial assets were as follows:

	Group		Company	
	31.03.2012 Rs. '000	01.04.2011 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000
Other non-current financial assets				
Fair valuing of unquoted investments designated as available-for-sale	9,242	9,675	(8,525)	(6,934)
	9,242	9,675	(8,525)	(6,934)
Other current financial assets				
Government securities & short term deposits measured at fair value on application of LKAS 32 & 39 financial instruments	(8,048)	9,995	(8,048)	9,995
Fair valuing of quoted investments designated as available-for-sale	–	44,737	2,404	3,876
Forward contracts designated as fair value through profit or loss (FVPL) according to LKAS 32 & 39.	–	5,027	–	–
Reclassification of short term deposits to cash & cash equivalents	(1,528,958)	–	(800,000)	–
	(1,537,006)	59,759	(805,644)	13,871

xviii Inventories

This represents the change in inventories due to the revision of revenue recognition of installation of elevators.

xix Trade and other receivables

	Group		Company	
	31.03.2012 Rs. '000	01.04.2011 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000
Impact of impairing trade & other receivable on application of LKAS 32 & 39	(12,726)	10,378	–	–
Preference share being categorised as a long term loan on application of LKAS 32 & 39	–	–	175,000	175,000
Interest on preference share being categorised as a long term loan on application of LKAS 32 & 39	–	–	82,688	70,875
Others	410	300	–	–
	(12,316)	10,678	257,688	245,875

xx Cash and short-term deposits

The movement represents the reclassification of short term deposits to cash & cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.7 Notes to the reconciliations - Contd.

xxi Equity reconciliation

Group

	31.03.2012 Revaluation reserve Rs.'000	31.03.2012 Available for sale reserve Rs.'000	31.03.2012 Retained earnings Rs.'000	31.03.2012 Non-controlling Interests Rs.'000	01.04.2011 Revaluation reserve Rs.'000	01.04.2011 Available for sale reserve Rs.'000	01.04.2011 Retained earnings Rs.'000	01.04.2011 Non-controlling Interests Rs.'000
Reported as per previous SLAS	5,358,153	–	10,855,377	5,700,409	5,058,520	–	8,309,395	5,129,687
Transitional adjustments								
Fair valuing of unquoted and quoted investments designated as available-for-sale	–	(13,627)	19,894	2,975	–	51,169	–	2,898
Restatement of assets at their fair value under the deemed cost	(88,816)	–	1,745,441	(7,989)	(193,747)	–	1,767,940	–
Financial instruments measured at fair value on application of LKAS 32 & 39 financial instruments	–	–	(65,895)	–	–	–	15,022	345
Adjustment resulting from application of IFRIC 4, Determining whether an Arrangement contains a Lease, by Ace Power Embilipitiya (Pvt) Ltd.	–	–	(2,027,799)	(996,195)	–	–	(1,858,517)	(949,843)
Difference in depreciation due to the recognition of components.	–	–	(56,082)	(18,030)	–	–	(56,082)	(18,030)
Adjustment due to acquisition of land on deferred terms	–	–	(41,197)	–	–	–	(23,037)	–
Adjustments from equity-accounted investees	–	–	159,150	35,880	–	–	137,160	–
On reassessment of Goodwill	–	–	(49,592)	–	–	–	(65,204)	–
Other adjustments	–	–	13,878	(11,372)	–	–	15,800	(12,997)
The deferred tax impact arising from the timing difference with the adoption of SLFRS/LKAS.	–	–	11,521	3,122	–	–	8,253	2,204
	(88,816)	(13,627)	(290,679)	(991,609)	(193,747)	51,169	(58,664)	(975,422)
Revised as per LKAS/SLFRS	**5,269,337**	**(13,627)**	**10,564,698**	**4,708,800**	**4,864,773**	**51,169**	**8,250,731**	**4,154,265**

Company

	31.03.2012 Revaluation reserve Rs.'000	31.03.2012 Available for sale reserve Rs.'000	31.03.2012 Retained earnings Rs.'000	01.04.2011 Revaluation reserve Rs.'000	01.04.2011 Available for sale Rs.'000	01.04.2011 Retained earnings reserve Rs.'000
Reported as per previous SLAS	193,746	–	1,670,127	193,746	–	1,067,320
Transitional adjustments						
Fair valuing of unquoted and quoted investments designated as available-for-sale	–	(6,122)	–	–	(3,059)	–
Restatement of assets at their fair value under the deemed cost	(193,746)	–	2,978,564	(193,746)	–	2,978,564
Financial instruments measured at fair value on application of LKAS 32 & 39 financial instruments	–	–	(8,048)	–	–	9,995
Accrual of interest on the preference shares	–	–	82,688	–	–	70,875
	(193,746)	(6,122)	3,053,204	(193,746)	(3,059)	3,059,434
Revised as per LKAS/SLFRS	**–**	**(6,122)**	**4,723,331**	**–**	**(3,059)**	**4,126,754**

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

10.7 Notes to the reconciliations - Contd.

xxii Provisions

This represents the constructive obligation that arises for the major overhauls of the power plant owned by Ace Power Embilipitiya (Pvt) Ltd.

xxiii Trade and other payables

	Group 31.03.2012 Rs. '000	Group 01.04.2011 Rs. '000	Company 31.03.2012 Rs. '000	Company 01.04.2011 Rs. '000
Interest adjustment arising on assets purchased on deferred terms	(19,835)	(38,486)	–	–
Contingent consideration recognised as disclosed in note xiii	125,000	–	125,000	–
Other adjustments	(2,861)	7,875	–	–
	102,304	(30,611)	125,000	–

xxiv Other financial liabilities

This represents the forward contracts designated as fair value through profit or loss (FVPL) in accordance to LKAS 32 & 39.

xxv Cash flow statements

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

	Group 31.03.2012 Rs. '000	Company 31.03.2012 Rs. '000
Cash flow from operating activities		
Net profit before taxation	(280,103)	(6,230)
Adjustments for		
Depreciation and amortisation	(631,967)	–
Interest expense	19,001	–
Interest income	17,692	6,230
Share of equity-accounted investees' profit after tax (net)	(21,990)	–
Provision for bad and doubtful debts	8,272	–
Provision for fall in value of investments	(19,894)	–
	(628,886)	6,230
Operating profit before working capital changes	(908,989)	–
(Increase)/decrease in inventories	5,150	–
(Increase)/decrease in trade and other receivables	14,723	–
Increase/(decrease) in trade and other payables	135,889	125,000
Increase/(decrease) in provisions	32,834	–
	188,596	125,000
Cash generated from / (used in) operations	(720,393)	125,000
Interest paid	(19,001)	–
Net cash flow from operating activities	(739,394)	125,000
Cash flow from investing activities		
Acquisition of subsidiaries & joint ventures	(125,000)	(125,000)
Effect of changes in percentage holding in subsidiaries	(17,110)	–
Purchase of property, plant and equipment	608,277	13,295
Receipts of intangible assets	(21,969)	(13,295)
Receipts of finance lease receivables	620,150	–
Proceeds/(purchase) of other financial assets & liabilities	62,874	–
Net cash flow from investing activities	1,127,222	(125,000)
Effect of exchange rate changes	(387,828)	–
Net increase/(decrease) in cash and cash equivalents	–	–

NON FINANCIAL INFORMATION

		31.03.2013
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.)	119.60
	Market Price per Share - Highest (Rs.)	128.00
	Market Price per Share - Lowest (Rs.)	115.00

3. Share Holding of Directors

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

	Name of Director	Position	31.03.2013	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 *(resigned w.e.f. 31.12.2012)*	–	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 31st March 2013, are as follows ;

	Name of the Shareholder	Share Holding	%
1	Melstacorp (Private) Limited	161,629,983	39.81
2	Rubicond Enterprises Limited	65,990,145	16.25
3	HSBC International Nominees Limited-BPSS LUX-Aberdeen Global-Asian Smaller Companies Fund	32,875,300	8.10
4	HSBC International Nominees Limited -BPSS LDN- Aberdeen Asia Pacific Fund	17,192,300	4.24
5	HSBC International Nominees Limited-BPSS LUX-Aberdeen Global-Emerging Markets Smaller Companies Fund	11,840,000	2.92
6	Mr. G. C. Wickremasinghe	7,308,240	1.80
7	HSBC International Nominees Limited -SSBT-National Westminister Bank PLC as depositary of First State Asia Pacific Fund, a sub fund of First State investments ICVC	7,232,455	1.78
8	Placidrange Holdings Limited	5,521,500	1.36
9	Employees Provident Fund	4,561,063	1.12
10	HSBC International Nominees Limited -BP2S London-Aberdeen New Dawn Investment Trust Xcc6	4,503,555	1.11
11	HSBC International Nominees Limited -BP2S Luxembourg-Aberdeen Global-Frontier Markets Equity Fund	4,480,000	1.10
12	HSBC International Nominees Limited -BPSS LDN-Aberdeen Investment Fund - ICVC Aberdeen Emerging Markets Fund	4,342,500	1.07
13	Milford Exports (Ceylon) (Private) Limited	4,321,500	1.06
14	Mellon Bank N.A.-Florida Retirement System	4,246,152	1.05
15	Stassen Exports Limited	3,244,500	0.80
16	Ms. A.T. Wickremasinghe	3,211,975	0.79
17	HSBC International Nominees Limited -BPSS LUX-Aberdeen Global-Emerging Markets Equity Fund	3,168,000	0.78
18	Ms. K. Fernando	3,135,070	0.77
19	Mr. G.Wickremasinghe	3,019,090	0.74
20	Pictet & CIE	2,790,900	0.69

CORPORATE INFORMATION

as at 31st March 2013

DIRECTORS

D. H. S. Jayawardena - Chairman

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

Dr. R. M. Fernando

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