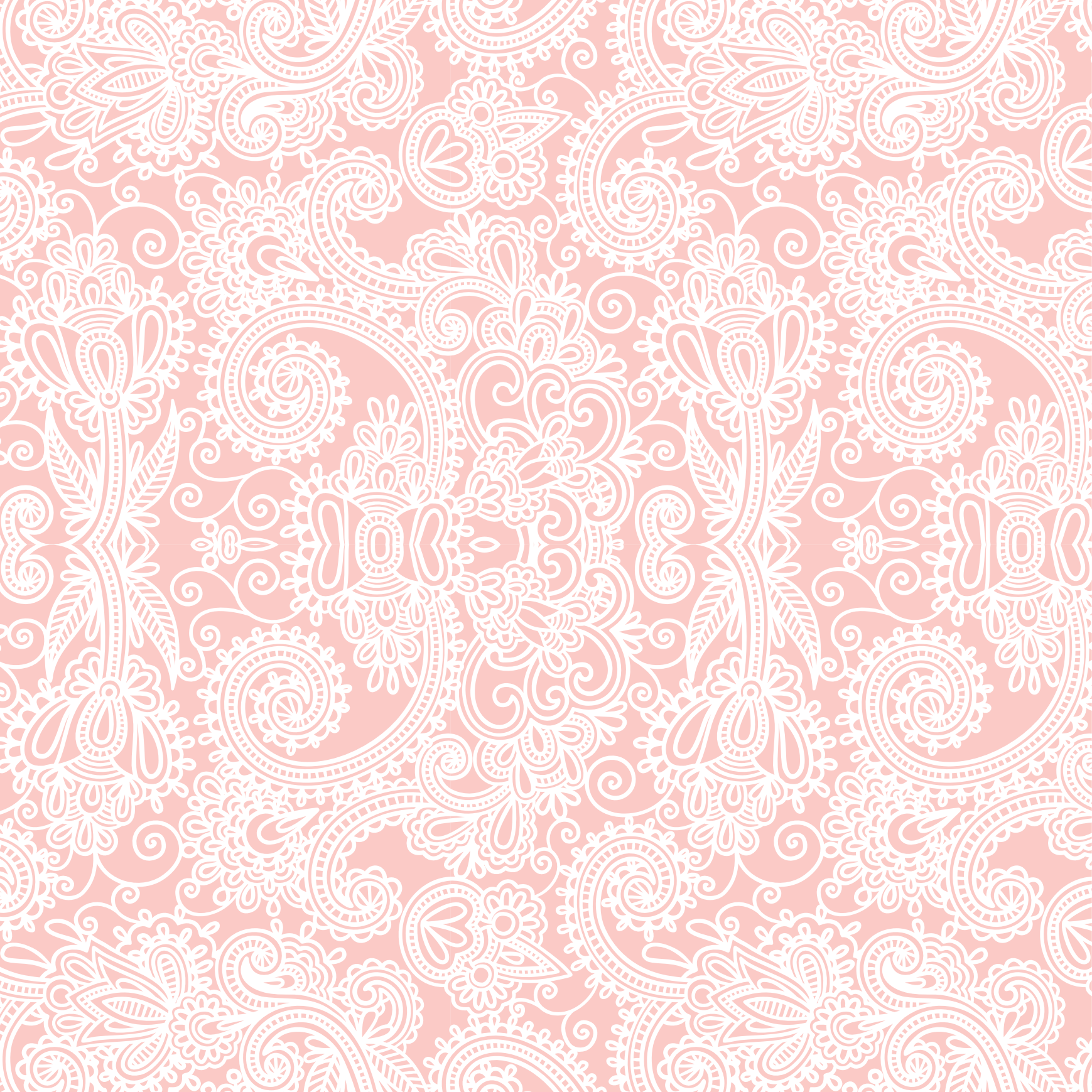




trademark: innovation

Vallibel One PLC | Annual Report 2012/13



trademark: innovation

Vallibel | **ONE** | Annual Report 2012/13

We like doing things...differently.

Vallibel One has made a name for itself as one of the fastest growing diversified conglomerates in Sri Lanka - owning interests in a range of high value industry sectors including financial services, tile and sanitaryware manufacture, apparel and leisure including the well known Delmege Group of Companies.

We're known to be bold, visionary and highly competitive.

We're also known for our original approach to the work we do, building value for every stakeholder through innovation inspired strategic investments that have proved growth oriented and successful.

Innovation remains our trademark. We like doing things... differently.





Who makes up Vallibel One ?

Royal Ceramics Lanka PLC - 51%
LB Finance PLC - 51%
Delmege Limited - 51%
Orit Apparels Lanka (Private) Limited - 50%
Greener Water Limited - 100%
Waskaduwa Beach Resorts PLC - 20%
Sampath Bank PLC - 15%

Our Vision

Achieve uniqueness through diversity, leadership, creativity and inspiration.

Our Mission

To run healthy core businesses, leverage strengths into new ventures, work together with people to be Sri Lanka's corporate leader.

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Group Financial Highlights

	2013 Rs'000	2012 Rs'000	Change %
For the year ended 31 March			
Turnover	32,908,025	27,226,737	20.8
Profit after tax	3,109,181	4,027,839	(25.0)
Profit attributable to equity holders of the Company	2,154,043	2,545,366	(15.3)
As at 31 March			
Shareholders' Funds	30,662,699	28,978,607	5.8
Company Market Capitalization	17,384,950	20,644,628	(15.7)
Total Assets	97,119,106	82,657,487	17.5
Per Share			
(Issued and fully paid shares, 1,086,559,353)			
Earnings (Rs.)	1.98	2.34	(15.3)
Net Assets (Rs.)	28.22	26.67	5.8
Market Value (Year-end) (Rs.)	16.00	19.00	(15.7)
Price earnings (year-end) (times)	8.07	8.12	(0.6)
Gross Profit (%)	30.65	33.49	(8.4)

Chairman's Review

Pursuing a vision

Two years into commercial operations, Vallibel One has moved with conviction towards the realization of our vision to be one of the most dynamic diversified holding companies in Sri Lanka. Of course, we are still very young, but I believe that this is to our advantage because it defines our character as a Group. We are daring, we believe in the impossible and most of all we pursue a vision with stern determination.

2012/2013 has been a year in which we have continued to explore avenues to judiciously expand our scope of operations. We have scoured an array of new business opportunities, with a view to enlarge the scope of activities within our key strategic sectors, in the long and medium term. Whilst we made no material investments in the year under review, it must be noted that a key highlight of our strategic focus this year – which will remain going forward – was to continually be aware of future opportunities, both global and local. In view of this, we have in place a dynamic team that engages with various industries and R&D teams across the world to secure access to technologies and innovations that will impact across growth themes, benefiting not only Vallibel One's future growth but also national development.

From an operational performance perspective, we witnessed strong contribution from both LB Finance PLC and Royal Ceramics Lanka PLC, during the financial year.

Despite a slowing in credit growth, which plagued the financial services industry, LB Finance posted an impressive growth of 42% in interest income, driven by a 22% growth in the lending portfolio, which significantly outpaced industry growth. As a result, LB Finance posted a commendable Rs. 11.1 billion turnover and a PAT of Rs. 1.7 billion.

The Royal Ceramics Group's revenues stood at Rs. 7.6 billion during the reporting period with Group PAT at Rs. 1.73 billion. Rising costs of production, however, dogged the Group's performance capacity and continued to be a key growth constraint. A significant, post-balance sheet event, however, which we are confident is strategic to Royal Ceramics Group's future enlargement, was its majority-share investment into Lanka

Ceramics Group in May 2013. The integration of Lanka Ceramics Group to the RCL business, fully complements our stance on creating synergies. If our shareholders recall, back in 2010/2011 as we launched Vallibel One, I spoke on the concept of synergy, and how we look to accrue value that is more than the sum of the Group's parts. Indeed, the inclusion of Lanka Ceramics Group to one of our key strategic pillars through Royal Ceramics well demonstrates the concept, given the investment's alignment with existing commercial interests. Today, the presence of two dynamic brands in the flooring industry – Rocell and Lanka Tiles – both fall under your Group's purview. Hence, we have a formidable opportunity to create a global presence through these two world-class operations.

We focused on concerted business re-engineering of the operations of Delmege and Orit Apparels during the financial year. Whilst widespread change has been the norm at both of these sectors during the year, we remain hopeful that consolidation of positive returns will be evident in the medium term. With reference to Greener Water, we have been diligently exploring the ROI for the venture and conscientiously working towards realizing the full potential of the project. We remain keen to wait for the ripe moment to expedite progress.

Our role as business innovators has enabled us to continue investing towards R&D in pursuit of commercial successes. We continue to do business differently. Yardsticks that are very different to the conventional often assess our measures of success. We do not measure ourselves against everyone else, but only against our own expectations and this I believe has been the foundation to our strategy towards deconstructing established norms, a strategy that has delivered in more ways than one for our stellar performers, Royal Ceramics Lanka and LB Finance. Sampath Bank, one of our strategic associate investments, is yet another commercial icon that represents the power of doing things differently.

Vallibel One as a result, has posted commendable results for this financial year, especially in light of the fact that we are still very much at infancy in terms of our growth milestones. The Group in 2012/2013 posted a Net Profit of Rs. 3.1 billion. Our Net Assets now stand at approximately Rs. 30.6 billion. I must, once again reiterate to our shareholders that this is just our beginning.



As we look into the future, we will without doubt be challenged by adversities, we will first experience dips before we reach hiatus, we will be confronted by challenges that may defy our capabilities to garner continued growth. However, the fact remains that success is not always constant, and our acceptance of this fact, and capability to look beyond the negativities to the positive outcomes that are assured in the medium term is the essence of thinking big. This concept is something that applies not just to business but also to life in general, and I believe is a precept that should drive our belief in our capabilities for the nation.

Big thinking will precede our future achievements, and I call upon every Sri Lankan to make this their motto. It is only by having a great vision

that we can become a great nation. Vallibel One is just one component, a single cog in a wheel that has the potential to turn our small nation into one big player in the global economy.

The future awaits, let's realize a dream.

Dhammika Perera
Chairman

Board of
Directors



Mr. Dhammika Perera



Mr. Nimal Perera



Mr. Sumith Adhithetty



Mr. Rajan Asirwatham



Ms. Kimarli Fernando



Mr. Harsha Amarasekera

Board of Directors

Mr. Dhammika Perera - *Chairman/Managing Director*

Mr. Dhammika Perera is the quintessential business leader, with interests in a variety of key industries including Hydropower generation, Manufacturing, Hospitality, Entertainment, Banking and Finance. He enriches the Board with over 25 years of experience in building formidable businesses through unmatched strategic foresight.

He currently holds the position of Secretary to the Ministry of Transport, Sri Lanka. He is also a member of the Board of Directors of Strategic Enterprise Management Agency (SEMA).

Mr. Perera is the Chairman of Sampath Bank PLC, Vallibel Finance PLC, Vallibel Power Erathna PLC, The Fortress Resorts PLC, The Queensbury Leisure Ltd and Delmege Limited. He is the Deputy Chairman of Hayleys PLC, Royal Ceramics Lanka PLC, Horana Plantations PLC, Lanka Ceramic PLC and LB Finance PLC. He also serves on the Boards of Amaya Leisure PLC, Haycarb PLC, Hayleys MGT Knitting Mills PLC, The Kingsbury PLC, Dipped Products PLC, Lanka Floortiles PLC and Orit Apparels Lanka (Pvt) Limited.

Mr. W D N H Perera - *Executive Deputy Chairman*

A senior corporate leader, Mr. Nimal Perera is a multifaceted personality who imbues the Board with his extensive expertise in Finance, Capital Market Operations, Manufacturing, Marketing and Management services.

He currently serves as the Chairman of Pan Asia Banking Corporation PLC and as the Managing Director of Royal Ceramics Lanka PLC. He also serves on the Boards of Amaya Leisure PLC, Hayleys PLC, The Kingsbury PLC, Vallibel Finance PLC, LB Finance PLC, Haycarb PLC, Thalawakele Tea Estates PLC, Lanka Floortiles PLC, Lanka Walltiles PLC, Lanka Ceramic PLC and Horana Plantations PLC. He is also the Alternate Director of Vallibel Power Erathna PLC and The Fortress Resorts PLC.

Mr. Perera is a member of the Sri Lanka Institute of Marketing and has over three decades of exposure to the Sri Lankan corporate sector.

Mr. Harsha Amarasekera, President's Counsel - *Independent Non-Executive Director*

Mr. Harsha Amarasekera, President's Counsel has a wide practice in the Original Courts as well as in the Appellate Courts. He enriches the Board with his extensive knowledge in his areas of specialization - Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. He serves as an Independent Director in several listed companies in the Colombo Stock Exchange including CIC Holdings PLC, Expo Lanka Holdings PLC, Chevron Lubricants Lanka PLC, Keells Food Products PLC, Amaya Leisure PLC & Vallibel Power Erathna PLC. He is also a Director of Amana Bank Ltd. and CIC Agri Business Private Limited.

Mr. J A S S Adhithetty - *Non Executive Director*

Mr. Adhithetty infuses the Board with over 32 years of exposure to the finance sector and introduces fresh perspectives on successful marketing and management within the industry.

At present, he serves on the Boards of Vallibel Finance PLC and Pan Asia Banking Corporation PLC. He is also the Managing Director of L B Finance PLC and The Fortress Resorts PLC. He was formerly the Deputy Managing Director of Mercantile Investments Limited and has served as a Director of Nuwara Eliya Hotels Company Limited, Grand Hotel (Pvt) Limited, Royal Palm Beach Hotels Limited, Tangerine Tours Limited and Security Ceylon (Pvt) Limited.

Ms. Kimarli Fernando - *Independent Non Executive Director*

Ms. Kimarli Fernando brings to the Board her in depth experience in both banking and law. She has read for her LLB (Hons) from the London School of Economics and Political Science, London, UK and is a Barrister-at-Law, Lincoln's Inn, UK. (1987) and an Attorney-at-Law, Sri Lanka.

She currently serves as a Director of L B Finance PLC, National Development Bank PLC, Delmege Limited and Sri Lanka Sustainable Energy Authority. Previously, her Banking career spanning 23 years has included stints in senior positions at Pan Asia Banking Corporation PLC, Standard Chartered Bank, Sri Lanka and Deutsche Bank AG, Sri Lanka.

Mr. R N Asirwatham - *Independent Non Executive Director*

Mr. Rajan Asirwatham is a senior corporate personality who served as Senior Partner and Country Head of KPMG Ford Rhodes Thornton & Company from 2001 to 2008. He brings with him decades of high level exposure to the financial and regulatory framework of Sri Lanka.

At present, he serves as the Chairman of the Financial Services Stability Committee of the Central Bank of Sri Lanka. He is also a member of the Ceylon Chamber of Commerce Advisory Council, a member of the Council of the University of Colombo and also serves in the Board of Management Post Graduate Institute of Medicine.

He has previously served as the Chairman of the Steering Committee of the Sustainable Tourism Project funded by the World Bank, The Ministry of Tourism and as a member of the Presidential Commission on Taxation, appointed by His Excellency the President.

His expertise has seen him serving on the Boards of many companies, which currently include Royal Ceramics Lanka PLC, Ceylon Tea Services PLC, CIC Holdings PLC, Brown & Company PLC, Aitken Spence PLC, Aitken Spence Hotels PLC, Dial Tex Industries Private Limited, Renuka Hotels Private Limited, Rajawella Holdings Private Limited, Mercantile Merchant Bank, Dankotuwa Porcelain PLC, Colombo Pharmacy PLC, Peninsular Properties (Pvt) Ltd and Yaal Hotels Private Limited.

Mr. Asirwatham is a fellow member of The Institute of Chartered Accountants of Sri Lanka.



What We've Achieved

MANAGEMENT DISCUSSION & ANALYSIS

What we've achieved...

Subsidiary Review



51% stake



Sector profile

The Royal Ceramics Group is the foremost surface-covering manufacturer in Sri Lanka and one of the largest in the region. Its bathware facility – under Rocell Bathware Ltd – is Asia's most advanced bathware manufacturing plant and the Group's porcelain and ceramic manufacturing plants are state-of-the-art.

Rocell dominates the market and has been the undisputed market leader for over a decade. Innovation, R&D and sound business acumen have been the Group's critical success factors. With a market capitalization that exceeds USD 75 million, Royal Ceramics continues to garner international recognition as a global business leader.

In 2012/2013, Royal Ceramics won accolades from the prestigious Forbes magazine for the second time. Royal Ceramics was recognised as one of Asia's 200 best companies under a billion. The Group also secured a special award for the Best Comeback Performance by a company. Forbes' 'Asia's Best Under A Billion' list honours public companies in the Asia Pacific region with annual revenue between US\$ 5 million and US\$ 1 billion, have positive net income and have been publicly traded for at least a year. From a universe of 15,000 companies, the candidates are screened on sales growth, earnings growth and return on equity in the past 12 months and over three years. The result is a final list featuring 200 exceptional, small and mid-sized companies, from 15 countries in the Asia Pacific. From Sri Lanka, only one other company won this highly respected award in 2012.

Financial Review

The ceramic tile and sanitaryware industry in Sri Lanka was adversely affected by rising interest rates experienced during the financial year 2012/13. The combination of rising interest rates for housing loans and lower housing loan disbursements by banks saw a sharp downturn in housing construction. This in turn, dampened demand for tiles and sanitaryware. Meanwhile, operating costs increased during the year due to increased fuel prices. Electricity and fuel accounted for approximately 35% of production costs. The costs of transport and raw material concurrently increased with the rise in interest rates and fuel prices. The depreciation of the rupee during the year continued to escalate the cost structure as imported raw materials such as glaze, ink, designs and spares became more expensive.

However, despite a scenario of rising costs and slower than anticipated demand, the company increased revenues to Rs. 2.30 billion from Rs. 2.18 billion in the previous financial year. Group revenues increased to Rs. 7.61 billion from Rs. 6.96 billion in 2011/12. Due to the obvious higher cost structure, the profitability reduced during the current financial year. Group Profit After Tax stood at Rs. 1.73 billion while profits of Rs. 1.24 billion (restated) were recorded in 2011/12. The company absorbed a portion of the rising cost of production experienced during the year, desisting the transfer of cost increases in its entirety to the consumers.

During the current financial year, RCL disposed of its subsidiary Asia Siyaka Commodity Brokers for Rs. 369 million against the acquisition price of Rs. 338 million.

What we've achieved...

Subsidiary Review

Strategy

The development drive, as the local economy continued to expand, created a highly favourable environment for tile and bathware sales. New public development projects such as the Colombo development programme under the Urban Development Authority, and private investments within Colombo and the suburbs, created strong demand for the Group's products. Nevertheless, the expected demand failed to be fully realized as raw material import concessions provided for such investments provided an opportunity for many new projects to import their tile and sanitaryware requirements. As a result, domestic manufacturers failed to fully benefit from the development drive despite their ability to provide products of comparable or even superior quality. The strategy going forward will therefore be to lobby for accommodative status for domestic producers.

Market development and expansion remained a key strategy during the year. In one of the most sensational business acquisitions in recent times, and certainly the biggest in the surfacing industry up to date, Royal Ceramics Lanka PLC and its affiliates acquired an 80% stake and controlling rights of Lanka Ceramic PLC – the second largest tile manufacturer in the country. This has served to further strengthen the Group's market position in the local tile sector, with the acquisition placing the Group in the market leadership position for wall tiles as well with an unassailable market advantage.

Meanwhile, to widen market reach and enhance the Rocell brand image, the Group established two new showrooms, upping the distribution network to 44 showrooms and a network of almost 350 direct and

sub dealers across the island. The Group also purchased two properties in Narahenpita and Seeduwa to construct two more showrooms and additional showrooms are in the pipeline. The expanding network of showrooms has served towards enlargement in sales, by popularising the Rocell brand name and improving accessibility to the products.

To accommodate the expansion in production, the construction of a new warehouse complex adjoining the existing warehouse in Meegoda, at an estimated cost of Rs. 240 million, was commenced during the year. This new state-of-the-art warehousing complex will help fulfill warehousing requirements for the Group.

Enhancing consumer choice and widening the product portfolio remained at the core of the future growth strategy. Therefore, during the year the Group continued to invest in improving existing manufacturing facilities by introducing the latest technologies. Investments in new technologies and processes have equipped the Group with a competitive advantage against both locally manufactured and imported products. As such the Group is able to provide international quality of tile and sanitaryware products at highly competitive prices for domestic and commercial buildings with the widest choice in designs. Employee development has ensured maximum returns from these investments and have served to increase productivity.

From a technology perspective, the Group implemented a new Oracle IT system, organisation-wide. The new system is billed to enhance efficiency, facilitate better communication and enhance customer service with improved internal controls across the Group.

Future

The next phase of the Group's growth strategy will focus on expanding and improving its paint manufacturing facility, Ever Paint and Chemical Industries (Private) Limited, which was acquired in the beginning of 2011/12. The Group is currently in the process of negotiating a joint venture with a reputed paint manufacturer from Italy and new machinery and technology has been imported to upgrade this business segment. During the year, the Group shifted the manufacturing facility of this SBU to a new location in Malabe. With the latest technologies in manufacturing already installed, the Group looks to re-launch this product during the new financial year.

The Group's diversification strategy has paid good dividends and diversification through acquisitions will remain key to the future sustainability of the business.

What we've achieved...

Subsidiary Review

 LB FINANCE

51% stake



Sector profile

L B Finance PLC operates under the purview of the Central Bank of Sri Lanka as a Licensed Finance Company (“LFC”) under the Finance Companies Act No. 78 of 1988. The company was incorporated on 30th May 1971 under the Companies Ordinance of No. 51 of 1938 as a private company and subsequently converted into a public company on 29th September 1982. It was listed on the Colombo Stock Exchange in January 1998. L B Finance is rated A-/P2 with a stable outlook by RAM Ratings Lanka Limited. The company is engaged in providing financial services such as leasing, hire purchase, mortgage loans, gold loans, fixed deposits, savings, and factoring and Islamic finance products.

Over the past few years L B Finance has established itself as the undisputed trailblazer in the Financial Services industry and continues to offer refreshingly innovative and robust products and services. The Company enjoys a colourful history spanning over 40 years and has over the last decade assumed a robust new identity, setting new benchmarks in every facet of finance.

In a market weighed down by the global downturn, L B Finance has beaten the odds and moved with concerted speed to achieve record-breaking performances year on year. The public’s immense confidence in the company’s dynamic and far-sighted business strategy has propelled it to a position of dominance across all fronts.

Financial Review

During the year under review, L B Finance continued to demonstrate a strong growth momentum with perceptible growth in its top line. The Company recorded an impressive 41.49% expansion in interest income, pushing to Rs. 10.32 billion during the year. Growth stemmed mainly

from the Company’s leasing and gold loan portfolios, which expanded by 25% and 28% respectively during the year.

However, funding costs increased during the period under review with interest costs growing by 67.39% to Rs.5.94 billion during 2012/13. Interest costs on deposits grew by 77% to Rs. 4.77 billion during the year and accounted for 80.33% of the Company’s total interest cost.

Overall, the Company’s pre-tax profits increased marginally by 3.63% to Rs. 2.52 billion during the year, however, profit after tax dipped marginally by 0.64% to Rs. 1.7 billion. Meanwhile, the Company’s Return on Assets and Return on Equity dipped to 3.52% and 36.63% respectively during 2012/13.

Credit growth slowed in comparison to the previous year’s highs, affected by the externalities of the high interest rate scenario as well as the withdrawal of duty concessions on vehicles. Despite the slowdown, the Company’s lending portfolio demonstrated a growth of 22% during the year and outpaced most of the industry peers.

Asset quality was pressured during the year by the relatively higher interest rate scenario coupled with the Company’s aggressive credit expansion in recent years. However, the NPL ratio (as per the Central Bank of Sri Lanka’s regulation) was contained to 3.35% for the current year, as compared to 2.82% the previous year and continued to remain under the industry average of 5%.

The Company’s Risk and Governance structure was further improved during the year with the appointment of a Chief Risk Officer and the formation of an Integrated Risk Management Unit (IRMU).

What we've achieved...

Subsidiary Review

Strategy

Protracted recessionary pressures affecting global economies dogged the backdrop for commerce in 2012/13. The global economic outlook continued to be unstable and susceptible to changes to the fragile US recovery, the continued fragility of the Euro zone and was further exacerbated by a slowdown in growth evidenced in China and India. On the domestic front, Central Bank of Sri Lanka imposed a credit ceiling of 18%, containing credit expansion.

During the year, the Company placed emphasis on further expansion of the Company's market share, through expansion of business volumes. As a result, L B Finance continued to demonstrate faster than industry growth in the lending portfolio and deposit base, as has been the trend over the past few years. This growth was achieved through the expansion of the Company's geographical reach as well as aggressive marketing and promotion efforts.

As part of the strategy for capacity building a new, integrated, IT system was implemented during the year, which has greatly facilitated towards enhancement of efficiencies in key departments. All critical systems are now linked with the common general ledger system, thus allowing the Finance department to substantially reduce time spent on routine manual activities. Virtualisation of the server has enabled the Company to reduce the energy and space requirements in the data centre and enhanced efficiencies in the utilization of resources. During the year, a Document Management System was introduced with the objective of digitizing and storing all documents, and as a concerted move towards a paperless work environment.

From a product development perspective, during the reporting period, the Islamic unit introduced Mudarabah savings regular accounts and special accounts for senior citizens and minors.

L B Finance has effectively moved beyond its initial role as a pioneer in the provision of fundamental financial services to a provider of value added services. Over the years, through collaboration with strategic partners, the Company has redefined its offer to one of value generation. This strategy has enabled the Company to expand its streams of revenue and to buffet itself against the vicissitudes of the financial markets.

In recent years many initiatives have also been taken to strengthen the Company's brand image. Resultantly, "L B Finance" emerged among the strongest brands in the country's non-bank financial sector. During 2012/13 Brand Finance ranked the Company 38 among the top 100 brands in the country. Meanwhile, the Company entered the coveted LMD's 50 Most Respected Entities in Sri Lanka list for the first time and remained the only licensed finance Company to be ranked in the top 50.

Network expansion remained key to the overall market development strategy of the Company during the year. As such, the Company continued to develop the network with the intention to further strengthening reach across the nation, thereby enhancing accessibility to a greater number of Sri Lankans. The Company added 14 locations to its network during the year, bringing its total reach to 126, catapulting itself to amongst the largest in the licensed finance company industry. To further enhance accessibility, the Company expanded its ATM structure through a partnership with Sampath Bank to utilise the Sampath Bank for the Company's customer base.

Future

In the year ahead, it is expected that CBSL will continue to ease monetary policy. The removal of the credit ceiling during the final quarter of the financial year is evidence of this move. This will provide a positive outlook for lending and L B Finance remains confident of the ability to continue to grow its credit base in the medium term.

Accessibility will remain critical to the pace of the Company's growth, and as such L B Finance will continue to explore means in which enlarge its presence across Sri Lanka, both through the expansion of the physical branch network as well as through synergistic collaborations with business partners. However, going forward, mobile and e-based solutions will define the pace of the growth trajectory for the Company.

L B Finance will continue to reinforce and expand its market leadership position by aligning its operations against core strategies - development of reputation and capacity coupled with optimization of resource utilization. Thee growth strategy will remained focused on four fundamental pillars; people, reach, technology and quality of service.

What we've achieved...

Subsidiary Review



50% stake



Sector profile

Orit Apparels Lanka, a Board of Investment company specialises in manufacture and export of apparel. With a turnover in excess of USD 60 million and over 6,000 employees spread across eight plants producing 720,000 pieces per month, Orit is positioned as Sri Lanka's number one denim specialist manufacturer.

The Group has an impressive client portfolio and manufactures for Levi's USA, Levi's Europe, Glorai Vanderbilt, Kohls, Sears, Macy's, Bonton, Kenneth Vole, Ralph Lauren, Jessica Simpson, Rachel Roy and Next and exports to USA, Canada, Belgium, Switzerland, Germany, Mexico, Brazil, Peru, Chile, Turkey, Argentina, Columbia, Uruguay, Costa Rica, Taiwan, India and the United Kingdom.

Financial Review

For the year ended 31st March 2013, the Orit Group recorded a loss of Rs.153 million against a loss of Rs.135 million over the 9-month period from July 2011 to March 2012.

However, the Group recorded Rs.9 Billion in turnover during the year under review as against Rs.6.7 Billion in the previous year for the attributable nine month period.

The year under review posed many challenges for the Group. Domestic process cost increases remained the most significant challenge and is a contributor to a contraction in margins during the year. The scenario was further aggravated by the rupee appreciation against the US dollar, evidenced in 2012/2013.

Strategy

The Group continued to specialize in the manufacture of Denim jeans and persisted towards developing core competencies as a specialist manufacturer. Strategic client partnerships with Levi, GloriaVanderbilt, and Jones were maintained throughout the year and the Group broadened its client portfolio to the UK market with addition of "Next" as a key client.

During the year under review, the Group enhanced its production capability and capacities through investment into technology. As such, Laser technology was adopted as a means to produce Denim jeans and investments were made to enhance the existing dyeing technologies through the addition of dip dyeing machines.

The Group continued to lay focus on product development in line with trend analysis and continued to collaborate with the Levi's design development centre to create new designs for key markets.

During the reporting period, initiatives were undertaken to re-structure all of the Group's functions in a bid to meet the increasingly competitive and challenging marketplace scenarios.

Future

The core focus for 2013/2014 would be to consolidate the Group's operations by way of improving operational execution, shaving-off of operational costs by way of deriving operational efficiencies across the value chain. Thus, the Group will continue to explore ways and means of maximizing the bottom line on its current operation whilst broadening its customer base through the acquisition of strong global brands as key clients in the medium term.

What we've achieved...

Subsidiary Review



Delmege Limited

51% stake



DELMEGE

Sector profile

The Delmege Group comprises of 22 active legal entities engaged in 6 main industries. During the financial year under review, the Group's operations were streamlined with a view to consolidate, and with an intention to deriving greater efficiencies in financial and taxation management. As such, a number of trading businesses with similar operations were amalgamated under a single Trading Company namely Delmege Forsyth & Co.Ltd., drawing three main clusters: Consumer, Lifestyle and Healthcare under one entity. This restructuring initiative became effective in April 2012 and has assisted to simplify the Group Structure to 13 operating legal entities.

Financial Review:

The Group turnover as at 31st march 2013 stood at Rs. 5.2 billion and the restructuring cost and process resulted in a Group negative bottom line of Rs. 548 million.

The Consumer sector remained the largest contributor to Group turnover during the year with sales amounting to Rs. 1.7 billion, followed closely by Rs. 1.3 billion from the Healthcare sector and Rs. 1.2 billion from the Lifestyle sector. Despite a scenario of satisfactory turnover, a legacy of historic issues continued to weigh down on the overall financial performance of the Group. In addition, specific market and operational constraints added to the Groups contracting profitability. Working capital management was adversely effected due in large to a growing debtor build up, resulting in a finance cost escalation. The rise in AWPLR by over 33% during the year also impacted the interest costs negatively.

A challenge during the year, therefore, was the management of working capital and finance costs. Rigorous discussions and negotiations were undertaken with financial institutions in a bid to secure favorable rates for borrowings.

The prevailing high interest rates accompanied by high cost of living impacted off-take in the consumer sector with a perceptible drop in sales volumes and trading margins. The influx of many cheap substitute products mainly from China has led to loss in market share especially in some of our key brands. Consumers in the current economic environment have developed a tendency of substituting cost for quality and are opting for less expensive products. Exchanges rate fluctuations and high interest rates have had a major impact on margins and proactive pricing decisions needed to be taken during the year. Initiatives were undertaken to procure better credit facilities from suppliers whilst controlling credit to dealers. Special emphasis and rigor was placed on developing market return policies and the Group pursued strategies to monitor inventory stringently and obtain credit on short expiry and damaged stocks.

Strategy:

The year under review was essentially a period of transition with the Group pursuing a series of new strategic initiatives in a bid to position itself on a trajectory of growth. During the year, in a bid to support this turnaround strategy, a new management team was appointed and deployed.

Numerous business process re-engineering initiatives were undertaken during the financial year as fundamental catalysts for change. The Group

What we've achieved...

Subsidiary Review

streamlined and centralized the procurement function in a bid to enhance the synergies and efficiencies across the value chain.

A key strategy during the year was to continue to enlarge the role of each of the Group's sub sectors through strategic investments and complementing acquisitions. As such during the year Delmege acquired a controlling stake of the Grip Furniture and Marketing business, which has had a market presence in Sri Lanka for over 30 years. The Company was renamed Grip Delmege subsequent to the acquisition, and specializes in the manufacture of commercial furniture. The Group also acquired a 60% stake in Grip Nordic, a manufacturer and exporter of chair accessories. Over the past financial year, Grip Delmege commissioned 2 showrooms in Colombo to enhance accessibility to customers.

The Group foresees new product development and existing product development as key to the future growth of the Group. In view of this, under each of the strategic sectors, initiatives have been put in place to enlarge the product portfolios, whilst infusing dynamism and innovation to the existing product portfolio. Under the consumer sector, during the financial year, a number of new products were developed for market launch under the Delmege brand. Of these Delmege Table salt was launched during the period under review whilst a range of spices and aromatics are expected to enter the marketplace in the near future. The existing Soya range was improved in terms of product texture and appeal, whilst packaging was also revamped. Tea range was also relaunched during the year with improvements to product and packaging.

Delmege was also appointed as the Exclusive General Sales Agent for Mahan Air (Cargo) and in the consumer cluster we were appointed as the Exclusive agent for Berri Juice and Just Juice, both from Australia. In the lifestyle cluster, the Group was appointed as the agent for Magi Cut, cutting tools from India.

The Group perceives HRD as critical to its future sustainability. As such in the year under review, the Group invested towards skills development with particular focus on communication and leadership development. The Group strongly believes that by developing employee capabilities, it is better geared to drive forward with rigor and determination towards the realization of strategic priorities.

Future:

The Group will remain focused on enlarging and augmenting the product range for the Consumer Cluster through product innovations and new product developments. The intention, therefore, is to add significant volumes to the top line whilst contributing towards the bottom line. A series of new products in Consumer unit including spices, noodles and other mass market products are already lined up for launches starting from second quarter of 2013.

The Group's New Business Development Unit – which was formed during the reporting period - will focus on identifying key market gaps, customer segments and end consumer requirements in a bid to exploit market opportunities.

Innovation will drive the future of the Health Care Cluster, and in this regard, the Group has invested towards the research and development of a series of new molecules. They are currently under testing under the purview of international healthcare collaborators and will be launched in the upcoming financial year under the Delmege brand.

In the Life Style Cluster -Interior Décor, the Group plans to penetrate the residential market through an offer of new products. Plans are also underway to source new products for the fast developing Leisure industry whilst development of the cluster's market presence in the Northern and Eastern Provinces is also in the plans for the upcoming financial year.

Similar strategies have been formulated to be adopted in the Transport and Service Cluster with emphasis in forming new alliances / partnerships to leverage the strengths and grow these Business Units through aggressive development of products and services.

In 2013/2014, Group-wide focus was on growth in turnover along with cost, debtor and Inventory management as critical strategic priorities in facilitating the turnaround of the Group's business.

What we've achieved...

Subsidiary Review



GREENER WATER
LIMITED

100% stake



Proposed Design for Grand Beach Hotel

Beach view

Sector profile

Greener Water Ltd is the leisure sector investment arm of Vallibel One PLC. Under the purview of Greener Water Ltd, investments have been made towards the establishment of a unique integrated hospitality project that will be the first of its kind in Sri Lanka.

Strategy

Despite the accelerated growth in tourism, Sri Lanka lacks truly iconic resorts that are destinations in themselves. Unlike in destinations such as Singapore, Bali, Malaysia and the Maldives, where resorts themselves attract travelers due to the prestige and complete luxurious holidays on offer, in Sri Lanka the concept of integrated resorts are yet to be realised. In this light, and given the market gap, it is the intention of Greener Water to establish a world-class integrated hospitality project on the idyllic beaches of Negambo.

The Grand Beach Hotel is a luxury resort that is scenically located between the river, Maha Oya and the Indian Ocean. Surrounded by pristine blue waters, the resort will redefine the hospitality offer in Sri Lanka. The Grand Beach Hotel is a 400 luxury roomed, 5 Star Property that will bring alive the colonial charms and the lavish lifestyle that is synonymous with the colonial era. As an architectural masterpiece, the property will be crafted to be one of the most impressive hospitality structures in the region. It will be the epitome of contemporary luxurious living and will offer sumptuous suites, elegant ballrooms, 4 fine-dining restaurants, luxury spa and fitness centers plus the excitement of a fully equipped water park.

Currently, a world-renowned international architectural and design company has completed the initial concept designs. During the year, the schematic design stages of the architectural designs and the landscape designs were partially completed. The design phase of the project is nearing completion. The public road that serves as the main access to the site of the proposed hotel is being widened and the project will recommence once the road is constructed.

Future

In 2013/2014, the focus will primarily lie on resolving the main road accessibility issue through meaningful engagement with the relevant authorities. Concurrently, plans towards the completion of all architectural, schematic and design agendas will be the key priority for the year.

Annual Report of The Board Of Directors on The Affairs of The Company

The Directors of Vallibel One PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31st March 2013.

General

The Company was incorporated as a limited liability company on the 9th June 2010. It obtained a listing for its shares on the Diri Savi Board of the Colombo Stock Exchange on the 8th July 2011 and consequent thereto its name was changed to Vallibel One PLC on 25th August 2011.

Principal activities of the Company and review of performance during the year

The Company carried on business as a diversified investment holding company during the year under review.

This Report together with the Financial Statements, reflect the state of affairs of the Company and its subsidiary companies.

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries, duly signed by two Directors on behalf of the Board and the Auditors are included in this Annual Report and form part and parcel hereof.

Auditors' Report

The Report of the Auditors on the group Financial Statements of the Company is attached with the Financial Statements.

Accounting Policies

The Financial Statements of the Company and the Group have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and the policies adopted therefore are given on pages 52 to 145. Figures pertaining to the previous periods have been restated where necessary to conform to the current year's presentation.

Stated Capital

The Stated Capital of the Company as at 31st March 2013 was Rs. 27,163,983,720/- represented by 1,086,559,353 Ordinary Shares.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, net assets per share, twenty largest shareholders of the Company, Directors' shareholding, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on page 146 to 148 under Shareholders' Information.

Directors

Directors of the Company

The names of the Directors who held office as at the end of the accounting period are:

Mr. K D D Perera	Chairman / Managing Director
Mr. W D N H Perera	Executive Deputy Chairman
Mr. S H Amarasekera	Independent Non-Executive Director
Mr. J A S S Adhihetty	Non-Executive Director
Ms. K Fernando	Independent Non-Executive Director
Mr. R N Asirwatham	Independent Non-Executive Director

Mr. J A S S Adhihetty retires by rotation in terms of Article 87 of the Articles of Association and being eligible is recommended by the Directors for re-election.

At the conclusion of the forthcoming Annual General Meeting Mr. R N Asirwatham, who has reached the age of 70 years, will vacate office in pursuance of section 210 of the Companies Act No.7 of 2007. A resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the re-election of Mr. R N Asirwatham.

Directors of the subsidiary companies as at the end of the accounting period:

Royal Ceramics Lanka PLC

Mr. A M Weerasinghe	Chairman
Mr. K D D Perera	Deputy Chairman
Mr. W D N H Perera	Managing Director
Mr. T G Thoradeniya	Executive Director
Mr. R B Thambiayah	Director
Mr. L T Samarawickrema	Director
Mr. R D P Godawatta Arachchige	Director
Mr. M D S Goonatilleke	Director
Mr. R N Asirwatham	Director

L B Finance PLC

Mr. K D D Perera	Executive Deputy Chairman
Mr. L N de S Wijeyeratne	Director
Mr. J A S S Adhihetty	Managing Director
Mr. W D N H Perera	Executive Director
Mr. N Udage	Executive Director
Mr. B D A Perera	Executive Director
Ms. K Fernando	Director
Ms. S Jayasekara	Director
Ms. A K Gunawardhana	Director

Greener Water Ltd

Mr. T G Thoradeniya	Director
Mr. K D A Perera	Director

Delmege Limited

Mr. K D D Perera	Chairman
Mr. A M Pandithage	Director
Mr. T G Thoradeniya	Director
Mr. L N de S Wijeyeratne	Director
Ms. K Fernando	Director
Mr. M Dayananda	Director
Mr. L D E A de Silva	Director
Mr. C De Silva	Director
Mr. S H Amarasekera	Director
Mr. S Wilson	Director

Orit Apparels Lanka (Private) Limited

Mr. C P Palansuriya	Chairman
Mr. K D D Perera	Director
Mr. H M S A Herath	Director
Mr. P A J I Perera	Director
Ms. M H S M Tissera	Director
Mr. W B M B Wijeratne	Director
Mr. K D H Perera	Director

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2013 as recorded in the Interests Register are given on page 147 of the Annual Report under Directors' shareholding.

Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 40.1 to the Financial Statements on page 137.

Auditors

Messrs Ernst &Young, Chartered Accountants served as the Auditors of the Company and also provided tax compliance services and other permitted non audit services. Except those, the Auditors do not have any interest in the Company.

A total amount of Rs. 800,000/- is payable by the Company to the Auditors for the year under review comprising Rs. 150,000/- as audit fees and Rs. 650,000/- for other services.

Donations

The Company did not make any donations during the year under review.

Dividends

An interim dividend of 70 cents per share for the financial year ending 31st March 2014 was paid on 7th August 2013. The said dividend included the distributable profit for the year under review.

Property, Plant and Equipment

Details of Property, Plant and Equipment and changes during the year are given in Note 17 of the Financial Statements.

Land Holdings

The Company does not own any land or buildings. The Board is of the view that the land and buildings owned by subsidiaries are reflected in

their respective Statements of Financial Position at their market values and there are no significant changes in the Company's or its subsidiaries fixed assets.

Material Foreseeable Risk Factors

Vallibel One PLC is a diversified conglomerate of which the primary business line is "Investment Holding".

The Management considers qualitative and quantitative methods to evaluate the likelihood and impact of potential events which might affect the achievement of objectives including the failure to capitalize on opportunities.

Corporate Governance

The Directors place a high degree of importance on sound corporate governance practices and are committed to the highest standards of Corporate Governance within the organization.

In line with this, the Company has appointed three Independent Directors to the Board of Vallibel One PLC facilitating independent judgment in Board discussions and decisions.

The Directors confirm that, as at the applicable financial year the Company is in compliance with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange.

Composition of the Board

The Board of Vallibel One PLC comprises of six members, four of whom are Non Executive Directors. Two members of the Board, viz., the Chairman / Managing Director and the Executive Deputy Chairman serve as Executive Directors.

The Board has determined that three Non-Executive Directors - Mr. S H Amarasekera, Ms. Kimarli Fernando and Mr. R N Asirwatham are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

Board Sub Committees

Audit Committee

The Audit Committee consists of three Independent Non-Executive Directors. They are Mr. R N Asirwatham (Chairman of the Committee), Mr. S H Amarasekera and Ms. Kimarli Fernando.

The Committee is responsible for the following;

- Evaluating and monitoring the Company's control environment and risk management function.
- Overseeing and reviewing the quality, cost and scope of internal and external audits.
- Reviewing the reports presented to the Committee by both auditors and management.
- Recommending to the Board the appointment of external auditors.
- Reviewing the Company's management and statutory reporting.
- Reviewing and approving of finance and accounting policies and the ongoing monitoring of their implementation and effectiveness.
- Ongoing financial monitoring of the Company's various disclosure obligations.
- The review and pre-approval of any non audit services provided by the external auditors to ensure their independence is maintained at all times.

The report of the Audit Committee appears on page 35.

Remuneration Committee

The Remuneration Committee consists of a Non Executive Director and two Independent Non- Executive Independent Directors. They are

Mr. S H Amerasekera (Chairman of the Committee), Mr. J A S S Adhihetty and Ms. Kimarli Fernando.

The Committee is responsible for making recommendations to the Board on;

- Remuneration framework and levels of the Senior Management.
- Senior Management performance and equity based remuneration plans including performance incentives and hurdles.
- Remuneration of Executive Directors.

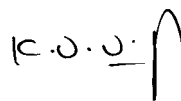
The Remuneration policy is to attract and retain a highly qualified and experienced Senior Management.

Annual General Meeting

The Annual General Meeting will be held at The Kingsbury, 48 Janadhipathi Mawatha, Colombo 1, on Thursday, the 26th September 2013 at 9.30am.

The Notice of the Annual General Meeting appears on page 150.

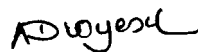
This Annual Report is signed for and on behalf of the Board of Directors by



Dhammika Perera
Chairman / Managing Director



W D N H Perera
Executive Deputy Chairman



Anusha Wijesekera
P W Corporate Secretarial (Pvt) Ltd.
Secretaries

28 August 2013
Colombo

Statement on Directors' Responsibility for Preparation of Financial Statements

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with the Companies Act, No.7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and are required to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the income and expenditure of the Company for the accounting year ending on that reporting date.

The Directors are also responsible in ensuring that the Financial Statements comply with any regulations made under the Companies Act, which specifies the form and content of Financial Statements and any other requirements which apply to the Company's Financial Statements under any other law.

The Directors have ensured that the Financial Statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and in compliance with the Sri Lanka Financial Reporting Standards, Companies Act, No.7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

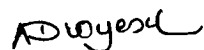
The Directors are responsible for keeping sufficient accounting records, which disclose with reasonable accuracy the financial position of the group, which will enable them to have the Financial Statements prepared and presented as aforesaid.

They are also responsible for taking measures to safeguard the assets of the group and in that context to have proper regards to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors are also confident that the Company and the group have adequate resources to continue in operation and have applied the going concern basis in preparing the financial statements.

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

By Order of the Board
Vallibel One PLC



Anusha Wijesekera
P W Corporate Secretarial (Pvt) Ltd.
Secretaries

28 August 2013
Colombo

Audit Committee Report

The Audit Committee appointed by and responsible to the Board of Directors comprise the following members.

Mr. R N Asirwatham	Chairman - Independent Non Executive Director
Mr. S H Amarasekera	Independent Non Executive Director
Ms. Kimarli Fernando	Independent Non Executive Director

The Chairman, Mr. R N Asirwatham is a fellow member of The Institute of Chartered Accountants of Sri Lanka.

The Audit Committee is empowered to review and monitor the financial reporting process of the Company, so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities of ensuring the quality of financial reporting and related communications to the shareholders and the public.

The Audit Committee is empowered, to examine any matters relating to the financial affairs of the Company and to review the adequacy of the internal control procedures.

The Committee along with the Board reviewed the Consolidated Financial Statements for the year ended 31st March 2013 to ensure compliance with mandatory and statutory requirements. The Managing Director and Chief Financial Officer attend the meetings by invitation.

The Audit Committee is of the view that the internal controls prevalent within the Company are satisfactory and provides reasonable assurance that the financial position of the Company is well monitored and the assets are safeguarded.

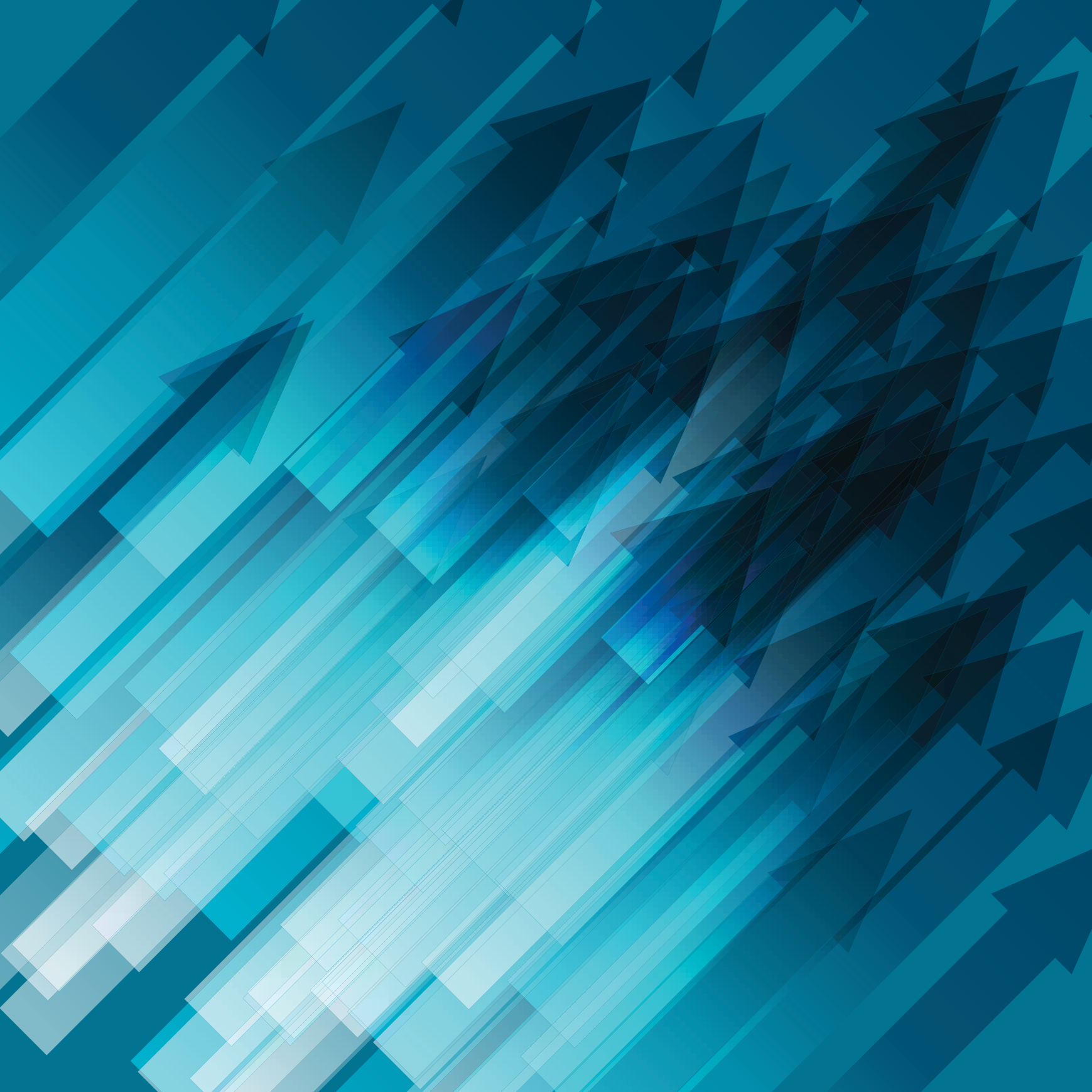
The Committee reviewed the non audit services provided by the External Auditors to ensure that the provision of these services do not impair their independence.

The Committee has recommended to the Board of Directors that Messrs Ernst & Young, Chartered Accountants be re-appointed the Auditors for the year ending 31st March 2014 subject to the approval of the shareholders at the Annual General Meeting.



R N Asirwatham
Chairman - Audit Committee

28 August 2013
Colombo



How We've Performed

FINANCIAL STATEMENTS

Interim Financial Statements - 2012/2013 1st half	-	28 November 2012
Interim Financial Statements - 2012/2013 3rd quarter	-	15 February 2013
Interim Financial Statements - 2012/2013 4th quarter	-	31 May 2013
Annual Report 2012/2013	-	28 August 2013
3rd Annual General Meeting	-	26 September 2013

Independent Auditors' Report



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

BW / CSW / SJJC

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF VALLIBEL ONE PLC

Report on the Financial Statements

We have audited the accompanying Financial Statements of Vallibel One PLC and the Consolidated Financial Statements of the Company and its subsidiaries which comprise of the Statement of Financial Position as at March 31, 2013 and the Statement of Income, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended, and a summary of significant Accounting Policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the Year ended March 31, 2013, and the Financial Statements give a true and fair view of the Company's Financial Position as at March 31, 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position as at March 31, 2013 and the financial performance and cash flows for the year ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Section 151(2) and 153 (2) to 153 (7) of the Companies Act No. 07 of 2007.

28 August 2013
Colombo

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

A member firm of Ernst & Young Global Limited

Statement of Financial Position

As at 31st March	Note	Company			Group		
		2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
ASSETS							
Cash and Bank	28	5,212,175	16,837,661	19,038,427	4,970,490,951	3,120,837,420	1,715,149,091
Fair Value Through P&L - Financial Assets	5.2	210,328,959	88,494,888	-	580,631,982	1,072,355,490	1,975,536,367
Short Term Investments		1,728,000,000	2,298,000,000	4,417,810,959	615,000,000	513,000,000	1,417,810,959
Loans and Receivables - Financial Assets	6	375,000,000	225,000,000	-	16,895,091,751	12,996,107,882	7,509,621,548
Lease Rentals Receivables and Stock out on hire	7	-	-	-	28,260,005,404	23,671,834,296	16,087,910,021
Available for Sales - Financial Assets	5.1	857,083,091	652,530,240	-	1,524,176,072	970,657,484	511,012,333
Other Financial Assets	8	-	-	-	1,487,399,284	1,019,833,542	767,842,193
Trade and Other Receivables	9	123,331,338	75,301,251	73,622,142	4,061,330,230	3,338,708,579	399,250,259
Other Non Financial Assets	10	-	-	-	1,759,795,685	1,497,504,684	1,470,540,712
Investments in Subsidiaries	11	17,118,514,246	17,316,095,291	14,822,125,320	-	-	-
Investment in Associates	12	7,304,771,541	7,243,518,162	7,190,395,270	7,738,468,769	7,133,661,691	6,898,982,227
Amounts Due From Related Parties	13	146,634,742	88,022,907	25,434,257	21,006,544	-	-
Deferred Tax Assets	14	-	-	23,263,788	221,214,007	117,779,193	23,263,787
Income Tax Recoverable		8,155,395	7,175,308	1,246,903	49,101,723	41,392,594	2,185,254
Inventories	15	-	-	-	4,939,038,693	4,446,540,389	1,380,703,093
Intangible Assets	16	-	-	-	12,181,907,836	12,174,740,355	11,297,232,393
Property, Plant and Equipment	17	40,860,011	43,804,606	28,882,759	11,814,447,501	10,542,532,919	5,233,279,530
Total Assets		27,917,891,498	28,054,780,314	26,601,819,825	97,119,106,431	82,657,486,518	56,690,319,768
LIABILITIES							
Due to Banks	18	5,609,281	-	-	8,295,496,541	10,993,150,849	4,325,252,761
Due to Customers	19	-	-	-	37,591,184,467	25,339,595,370	17,262,041,497
Interest Bearing Loans and Borrowings	20	-	-	-	9,394,045,289	7,623,701,413	2,412,602,617
Trade and Other Payables	21	236,853,544	488,277,042	8,646,083	3,921,286,347	2,948,683,383	574,577,681
Other Non Financial Liabilities	22	-	-	-	895,580,290	887,399,982	701,140,993
Amounts Due To Related Parties	23	25,000	46,700	22,114,064	1,039,356	25,000	21,447,400
Dividend Payable	24	1,607,361	-	-	32,789,580	26,674,704	15,826,051
Employee Benefit Liabilities	25	1,762,825	1,720,067	-	376,222,424	333,115,102	134,658,434
Income Tax Liabilities		25,232,711	8,404,017	-	192,809,409	270,578,820	335,545,347
Deferred Tax Liabilities	14	2,828,934	2,161,673	-	71,852,441	98,695,241	81,232,800
Total Liabilities		273,919,657	500,609,499	30,760,147	60,772,306,145	48,521,619,865	25,864,325,581


As at 31st March	Note	Company			Group		
		2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Shareholders' Funds							
Equity Attributable to Equity Holders of the Parent							
Stated Capital	26	27,163,983,720	27,163,983,720	26,631,186,970	27,163,983,720	27,163,983,720	26,631,186,970
Reserves	27	479,988,121	390,187,095	(60,127,292)	3,498,715,091	1,814,623,503	411,558,598
		27,643,971,841	27,554,170,815	26,571,059,678	30,662,698,811	28,978,607,223	27,042,745,568
Non Controlling Interest		-	-	-	5,684,101,475	5,157,259,431	3,783,248,619
Total Equity		27,643,971,841	27,554,170,815	26,571,059,678	36,346,800,286	34,135,866,654	30,825,994,187
Total Equity and Liabilities		27,917,891,498	28,054,780,314	26,601,819,825	97,119,106,431	82,657,486,518	56,690,319,768

These Financial Statements are in Compliance with the requirements of Companies Act No. 07 of 2007.



Hareesh Somashantha
Chief Financial Officer

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



Dhammika Perera
Chairman / Managing Director



Nimal Perera
Executive Deputy Chairman

The Accounting Policies and the Notes on pages 52 through 145 form an integral part of these Financial Statements.

28 August 2013
Colombo

Statement of Income

For the Year ended 31st March	Note	Company		Group	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Continuing Operation					
Revenue	29	-	-	32,908,025,013	27,226,737,273
Cost of Sales		-	-	(22,821,192,911)	(18,107,983,967)
Gross Profit		-	-	10,086,832,101	9,118,753,306
Dividend Income	30	379,366,270	360,072,196	9,996,774	27,502,651
Other Operating Income	31	-	-	211,783,186	370,989,808
Distribution Expenses		-	-	(1,996,590,609)	(1,327,344,113)
Administrative Expenses		(69,228,779)	(85,554,411)	(3,575,672,228)	(2,749,418,666)
Other Operating Expenses		-	-	(469,796,773)	(171,820,412)
Results from Operating Activities		310,137,491	274,517,785	4,266,552,452	5,268,662,574
Finance Cost	32	-	(75,202,992)	(1,198,790,435)	(1,013,101,122)
Finance Income	33	368,886,901	347,690,985	233,942,560	289,118,827
Net Finance Cost		368,886,901	272,487,994	(964,847,876)	(723,982,295)
Provision for Fall in Value of Investments		(27,901,584)	(1,234,689)	(27,901,584)	(85,409,883)
Share of Results of Equity Accounted Investees	12	-	-	1,003,994,145	924,898,823
Profit Before Value Added Tax	34	651,122,808	545,771,090	4,277,797,138	5,384,169,219
Value Added Tax on Financial Services		-	-	(176,248,776)	(149,952,231)
Profit Before Tax from Continuing Operation		651,122,808	545,771,090	4,101,548,362	5,234,216,988
Income Tax Expense	35	(54,486,195)	(73,852,768)	(1,083,485,637)	(1,206,377,169)
Net Profit for the year from Continuing Operation		596,636,613	471,918,322	3,018,062,725	4,027,839,819
Discontinued Operation					
Profit after tax for the year from Discontinued Operations	36	-	-	91,118,169	-
Net Profit for the year		596,636,613	471,918,322	3,109,180,894	4,027,839,819
Profit for the year attributable to :					
Equity Holders of the Parent		596,636,613	471,918,322	2,154,042,861	2,545,366,839
Non - Controlling Interests		-	-	955,138,033	1,482,472,980
		596,636,613	471,918,322	3,109,180,894	4,027,839,819
Basic Earnings Per Share	37	0.55	0.43	1.98	2.34
Basic Earnings per share from continuing operations		0.55	0.43	1.94	2.34

Figures in brackets indicate deductions.

The Accounting Policies and the Notes on pages 52 through 145 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the Year ended 31st March	Note	Company		Group	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Net Profit for the year		596,636,613	471,918,322	3,109,180,894	4,027,839,819
Other Comprehensive Income					
Share of Other Comprehensive Income of Equity Accounted Investees		-	-	(49,381,139)	(448,043,325)
Income Tax Effect		-	-	-	-
Net Gain/(Loss) on Available for sale Financial Assets		(180,867,781)	(21,603,935)	(174,531,689)	(78,171,578)
Income Tax Effect	35	-	-	(1,603,976)	-
Revaluation of Land & Building		-	-	245,508,959	-
Income Tax Effect	35	-	-	(84,830,056)	-
Exchange Difference on Translation of Foreign Operations		-	-	(20,524,301)	332,821,568
Other Comprehensive Income for the year, net of tax		(180,867,781)	(21,603,935)	(85,362,202)	(193,393,335)
Total Comprehensive Income for the year, net of tax		415,768,832	450,314,387	3,023,818,693	3,834,446,484
Total Other Comprehensive Income attributable to:					
Equity Holders of the Parent		(180,867,781)	(21,603,935)	(156,258,512)	(339,541,589)
Non - Controlling Interests		-	-	70,896,310	146,148,254
		(180,867,781)	(21,603,935)	(85,362,202)	(193,393,335)

Figures in brackets indicate deductions.

The Accounting Policies and the Notes on pages 52 through 145 form an integral part of these Financial Statements.

Statement of Changes in Equity

For the Year ended 31st March
Group

	Stated Capital	Treasury Shares	Capital Reserves		Other Component of Equity		
			Reserve Fund	Investment Fund Reserve	Available for Sale Reserve	Foreign Currency Translation Reserve	Revaluation Reserve
			Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2011	26,631,186,970	-	58,951,071	16,602,912	(99,620,183)	-	-
Profit for the year	-	-	-	-	-	-	-
Other Comprehensive Income							
Share of Other Comprehensive							
Income of Equity Accounted Investees	-	-	-	-	(448,043,325)	-	-
Exchange Difference on Translation of Foreign Operations	-	-	-	-	-	166,410,784	-
Net Gain/(Loss) on Available for Sale Financial Assets	-	-	-	-	(57,909,048)	-	-
Total Other Comprehensive Income	-	-	-	-	(505,952,373)	166,410,784	-
Issue of Shares	532,796,750	-	-	-	-	-	-
Treasury Shares	-	(66,371,631)	-	-	-	-	-
Non Controlling Interest arising on							
Business Combinations	-	-	-	-	-	-	-
Adjustment Due to Changes in Holding	-	-	-	-	-	-	-
Disposal Adjustment on Revalued Assets	-	-	-	-	-	-	-
Appropriation of Bad Debts	-	-	-	-	-	-	-
Transfers	-	-	178,160,193	93,011,165	-	-	-
Dividend paid to Non Controlling Interest	-	-	-	-	-	-	-
Balance as at 31 March 2012	27,163,983,720	(66,371,631)	237,111,264	109,614,077	(605,572,556)	166,410,784	-
Profit for the Year	-	-	-	-	-	-	-
Other Comprehensive Income							
Share of Other Comprehensive Income of							
Equity Accounted Investees	-	-	-	-	(49,381,139)	-	-
Exchange Difference on Translation of Foreign Operations	-	-	-	-	-	(11,012,285)	-
Net Gain/(Loss) on Available for Sale	-	-	-	-	(177,827,397)	-	-
Revaluation of Land & Buildings	-	-	-	-	-	-	81,962,308
Total Other Comprehensive Income	-	-	-	-	(227,208,536)	(11,012,285)	81,962,308
Non Controlling Interest Arising on Business Combinations	-	-	-	-	-	-	-
Disposal of Subsidiary	-	-	-	-	-	-	-
Adjustment Due to Changes in Holding	-	-	-	-	-	-	-
Gain/Loss on Cash Flow Hedge	-	-	-	-	-	-	-
Share Buyback	-	-	-	-	-	-	-
Transfers	-	-	218,792,458	153,561,177	-	-	-
Write Back of Unclaimed Dividends	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-
Balance as at 31 March 2013	27,163,983,720	(66,371,631)	455,903,722	263,175,254	(832,781,092)	155,398,499	(81,962,308)

Figures in brackets indicate deductions.

The Accounting Policies and the Notes on pages 52 through 145 form an integral part of these Financial Statements.

Revenue Reserve					
General Reserve	Retained Earnings	Hedge Reserve	Shareholder's Fund	Non Controlling Interest	Total equity
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	435,624,797	-	27,042,745,567	3,783,248,620	30,825,994,187
-	2,545,366,839	-	2,545,366,839	1,482,472,980	4,027,839,819
-	-	-	(448,043,325)	-	(448,043,325)
-	-	-	166,410,784	166,410,784	332,821,568
-	-	-	(57,909,048)	(20,262,530)	(78,171,578)
-	-	-	(339,541,589)	146,148,254	(193,393,335)
-	-	-	532,796,750	-	532,796,750
-	-	-	(66,371,631)	-	(66,371,631)
-	-	-	-	1,507,927,085	1,507,927,085
26,584,821	(743,609,297)	-	(717,024,476)	(1,459,664,349)	(2,176,688,826)
-	(1,601,743)	-	(1,601,743)	-	(1,601,743)
-	5,500,182	-	5,500,182	4,559,747	10,059,929
24,080,435	(318,514,469)	-	(23,262,676)	23,262,676	-
-	-	-	-	(330,695,582)	(330,695,582)
50,665,256	1,922,766,309	-	28,978,607,223	5,157,259,431	34,135,866,654
-	2,154,042,861	-	2,154,042,861	955,138,033	3,109,180,894
-	-	-	(49,381,139)	-	(49,381,139)
-	-	-	(11,012,285)	(9,512,016)	(20,524,301)
-	-	-	(177,827,397)	1,691,731	(176,135,665)
-	-	-	81,962,308	78,716,595	160,678,903
-	-	-	(156,258,512)	70,896,310	(85,362,202)
-	-	-	-	248,382,726	248,382,726
-	-	-	-	(288,373,382)	(288,373,382)
(486,387)	(1,802,691)	-	(2,289,078)	(11,414,973)	(13,704,051)
-	-	14,348,796	14,348,796	-	14,348,796
-	-	-	-	(250,098,139)	(250,098,139)
-	(372,353,635)	-	-	-	-
-	215,328	-	215,328	-	215,328
-	(325,967,806)	-	(325,967,806)	(197,688,532)	(523,656,338)
50,178,869	3,376,900,365	14,348,796	30,662,698,811	5,684,101,475	36,346,800,286

Statement of
Changes in Equity

For the Year ended 31st March
Company

	Stated Capital	Available for Sale	Retained	Total
	Rs.	Reserve Rs.	Earnings/ (Losses) Rs.	Rs.
Balance as at 01 April 2011	26,631,186,970	-	(60,127,292)	26,571,059,678
Profit for the year	-	-	471,918,322	471,918,322
Other Comprehensive Income				
Net Gain/(Loss) on Available for sale Financial Assets	-	(21,603,935)	-	(21,603,935)
Issue of Shares	532,796,750	-	-	532,796,750
Balance as at 31 March 2012	27,163,983,720	(21,603,935)	411,791,030	27,554,170,815
Profit for the year	-	-	596,636,613	596,636,613
Other Comprehensive Income				
Net Gain/(Loss) on Available for sale Financial Assets	-	(180,867,781)	-	(180,867,781)
Dividend Paid	-	-	(325,967,806)	(325,967,806)
Balance as at 31 March 2013	27,163,983,720	(202,471,716)	682,459,837	27,643,971,841

Figures in brackets indicate deductions.

The Accounting Policies and the Notes on pages 52 through 145 form an integral part of these Financial Statements.

Statement of Cash Flows

For the Year ended 31st March	Note	Company		Group	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Profit/(Loss) before Taxation		651,122,808	545,771,090	4,101,548,362	5,234,216,988
Profit Before Tax from Discontinued Operation		-	-	135,759,532	-
ADJUSTMENTS FOR					
Property, Plant & Equipment Written Off		18,000	-	-	-
Depreciation	17	8,075,605	6,117,878	881,040,847	695,877,214
Amortization	16	-	-	54,858,661	50,520,782
Provision for Fall in Value of Investment		27,901,584	1,234,689	27,901,584	85,409,883
Provision for Doubtful Debts		-	-	-	116,023,413
Provision for impairment of assets		-	-	410,884,754	1,595,088
Provision For Defined Benefit Plan Costs	25	42,758	1,373,585	95,660,263	71,460,175
Profit/(Loss) from Sale of Property, Plant & Equipment		-	-	(11,370,422)	(32,813,021)
(Gain)/Loss from Sale of Financial Assets Fair Value through Profit/Loss	33	(52,505,912)	(8,398,024)	-	-
Finance Cost	32	-	75,125,572	1,198,790,435	1,013,101,122
Finance Income	33	(314,981,776)	(339,292,962)	(233,942,560)	(289,118,827)
Gain on bargain purchase of subsidiaries	31	-	-	(112,401)	(201,136,342)
Exchange Gain or Loss		-	-	14,669,560	59,395,428
Share of Associate Companies Profits		-	-	(1,003,994,145)	(924,898,823)
Increase/(Decrease) of Stock Provision		-	-	71,825,029	(15,719,849)
Dividends Received	30	-	-	(9,996,772)	(27,502,347)
Operating Profit/ (Loss) before Working Capital Changes		319,673,066	281,931,828	5,733,522,727	5,836,410,884
(Increase)/Decrease in Lease Rentals Receivable and Stock out on hire	07	-	-	(4,743,253,502)	(7,533,739,865)
(Increase)/Decrease in Government of Sri Lanka Treasury Bills		-	-	-	350,967,991
(Increase)/Decrease in Loans and Advances		-	-	(3,486,174,328)	(5,430,489,887)
(Increase)/Decrease in Trade & Other Debtors, Deposits & Prepayments		(25,797,030)	(10,310,956)	(1,312,765,246)	176,710,598
(Increase)/Decrease in Other Non Financial Liabilities	22	-	-	8,180,308	-
(Increase)/Decrease in Other Financial Assets		-	-	(467,565,741)	(644,891,715)
(Increase)/Decrease in Other Non Financial Assets	10	-	-	(262,291,001)	486,801,284
Increase/(Decrease) in due to customers	19	-	-	12,251,589,097	6,638,018,622

Statement of
Cash Flows

For the Year ended 31st March	Note	Company		Group	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Increase/(Decrease) in Trade & Other Payables		20,039	(7,876,164)	1,062,226,515	4,868,186,335
(Increase)/Decrease in Inventories		-	-	(557,952,731)	(673,540,578)
Increase/(Decrease) in Amounts Due to Related Companies	23	(21,700)	(22,067,366)	1,014,356	(117,523,321)
Increase/(Decrease) in Amounts Due from Related Companies	13	(69,192,016)	(62,242,168)	(21,006,544)	25,802,438
Cash Generated from Operations		224,682,359	179,435,174	8,205,523,909	3,982,712,786
Retirement Benefits Liabilities Paid	25	-	-	(51,192,220)	(45,114,513)
Interest Received		303,328,900	347,924,804	106,106,645	111,447,689
Interest Paid on Finance Leases	32	-	-	-	-
Finance Income Received				44,648,987	
Finance Cost Paid	32	-	(63,697)	(1,192,724,631)	(622,897,061)
Taxes Paid - Discontinued Operation		-	-	(16,979,415)	-
Taxes Paid - Continuing Operation		(37,970,327)	(45,951,693)	(1,051,091,955)	(1,039,980,231)
Net Cash from/(Used in) Operating Activities		490,040,932	481,344,588	6,044,291,320	2,386,168,670
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of Property, Plant & Equipment		(5,149,010)	(21,039,724)	(2,031,095,108)	(2,375,332,694)
Proceeds from Sale of Property, Plant & Equipment		-	-	153,567,993	76,725,133
Acquisition of Intangible Assets		-	-	(63,673,771)	(27,703,193)
Purchase of Short term Investments		-	-	(102,000,000)	(1,539,433,743)
Additional Investment Made on Associate		(61,253,379)	(37,476,813)	(61,253,379)	(37,476,813)
Acquisition/(Disposal) of Available for sale Financial Assets		(685,156,287)	(996,111,806)	(893,726,042)	1,811,723,741
Disposal of Short Term Investments		820,086,960	2,119,810,959	480,336,080	2,086,450,309
Dividends Received	30	-	-	105,612,451	27,502,347
Disposal of Subsidiary	36	-	-	85,544,863	(14,741,766)
Acquisition of Subsidiary	NOTE - A	-	(2,081,524,721)	(617,495,521)	(2,460,950,288)
Net Cash used in Investing Activities		68,528,284	(1,016,342,105)	(2,944,182,434)	(2,453,236,966)

For the Year ended 31st March	Note	Company		Group	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Payment under Finance Lease Liability	20.1	-	-	50,890,615	(25,543,735)
Issue of Shares		-	532,796,750	-	532,796,750
Net Proceeds from Commercial Papers	20.3	-	-	683,109,545	498,377,727
Proceeds from Interest Bearing Loans & Borrowings	18 - 20	-	-	10,294,514,370	2,649,833,112
Increase in Interest in Subsidiary		-	-	(14,247,047)	(2,557,424,563)
Payment to Non Controlling Interest on Share Buy Back		-	-	(250,098,139)	-
Repayment of Interest Bearing Loans & Borrowings	18 - 20	(251,443,539)	-	(10,745,310,877)	(2,247,284,471)
Net Proceeds from Non Interest Bearing Loans & Borrowings		-	-	-	139,993,372
Other Borrowings	20	-	-	3,431,250	3,440,650
Debenture Issue	20	-	-	16,114,325	545,000,000
Dividend Paid		(324,360,445)	-	(517,541,462)	(370,513,592)
Net Cash from Financing Activities		(575,803,984)	532,796,750	(479,137,420)	(831,324,750)
Net Increase / (Decrease) in Cash & Cash Equivalents		(17,234,768)	(2,200,766)	2,620,971,466	(898,393,046)
Cash and Cash Equivalents at the beginning of the Period		16,837,661	19,038,427	(480,996,545)	417,396,501
Cash and Cash Equivalents at the end of the Period	28	(397,108)	16,837,661	2,139,974,921	(480,996,545)

Figures in brackets indicate deductions.

The Accounting Policies and the Notes on pages 52 through 145 form an integral part of these Financial Statements.

NOTE - A

Acquisition of Grip Nordic (Pvt) Ltd. by Delmege Ltd. & its subsidiaries

On 5 April 2012, Delmege Ltd. and its Subsidiaries acquired 60% of the voting shares of Grip Nordic (Pvt) Ltd. incorporated and domiciled in Sri Lanka. Grip Nordic (Pvt) Ltd. is engaged in manufacturing and marketing of office furniture.

Assets Acquired and Liabilities Assumed

The fair value of the identifiable assets and liabilities of Grip Nordic (Pvt) Ltd. as at the date of acquisition were;

	Fair Value
	As at 5 April 2012
	Rs.
ASSETS	
Property, Plant and Equipment	33,340,505
Inventories	5,742,344
Trade and Other Receivables	2,133,180
Income Tax Recoverable	104,907
Cash and Cash Equivalents	6,103,235
Total Assets	47,424,171
Liabilities	
Retirement Benefit Liability	1,017,951
Trade and Other Payables	558,700
Current Portion of Interest Bearing Borrowings	3,993,518
	5,570,169
Total Net assets at Fair Value	41,854,002
Non Controlling Interest arising from Business Combination	16,741,601
Total Net Assets Acquired through Business Combinations at Fair Value (60%)	(25,112,401)
Gain on Bargain Purchase	112,401
Total Value of Investment Acquired	(25,000,000)
Purchase Consideration Paid	(25,000,000)
Cash and Cash Equivalent of Subsidiary Acquired	6,103,235
Net Cash Out Flow on Acquisition of Subsidiary	(18,896,765)

Acquisition of Asia Siyaka Commodities PLC by Royal Ceramics Lanka PLC

On 1 April 2012, Royal Ceramics Lanka PLC acquired 51% of the voting shares of Asia Siyaka Commodities PLC incorporated and domiciled in Sri Lanka. At the date of the acquisition Asia Siyaka Commodities PLC held 100% equity holding of Asia Siyaka Warehousing (Pvt) Ltd. The Group acts as Tea Brokers, Rubber Brokers, Produce Brokers, Auctioneers, Appraisers, Valuers, Commission Agents and General Agents.

Assets Acquired and Liabilities Assumed

The fair value of the identifiable assets and liabilities of Asia Siyaka Commodities PLC together with its subsidiaries. as at the date of acquisition were;

	Fair Value	
	As at 1 April 2012	
	Rs.	
Assets		
Property, Plant & Equipment		369,212,008
Inventories		2,638,447
Short Term Investment		7,881,390
Trade Debtors		253,969,527
Loan, Advance & Receivables		518,611,904
Cash in Hand and at Bank		17,721,884
		<u>1,170,035,160</u>
Liabilities		
Retirement Benefit Liability		(36,679,782)
Trade and Other Payables		(367,237,947)
Deferred Tax Liability		(14,679,802)
Bank Overdraft		(278,700,640)
		<u>(697,298,171)</u>
Total Identifiable Net Assets at Fair Value		<u>472,736,989</u>
Non Controlling Interest arising from Business Combination		231,641,125
Net Assets Acquired through the Business Combination at Fair Value(51% stake)		(241,095,864)
Goodwill arising on acquisition		(96,524,136)
Total Value of Investment Acquired		<u>(337,620,000)</u>
Purchase Consideration Paid		(337,620,000)
Cash and Cash Equivalent of Subsidiary Acquired		(260,978,756)
Net Cash Out Flow on Acquisition of Subsidiary		(598,598,756)
Cash Outflow on Acquisition of Subsidiary		
Acquisition by Delmage Ltd. & Subsidiaries		
Purchase Consideration paid	(25,000,000)	
Cash & Cash Equivalent	6,103,235	<u>(18,896,765)</u>
Acquisition by Royal Ceramics Lanka PLC		
Purchase consideration paid	(337,620,000)	
Cash & Cash Equivalent	(260,978,756)	<u>(598,598,756)</u>
		<u>(617,495,521)</u>
Total Non Controlling Interest arising from Business Combinations adjusted through Equity		
Acquisition of Grid Nordic (Pvt) Ltd. by Delmege Ltd & it's subsidiaries		231,641,125
Acquisition of Asia Siyaka Commodities PLC by Royal Ceramics Lanka PLC		16,741,601
		<u>248,382,726</u>

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Vallibel One PLC (“the Company”) is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 29, West Tower, World Trade Center, Echelon Square, Colombo – 01.

1.2 Principal Activities and Nature of Operations

Principal activities of the company are investment in other companies.

Vallible One PLC

Group holding Company manages a portfolio of diversified business holdings.

Royal Ceramics Lanka PLC

Royal Ceramics Lanka PLC is engaged in manufacturing and marketing of floor and wall tiles. Subsidiaries of the group were engaged in manufacturing and marketing of floor and wall tiles, sanitary ware and paints and allied products.

LB Finance PLC

LB Finance PLC is engaged in Acceptance of deposits ,Granting Lease Facilities, Hire Purchases, Mortgage Loans, Gold Loans and other credit facilities, Real Estate Development and related services and Factoring.

Greener Water Limited

Greener Water Limited is an intended Hotel Operator.

Delmege Ltd. (Formally known as Lewis Brown & Company (Private) Limited)

Delmage Ltd is managing its subsidiaries, carrying out investment activities and providing management and administration services to the companies within the Group. Subsidiaries of the Group were engaged in the business of Manufacturing, Trading, Shipping, Logistics, Airline and travel, and Insurance Brokering.

Orit Apparels Lanka (Private) Limited

Orit Apparels Lanka (Private) Ltd is engaged in manufacturing and selling of denim based apparels.

1.3 Parent Entity and Ultimate Parent Entity

Vallibel One PLC does not have an identifiable parent of its own. The Group’s ultimate controlling party is Mr. K. D. D. Perera.

1.4 Date of Authorisation for Issue

The Consolidated Financial Statements of Vallibel One PLC and its subsidiaries for the Year ended 31 March 2013 were authorised for issue in accordance with a resolution of the directors on 28 August 2013.

1.5 Statement of Compliance

The Financial Statements which comprise the Statement of Income, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

For all periods up to and including the year ended 31 March 2012, the Group prepared its Financial Statements in accordance with Sri Lanka Accounting Standards (SLAS) which were effective up to 31 March 2012.

These Financial Statements for the year ended 31 March 2013 are the first Financial Statements the Group has prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) immediately effective from 1 April 2012. The effect of the transition to SLFRS/LKAS on previously reported financial performances, Financial Positions and cash flows of the Group and the Company is given in Note 4 to the Financial Statements.

2 BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on a historical cost basis, except for land & buildings, derivative financial instruments, fair value through profit or loss financial assets and available for sale financial assets that have been measured at fair value.

The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Consolidated Financial Statements are presented in Sri Lankan Rupees except where otherwise indicated.

Presentation of financial statements

The Group presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 42.3.1.

2.1 Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2013. Subsidiaries as at 31 March 2013 are as follows;

Company Name	Year of Incorporation	Ownership Percentage
Royal Ceramics Lanka PLC	1990/1991	51.01%
LB Finance PLC	1971/1972	64.25%
Greener Water Limited	2010/2011	100%
Delmege Limited	1915/1916	61.20%
Orit Apparels Lanka (Private) Limited	1997/1998	50.00%

The Company, with equity control equal to 50%, has been consolidated as subsidiary based on the power to govern the financial and operating policies of that entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

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

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in Other Comprehensive Income to Profit or Loss or retained earnings, as appropriate.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of Comprehensive Income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of Financial Position.

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from parent shareholders' equity.

The consolidated statement of cash flow includes the cash flows of the Company and its subsidiaries.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, ASSUMPTIONS AND POLICIES

3.1 Significant Accounting Judgments, Estimates & Assumptions

The preparation of Financial Statements requires the application of certain critical accounting and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the Financial Statements.

Estimates and Assumptions

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

The most significant uses of judgments and estimates are as follows.

i. Taxation

The Group is subject to income taxes and other taxes including VAT on financial services. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the Financial Statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements.

The Group recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

ii. Impairment losses on loans and advances (Leases, Hire Purchase & Other Loans)

The Group reviews individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes in to account data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, inflation, interest rates,).

iii. Impairment of Available for Sale Investments

The Group reviews its assets classified as available for sale investments at each reporting date to assess whether they are impaired. This requires similar judgment as applied on the individual assessment of loans and advances.

The Group also records impairment charges on Available for Sale Equity Investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements, duration and extent up to which the fair value of an investment is less than its cost.

iv. Deferred Tax Assets

Deferred Tax assets are recognised in respect of tax losses to the extent it is probable that future taxable profits will be available against which such tax losses can be set off. Judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies.

v. Useful life-time of the Property, Plant and Equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Management estimate these values, rates, methods and hence they are subject to uncertainty.

vi. Defined Benefit Plans

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

In determining the appropriate discount rate, Management considers the interest rates of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Group. Actuarial gain/loss arising on the valuation of defined benefit obligation is recognised in the Statement of Comprehensive Income.

vii. Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its Fair Value Less Costs to Sell and its Value In Use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arms length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

viii. Revaluation of Property, Plant and Equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognized in Other Comprehensive Income and in The Statement of Equity. The Group engaged independent valuation specialists to determine the fair value of land and buildings. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

3.2. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Group/ Company in preparing its Consolidated Financial Statements;

3.2.1 Business Combinations and Goodwill

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

Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units.

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.

3.2.2 Investment in Equity Accounted Investee

The Group investment in associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Income Statement reflects the Group's share of net of tax results of operations of the associates. When there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of The Statement of Comprehensive Income.

Equity method of accounting has been applied for associates Financial Statements using their corresponding/matching 12 month financial period.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate 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 recognizes the amount in 'share of losses of an associate' in the Income Statement. Upon loss of significant influence over the associate, the

Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Equity Accounted Investees as at 31st March 2013.

- Waskaduwa Beach Resorts PLC
- Sampath Bank PLC

The Basis for Accounting Sampath Bank PLC as an Equity Accounted Investee of the Group.

- Vallibel One PLC is the single largest shareholder of Sampath Bank PLC owning 24,371,697 shares representing 14.98% of the issued shares of the Bank.
- Mr. Dhammika Perera who is the Chairman and Managing Director and the major shareholder of Vallibel One PLC, is the Chairman of Sampath Bank PLC.
- Mr. Dhammika Perera, also serves as
 - The Chairman of the Strategic Planning Committee of Sampath Bank PLC since January 2012; and
 - A member of the Nominations Committee of the Bank.
- The second largest shareholder of Sampath Bank PLC holds less than 10% of the issued shares of the Bank.

All of which demonstrate the existence of significant influence by Vallibel One PLC in Sampath Bank PLC.

The Board, considering the above factors, approved the preparation and presentation of Financial Statements with Sampath Bank PLC being treated an Associate of the Group, in terms of LKAS 28.

3.2.3 Foreign Currencies

The Group's/Company's Consolidated Financial Statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities/ Company at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item.

Group Companies

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange at the reporting date and their Statement of Income are translated using average exchange rates. The exchange differences arising on the translation are recognized in Other Comprehensive Income. On disposal of a foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is recognized in The Statement of Income.

3.2.4 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group/Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group/Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group/Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of Services

Revenue from rendering of services is recognized by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Interest Income and Commission Fee Income

Interest income and Commission fee income from the finance sector is recorded under Revenue. Interest expense from the finance sector is recorded under cost of sales.

Interest Income and Interest Expenses

For all financial assets measured at amortised cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. EIR is the rate that exactly discounts 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 financial liability.

The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for financial assets and 'Interest expense' for financial liabilities. However, for a reclassified financial asset for which the company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and Commission Income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

a) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the purchase or sale of business is recognized on completion of the underlying transaction. Fees or

components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Dividends

Revenue is recognized when the Group's/Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental Income

Rental income arising from operating leases on investment properties is accounted for, on a straight-line basis over the lease term and is included in revenue due to its operating nature.

Dividends on Ordinary Shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

3.2.5 Government Grants

Government grants are recognized 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 recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. When the Group/Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government grant.

3.2.6 Expenditure Recognition

- a) Expenses are recognized in the Statement of Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to income in arriving at the Profit / (Loss) for the year.
- b) For the purpose of presentation of Statement of Income, the directors are of the opinion that the function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

3.2.7 Taxes

Current Income Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

VAT on Financial Services

VAT on Financial Services is calculated in accordance with VAT Act No. 14 of 2002 and subsequent amendment thereto.

Deferred Tax

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

liabilities are recognised for all taxable temporary differences, except:

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the Financial Position date.

3.2.8 Non-current assets held for sale/distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use. Non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Income. Property, Plant and Equipment and Intangible Assets once classified as held for sale/distribution to owners are not depreciated or amortized.

3.2.9 Property, Plant and Equipment

Property, Plant & Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 on Property, Plant & Equipment. Initially property and equipment are measured at cost.

Recognition and Measurement

Initial Recognition

Property, Plant and Equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Subsequent Measurement

These are costs that are recognised in the carrying amount of an item, if it is probable that the future economic benefits embodied within that part will flow to the Group and it can be reliably measured.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of Property, Plant and Equipment to their residual values over their estimated useful lives & full depreciation is charge for the month of purchase of such Property, Plant and Equipment & no depreciation is charged in the month of disposal. The rates of depreciations based on the estimated useful lives are as follows:

Category of Asset	Period
Building	50 years
Furniture and Fittings	6.67 years
Equipment	5 years
Motor Vehicles and Accessories	4-8 years
Computer Hardware	5 years
Air Conditioner	5 years
Telephone System	5 years
Fire Protection Equipment	5 years
Leasehold Improvement	6.67 years
Fixtures & Fittings	3 years
Water Supply Scheme , Electricity Distribution , Household Items - Heavy	25 – 40 years
Tools & Sundry Inventory & Household Items - Light	02 years
Factory Equipment , Plant & Machinery, Moulds & Communication Equipment	10 – 20 years

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

De-recognition

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other Operating Income' in the Statement of Income in the year the asset is derecognised.

3.2.10 Intangible Assets

The Group's intangible assets include the value of computer software, Brand Name and goodwill on Business Combinations. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Useful life of Intangible Assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Income in the expense category consistent with the function of the intangible asset.

Amortization

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

The Class of Intangible Assets	Useful Life	Amortisation Method
Computer software	5 Years	Straight line method
Brand Name	20 Years	Straight line method

3.2.11 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

3.2.12 Finance and Operating Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. When the Group is a lessor under finance leases the amounts due under the leases, after deduction of unearned charges, are included in 'Lease rentals receivables and stock out on hire'. The finance income receivable is recognised in 'Revenue' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

When the Group is a lessee under finance leases, the leased assets are capitalised and included in 'Property, Plant and Equipment' and the corresponding liability to the lessor is included in Interest Bearing Loans and Other Borrowings. A finance lease and its corresponding liability are recognised initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. Finance charges payable are recognised in 'Net interest income' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.

Operating Lease

All other leases are classified as operating leases. When acting as lessor, the Group includes the assets subject to operating leases in 'Property, Plant and Equipment' and accounts for them accordingly. Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

When the Group is the lessee, leased assets are not recognised on the Statement of Financial Position. Rentals payable and receivable under

operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Other Operating Expenses' and 'Other Operating Income', respectively.

Borrowing Costs

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

3.2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Income net of any reimbursement.

3.2.14 Employee Benefit Obligations

(i) Gratuity

All the employees of the group are eligible for gratuity under the Payment of Gratuity Act No. 12 of 1983.

Employees those who have resigned or whose services are terminated other than by retirement are eligible to receive the terminal gratuity under the Payment of Gratuity Act No. 12 of 1983 at the rate of one half of the Gross Salary applicable to the last month of the financial year in which the employment is terminated or resigned, for each year of completed service, for those who have served in excess of 5 years.

The valuation was carried out as at 31st March 2013 by qualified actuaries.

Recognition of Actuarial Losses / Gains

Actuarial gains & losses are recognized as income or expenses when the net cumulative unrecognized actuarial gains & losses at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at the date.

The gains/losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Recognition of Past Service Cost (Applicable only when a plan has been changed)

Past Service Cost are recognized as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already been vested, immediately following the instruction of, or changes to the plan, past service costs are recognized immediately.

Funding Arrangements

The Gratuity liability is not externally funded.

(ii) Defined Contribution Plan

The Group also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Group by the employees and is recorded as an expense under 'Personnel Expenses'. Unpaid contributions are recorded as a liability.

The Group contributes to the following Schemes:

- Employees' Provident Fund

The Group and employees contribute 12%-15% and 8%-10% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund.

- Employees' Trust Fund

The Company contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

3.2.15 Financial Assets

Financial Assets - Initial Recognition and Subsequent Measurement

Financial assets within the scope of LKAS 39 are classified as Financial Assets held for trading, Loans and Receivables, Lease rentals receivable & Stock out on hire, financial assets available-for-sale, financial assets held-to-maturity and Other Financial Assets.

(i) Date of Recognition

All financial assets are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Initial Measurement of Financial Assets

The classification of financial assets at initial recognition depends on their purpose and characteristics and the Management's intention in acquiring them. All financial assets are measured initially at their fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

(iii) Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit of loss.

- Financial assets or financial liabilities held for trading

Financial assets held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized in 'Finance Income'. Interest and dividend income or expense is recorded in Finance Income or Finance Cost according to the terms of the contract, or when the right to the payment has been established.

- Financial assets designated at fair value through profit or loss (FVTPL)

Financial assets may be designated by Management at fair value through profit or loss in the following circumstances:

- designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis or
- the assets are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis.

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial instrument designated at fair value through profit or loss. Interest earned or incurred is accrued in 'Interest income' using the effective interest rate (EIR), while dividend income is recorded in 'Finance Income' when the right to the payment has been established.

(iv) Held- to- Maturity Financial Assets

Held to maturity financial investments are financial assets with fixed or determinable payments and fixed maturities, which the Group has the intention and ability to hold to maturity. Subsequent to initial recognition, held to maturity financial investments are measured at amortised cost using the Effective Interest Rate (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'Interest Income' in the Statement of Income. The losses arising from impairment of such investments are recognised in the Statement of Income line 'Finance Cost'.

If the group were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to

be reclassified as available for sale. Furthermore, the Group would be prohibited from classifying any financial asset as held to maturity during the following two years.

(v) Financial Assets Classified as Loans, Lease Rental Receivables, Stock out on Hire and Other Financial Assets

This includes the financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, subsequently is measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Revenue' in The Statement of Comprehensive Income. The losses arising from impairment are recognised in The Statement of Comprehensive Income in other operating expenses.

(vi) Available for Sale Financial Assets

Available for sale Assets include equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions. The group has not designated any loans or receivables as available for sale. After initial measurement, available for sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the 'Available for sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in The Statement of Income in 'Finance Income'. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available for sale financial investments is reported as interest income using the EIR. Dividends earned whilst holding available for sale financial investments are recognised in The Statement of Comprehensive Income as

Finance Income when the right of the payment has been established. The losses arising from impairment of such investments are recognised in The Statement of Comprehensive Income in 'Finance Cost' and removed from the 'Available for sale reserve'.

(vii) 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the group immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Comprehensive Income'.

(viii) Reclassification of Financial Assets

The Group may reclassify financial assets (other than those designated at FVTPL) upon initial recognition, in certain circumstances:

- Out of the 'held for trading' category and into the 'available for sale', 'loans and receivables', or 'held to maturity' categories.
- Out of the 'available for sale' category and into the 'loans and receivables', 'held for trading category' or 'held- to-maturity'.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost. For a financial asset reclassified out of the 'available for sale' category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to The Statement of Income.

Out of the 'held for trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Group

subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of Management, and is determined on an instrument by instrument basis.

Fair Value of Financial Instruments

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in the Financial Statements.

(ix) Derecognition of Financial Assets

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

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

Or

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

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

3.2.16 Impairment of Financial Assets

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

i. Loans and advances to customers and Lease and Stock out on hire

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment allowances are calculated on individual loans and for groups of loans, this is done collectively. Impairment losses are recorded as charges to the Statement of Comprehensive Income. The carrying amount of impaired loans on the reporting date is reduced through the use of impairment allowance accounts. Losses expected from future events are not recognised.

Individually assessed loans and advances and Lease and Stock out on hire

For all loans that are considered individually significant, the group assesses on a case-by-case basis at each reporting date whether there is any objective evidence that a loan is impaired. The criteria used to determine that there is such objective evidence includes:

- Known cash flow difficulties experienced by the borrower;
- Past due contractual payments of either principal or interest;
- Breach of loan covenants or conditions;
- The probability that the borrower will enter bankruptcy or other financial realisation; and
- A significant downgrading in credit rating by an external credit rating agency.

For those loans where objective evidence of impairment exists, impairment losses are determined considering the following factors:

- Group's aggregate exposure to the customer;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations;
- The amount and timing of expected receipts and recoveries;
- The complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are evident;
- The realisable value of security and likelihood of successful repossession; and
- The likely deduction of any costs involved in recovery of amounts outstanding;

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate and comparing the resultant present value with the loan's current carrying amount. The impairment allowances on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses

re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment allowances are only released when there is reasonable and objective evidence of a reduction in the established loss estimate.

Collectively assessed loans and advances and Lease & Stock out on hire

Impairment is assessed on a collective basis in two circumstances:

- To cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- For homogeneous groups of loans that is not considered individually significant.

Incurred but not yet identified impairment

Individually assessed loans for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the Group has incurred as a result of events occurring before the reporting date, which the Group is not able to identify on an individual loan basis, and that can be reliably estimated. These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual loans within the Group, those loans are removed from the group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- Historical loss experienced in portfolios of similar credit risk; and
- Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is likely to be greater or less than that suggested by historical experience.

Homogeneous groups of loans and advances and Lease & Stock out on hire

Statistical methods are used to determine impairment losses on a collective basis for homogeneous groups of loans. Losses in these groups of loans are

recorded on an individual basis when individual loans are written off, at which point they are removed from the Group.

Following method is used to calculate historical loss experience on a collective basis:

- Net flow Rate method

Under this methodology the movement in the outstanding balance of customers in to bad categories over the periods are used to estimate the amount of loans that will eventually be written off as a result of the events occurring before the financial position date which the Group is not able to identify on an individual loan basis, and that can be reliably estimated.

Under above methodology, loans are grouped into ranges according to the number of days in arrears and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency, and ultimately prove irrecoverable.

Current economic conditions and portfolio risk factors are also evaluated when calculating the appropriate level of allowance required covering inherent loss.

These additional macro and portfolio risk factors may include:

- Recent loan portfolio growth and product mix
- Unemployment rates, Gross Domestic Production (GDP) growth, inflation
- Exchange rates, interest rates
- Changes in Government laws and regulations

Write-off of loans and advances

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security.

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the Statement of Income.

ii. Available for sale Financial Assets

For available for sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired. In the case of debt instruments classified as available for sale, the group assesses individually whether there is objective evidence of impairment.

However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Comprehensive Income. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income'. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the Statement of Income, the impairment loss is reversed through the Statement of Income.

In the case of equity investments classified as available for sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Income is removed from equity and recognised in the Statement of Income. Impairment losses on equity investments are not reversed through the Statement of Income; increases in the fair value after impairment are recognised in Other Comprehensive Income.

iii. Held-To-Maturity Financial Assets

An impairment loss in respect of held-to-maturity financial assets measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original EIR and is recognized in profit or loss. Interest on impaired assets continues to be recognized through the unwinding of discount. When a subsequent event caused the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Collateral Valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, gold, real estate, receivables, and other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers and other independent sources.

Collateral Repossessed

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

Repurchase Agreements

Securities purchased under agreements to resell at a specified future date are not derecognised in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, within 'Other Financial Assets' reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in 'Revenue' and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within 'Financial liabilities held for trading' and measured at fair value with any gains or losses included in 'Revenue'.

3.2.17 Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as Due to customers (Deposits), Due to Banks, Debt issued and other borrowed funds and Other Financial Liabilities as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group classifies financial liabilities as other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities.

The Group recognizes financial liabilities in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the financial liability.

Other Financial Liabilities

Other financial liabilities including Due to customers (Deposits), Due to Banks, Debt issued and other borrowed funds and Other Financial Liabilities are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortized cost using the EIR method.

Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original

liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

i) **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 recognized amounts and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.2.18 **Statement of Cash Flows**

The Statement of Cash Flows is prepared using the indirect method, as stipulated in LKAS 7- “Statement of Cash Flows”. Cash and cash equivalents comprise of cash in hand, cash at bank, bank overdrafts and Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.2.19 **Earnings Per Share**

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

3.3 **Standards Issued but not yet Effective**

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that has an effective date in the future. Those SLFRS will have an effect on the accounting policies currently adopted by the Group and may have an impact on the future financial statements.

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

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities.

(ii) **SLFRS 13 - Fair Value Measurement**

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 provides guidance on all fair value measurements under SLFRS.

SLFRS 9 and SLFRS 13 will be effective for financial periods beginning on or after 01 January 2015 and 2014 respectively.

In addition to the above, following standards have also been issued and will be effective from 01 January 2014.

SLFRS 10 - Consolidated Financial Statements

SLFRS 11 - Joint Arrangements

SLFRS 12 - Disclosure of Interests in Other Entities

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

4 **FIRST- TIME ADOPTION OF LKAS AND SLFRSs**

These Financial Statements, for the year ended 31 March 2013, are the first the Group has prepared in accordance with SLFRSs/LKASs. In preparing these Financial Statements, the group's opening Statement of Financial Position was prepared as at 1 April 2011, the Group's date of transition to SLFRSs. This note explains the principal adjustments made by the Group in restating its previously presented Statement of Financial Position as at 1 April 2011 and for the year ended 31 March 2012.

As stated in Note 1.5, these are the Group's first Financial Statements prepared in accordance with SLFRS.

The accounting policies set out in Note 3 have been applied in preparing the Financial Statements for the year ended March 31, 2013, the comparative information presented as at and for the year ended March 31, 2012 and in the preparation of an opening SLFRS based Statement of Financial Position at April 1, 2011 (the date of transition).

Exemptions applied

SLFRS 1 First-Time Adoption of Sri Lanka Financial Reporting Standards allows first-time adopters certain exemptions which are optional and certain exceptions which are mandatory from retrospective application of certain SLFRS/LKAS.

Optional exemptions the Group has opted to apply:

- a) SLFRS 3 - Business Combinations - This has not been applied to acquisitions of subsidiaries, which are considered businesses for SLFRS/LKAS, or of interests in associates and joint ventures that occurred before 1 April 2011. Use of this exemption means that the SLAS carrying amounts of assets and liabilities, which are required to be recognized under SLFRS/LKAS, are stated at their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SLFRS/LKAS. Assets and liabilities that do not qualify for recognition under SLFRS/LKAS are excluded from the opening SLFRS/LKAS Statement of Financial Position. SLFRS 1 also requires that the SLAS carrying amount of goodwill must be used in the opening SLFRS/LKAS Statement of Financial Position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SLFRS 1, the Group has tested goodwill for impairment at the date of transition to SLFRS/LKAS.
- b) Fair value of revaluation as deemed cost freehold land and buildings, were carried in the statement of financial position prepared in accordance with SLAS on the basis of valuations performed prior to 31 March 2012. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.
- c) IFRIC 4 - Determining whether an arrangement contains a Lease - The Group has applied the transitional provision in IFRIC 4 determining whether an Arrangement contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition.
- d) Investment in subsidiaries, jointly controlled entities and associates - The Group has measured its investments in each subsidiary, joint venture and associate at deemed cost, which is the carrying amount as per SLAS at the date of transition 1 April 2011.
- e) Designation of previously recognized financial instruments - Un-quoted equity instruments The Group has designated un-quoted equity instruments held as at 1 April 2011 as available-for-sale investments.

Mandatory exception applicable to the Group:

- a) Significant accounting judgments, estimates and assumptions significant accounting judgments, estimates and assumptions at 1 April 2011 and at 31 March 2012 are consistent with those made for the same dates in accordance with SLAS effective up to 31 March 2012 (after adjustments to reflect any differences in accounting policies).

The estimates used by the Group to present these amounts in accordance with SLFRS/LKAS effective from 1 April 2012 reflect conditions at 1 April 2011, the date of transition to SLFRS/LKAS and as of 31 March 2012.

Explanations for transition to SLFRSs/LKASs

In preparing SLFRS/LKAS Statements of Financial Positions for previously reported financial periods, required adjustments have been made in accordance with the respective SLFRS/LKASs. The effect of the transition from SLASs to SLFRS/LKASs has been presented in the Reconciliation Statements and accompanying notes to the material reconciliation items.

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

Reconciliation of Equity - Statement of Financial Position

Effect of Transition to SLFRSs/LKASs

	Notes	Equity as at 31st March 2012							
		Company		Group					
		As per SLAS	Re measurements	Re classification	As per SLFRSs/ LKASs	As per SLAS	Re measurements	Re classification	As per SLFRSs/ LKASs
Assets									
Cash and Cash at Bank	A	16,837,661	-	-	16,837,661	1,836,106,992	-	1,284,730,428	3,120,837,420
Short Term Investments		2,298,000,000	-	-	2,298,000,000	513,000,000	-	-	513,000,000
Treasury Bills and Other bills eligible for re- discounting with									
Central Bank of Sri Lanka Fair Value Through Profit or Loss Financial Assets	A	-	-	-	-	1,266,964,280	-	(1,266,964,280)	-
Placements with Other banks	B	-	1,681,858	86,813,030	88,494,888	-	6,740,091	1,065,615,399	1,072,355,490
Loans and Receivables - Financial Assets	C	-	-	-	-	963,593,487	-	(963,593,487)	-
Gold Loans	D	-	-	225,000,000	225,000,000	4,401,175,201	(121,017,600)	8,715,950,281	12,996,107,882
Lease Rentals Receivable & Stock out on Hire Available for Sale	D	-	-	-	-	8,490,950,281	-	(8,490,950,281)	-
- Financial Assets	E	-	-	-	-	23,820,179,162	(148,344,866)	-	23,671,834,296
Advance for Vehicle Stock	B	-	-	652,530,240	652,530,240	-	12,251,121	958,406,363	970,657,484
Real Estate Stock	F ii	-	-	-	-	127,212,567	-	(127,212,567)	-
Trade and Other Debtors, Deposits and Prepayments	F ii	-	-	-	-	143,212,184	-	(143,212,184)	-
Investments in Securities	F i	75,442,368	(141,117)	-	75,301,251	4,627,984,129	(26,929,130)	(1,262,346,420)	3,338,708,579
Investments in Subsidiaries	F ii	7,890,384,619	-	(7,890,384,619)	-	8,990,606,620	-	(8,990,606,620)	-
Investment Associates	G	17,316,095,291	-	-	17,316,095,291	-	-	-	-
Amount Due From Related Parties	G	317,476,813	-	6,926,041,349	7,243,518,162	323,935,186	(116,314,844)	6,926,041,349	7,133,661,691
Other Financial Assets	B	88,022,907	-	-	88,022,907	192,395,446	-	(192,395,446)	-
Other Non Financial Assets	H	-	-	-	-	-	48,873,165	970,960,377	1,019,833,542
Deferred Tax Assets	F	-	-	-	-	-	(27,899,596)	1,525,404,280	1,497,504,684
Income Tax Recoverable	I	-	-	-	-	35,213,068	82,566,125	-	117,779,193
Inventories		7,175,308	-	-	7,175,308	41,392,594	-	-	41,392,594
Intangible Assets Property, Plant and Equipment	J	-	-	-	-	4,446,540,389	-	-	4,446,540,389
	J	-	-	-	-	12,743,220,757	(645,302,891)	76,822,489	12,174,740,355
	J	43,804,606	-	-	43,804,606	10,619,355,408	-	(76,822,489)	10,542,532,919
Total Assets		28,053,239,573	1,540,741	-	28,054,780,314	83,583,037,751	(935,378,425)	9,827,192	82,657,486,518

4 FIRST-TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

Reconciliation of Equity - Statement of Financial Position

Effect of Transition to SLFRSs/LKASs

	Notes	Equity as at 31st March 2012							
		Company		Group					
		As per SLAS	Re measurements	Re classification	As per SLFRSs/ LKASs	As per SLAS	Re measurements	Re classification	As per SLFRSs/ LKASs
LIABILITIES									
Due to Bank	K	-	-	-	-	-	-	10,993,150,849	10,993,150,849
Due to Customers	K	-	-	-	-	24,425,133,299	-	914,462,071	25,339,595,370
Interest Bearing Loans and Borrowings	K	-	-	-	-	17,140,758,965	-	(9,517,057,552)	7,623,701,413
Trade and Other Payables	K	488,277,042	-	-	488,277,042	5,231,638,734	-	(2,282,955,351)	2,948,683,383
Other Non Financial Liabilities	K	-	-	-	-	-	-	887,399,982	887,399,982
Amount Due To									
Related Parties		46,700	-	-	46,700	25,000	-	-	25,000
Dividend Payable		-	-	-	-	26,674,704	-	-	26,674,704
Debentures	K	-	-	-	-	995,000,000	-	(995,000,000)	-
Employee Benefit Liabilities		1,720,067	-	-	1,720,067	333,115,102	-	-	333,115,102
Income Tax Liabilities	I	8,404,017	-	-	8,404,017	367,774,875	(97,196,055)	-	270,578,820
Deferred Tax Liabilities	I	2,161,673	-	-	2,161,673	98,672,872	22,369	-	98,695,241
Total Liabilities		500,609,500	-	-	500,609,500	48,618,793,551	(97,173,686)	-	48,521,619,865
Shareholders' Funds									
Equity Attributable to									
Equity Holders of the									
Parent									
Stated Capital		27,163,983,720	-	-	27,163,983,720	27,163,983,720	-	-	27,163,983,720
Reserves		388,646,353	1,540,741	-	390,187,094	2,729,848,217	(915,224,714)	-	1,814,623,503
		27,552,630,073	1,540,741	-	27,554,170,814	29,893,831,937	(915,224,714)	-	28,978,607,223
Non Controlling Interest		-	-	-	-	5,070,412,267	86,847,164	-	5,157,259,431
Total Equity		27,552,630,073	1,540,741	-	27,554,170,814	34,964,244,204	(828,377,550)	-	34,135,866,654
Total Equity and Liabilities		28,053,239,573	1,540,741	-	28,054,780,314	83,583,037,755	(925,551,236)	-	82,657,486,518

4 FIRST-TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

Reconciliation of Equity - Statement of Financial Position

Effect of Transition to SLFRSs/LKAS

	Notes	Equity as at 1st April 2011							
		Company		Group					
		As per SLAS	Re measurements	Re classification	As per SLFRSs/ LKASs	As per SLAS	Re measurements	Re classification	As per SLFRSs/ LKASs
Assets									
Cash and Cash at Bank	A	19,038,427	-	-	19,038,427	427,845,146	-	1,287,303,945	1,715,149,091
Short Term Investments		4,417,810,959	-	-	4,417,810,959	1,417,810,959	-	-	1,417,810,959
Treasury Bills and Other bills eligible for re-discounting with									
Central Bank of Sri Lanka Fair Value Through Profit or Loss - Financial Assets	A	-	-	-	-	1,622,157,957	-	(1,622,157,957)	-
Placements with Other banks	B	-	-	-	-	-	353,252,483	1,622,283,885	1,975,536,367
Loans and Receivables - Financial Assets	C	-	-	-	-	302,583,827	-	(302,583,827)	-
Gold Loans	D	-	-	-	-	1,876,253,903	(33,609,471)	5,666,977,116	7,509,621,548
Lease Rentals Receivable & Stock out on Hire	D	-	-	-	-	5,666,977,116	-	(5,666,977,116)	-
Available for Sale - Financial Assets	E	-	-	-	-	16,329,573,407	(241,663,386)	-	16,087,910,021
Advance for Vehicle Stock	B	-	-	-	-	-	4,914,237	506,098,096	511,012,333
Real Estate Stock	F ii	-	-	-	-	519,705,853	-	(519,705,853)	-
Trade and Other Debtors, Deposits and Prepayments	F ii	-	-	-	-	237,520,182	-	(237,520,182)	-
Investments in Securities	F i	73,622,142	-	-	73,622,142	1,169,692,401	142,651,460	(913,093,602)	399,250,259
Investments in Subsidiaries	F ii	6,910,395,270	-	(6,910,395,270)	-	8,772,247,702	-	(8,772,247,702)	-
Investment in Associates	G	14,822,125,320	-	-	14,822,125,320	-	-	-	-
Amount Due From Related Parties	G	280,000,000	-	6,910,395,270	7,190,395,270	280,000,000	(291,413,043)	6,910,395,270	6,898,982,227
Other Financial Assets	B	25,434,257	-	-	25,434,257	183,961,983	-	(183,961,983)	-
Other Non Financial Assets	H	-	-	-	-	-	7,980,714	759,861,479	767,842,193
Deferred Tax Assets	F	-	-	-	-	-	6,505,796	1,464,034,917	1,470,540,712
Income Tax Recoverable	I	23,263,788	-	-	23,263,788	23,263,787	-	-	23,263,787
Inventories		1,246,903	-	-	1,246,903	2,185,254	-	-	2,185,254
Intangible Assets	J	-	-	-	-	1,380,703,093	-	-	1,380,703,093
Property, Plant and Equipment	J	-	-	-	-	11,246,030,419	-	51,201,974	11,297,232,393
Equipment	J	28,882,759	-	-	28,882,759	5,284,481,504	-	(51,201,974)	5,233,279,530
Total Assets		26,601,819,825	-	-	26,601,819,825	56,742,994,493	(51,381,211)	(1,293,514)	56,690,319,768

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

Reconciliation of Equity - Statement of Financial Position

Effect of Transition to SLFRSs/LKASs

	Notes	Equity as at 1st April 2011							
		Company		Group					
		As per SLAS	Re measurements	Re classification	As per SLFRSs/ LKASs	As per SLAS	Re measurements	Re classification	As per SLFRSs/ LKASs
LIABILITIES									
Due to Bank	K	-	-	-	-	-	-	4,325,252,761	4,325,252,761
Due to Customers	K	-	-	-	-	16,619,680,724	-	642,360,773	17,262,041,497
Interest Bearing Loans and Borrowings	K	-	-	-	-	5,989,876,418	-	(3,577,273,801)	2,412,602,617
Trade and Other Payables	K	8,646,083	-	-	8,646,083	2,216,058,407	-	(1,641,480,726)	574,577,681
Other Non Financial Liabilities	K	-	-	-	-	-	-	701,140,993	701,140,993
Amount Due To Related Parties		22,114,064	-	-	22,114,064	21,447,400	-	-	21,447,400
Dividend Payable		-	-	-	-	15,826,051	-	-	15,826,051
Debentures	K	-	-	-	-	450,000,000	-	(450,000,000)	-
Employee Benefit Liabilities		-	-	-	-	134,658,434	-	-	134,658,434
Income Tax Liabilities	I	-	-	-	-	266,645,929	68,899,418	-	335,545,347
Deferred Tax Liabilities	I	-	-	-	-	154,805,163	(73,572,363)	-	81,232,800
Total Liabilities		30,760,147	-	-	30,760,147	25,868,998,526	(4,672,945)	-	25,864,325,581
Shareholders' Funds									
Equity Attributable to									
Equity Holders of the									
Parent									
Stated Capital		26,631,186,970	-	-	26,631,186,970	26,631,186,970	-	-	26,631,186,970
Reserves		(60,127,292)	-	-	(60,127,292)	580,868,013	(169,309,415)	-	411,558,598
Non Controlling Interest		-	-	-	-	3,661,940,986	121,307,633	-	3,783,248,619
Total Equity		26,571,059,678	-	-	26,571,059,678	30,873,995,969	(48,001,782)	-	30,825,994,187
Total Equity and									
Liabilities		26,601,819,825	-	-	26,601,819,825	56,742,994,495	52,674,727	-	56,690,319,768

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

Notes to the Reconciliations

A. Cash and Cash at Bank

Re - Purchase Agreements with less than three months maturity has been re classified.

As at 31st March	Company		Group	
	2012	As at 1st April 2011	2012	As at 1st April 2011
Re classified from Treasury Bills and other bills eligible for re discounting	-	-	1,284,730,428	1,287,303,945
	-	-	1,284,730,428	1,287,303,945
Treasury Bills and Other bills eligible for re-discounting with Central Bank of Sri Lanka				
Reclassification to - Cash and Cash at Bank	-	-	(1,284,730,428)	(1,287,303,945)
Reclassification to - Financial Assets - Available for Sale	-	-	-	(100,527,116)
Reclassification to - Other Financial Assets	-	-	-	(250,992,931)
Adjustment on Interest Receivable	-	-	17,766,148	16,666,037
	-	-	(1,266,964,280)	(1,622,157,957)

B. Financial Assets - Fair Value Through Profit or Loss / Available for Sale

Under previous SLAS, the Group and Company accounted it's investment portfolios which were not held for active trading activities at cost. Under SLFRS/LKAS, the Group and company have designated such investments as available-for-sale Financial assets and fair value through profit or loss Financial assets. SLFRS/LKAS requires such investments to be measured at fair value upon initial recognition and subsequent measurements.

As at 31st March	Company		Group	
	2012	As at 1st April 2011	2012	As at 1st April 2011
B. i Fair Value Through Profit or Loss				
Re-classified from Investment in Securities	86,813,030	-	1,065,615,399	1,622,283,885
	86,813,030	-	1,065,615,399	1,622,283,885
Changes in Fair Value	1,681,858	-	-	339,366,946
Re-measurement of Government Securities	-	-	6,740,091	13,885,536
	1,681,858	-	6,740,091	353,252,482
B. ii Available for Sale Financial Investments				
Re-classified from Due from Related Party	-	-	192,395,446	183,961,983
Re-classified from Investment in Securities	652,530,240	-	766,010,917	221,608,997
Re-classified from Government Securities	-	-	-	100,527,116
	652,530,240	-	958,406,363	506,098,096
Effective Interest Rate adjustment	-	-	12,251,120	4,914,237
	652,530,240	-	970,657,484	511,012,333

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

As at 31st March	2012	Company As at 1st April 2011	2012	Group As at 1st April 2011
C. Placements with Other Banks				
Placements with Other Banks represent Fixed Deposits made by LB Finance PLC				
Re-classified to - Other Financial Assets	-	-	(963,593,487)	(302,583,827)
			(963,593,487)	(302,583,827)
D. Gold Loan				
The Group previously presented gold loan capital & interest receivables on the Statement of Financial Position separately now it has been transferred to Loans & Receivables Financial Assets.				
Re-classified to - Loans & Receivables Financial Assets	-	-	(8,490,950,281)	(5,666,977,116)
			(8,490,950,281)	(5,666,977,116)

Loans & Receivables

According to SLFRS/LKAS the Group revised provisioning on loans & accordingly made impairment on loans. The Group previously presented gold loan on the Statement of Financial Position separately. Now it has been transferred to Loans & Receivables Financial Assets. Un-quoted debentures were presented under investment in securities by the Group & company previously, have been transferred to loans and receivables.

As at 31st March	2012	Company As at 1st April 2011	2012	Group As at 1st April 2011
Re-classified from Gold Loan	-	-	8,490,950,281	5,666,977,116
Un-quoted Debentures re-classified from Investment securities	225,000,000	-	225,000,000	-
	225,000,000	-	8,715,950,281	5,666,977,116
Impairment on loans	-	-	(121,017,600)	(33,609,471)
	225,000,000	-	8,369,932,681	5,633,367,646

E. Lease Rentals Receivable & Stock out on Hire

As at 31st March	2012	Company As at 1st April 2011	2012	Group As at 1st April 2011
Provision Reversal	-	-	577,000,765	529,543,787
Interest in Suspense Reversal	-	-	137,087,886	124,547,108
Impairment	-	-	(609,455,403)	(611,116,103)
Sum of digits & No. of days method	-	-	(212,632,859)	(251,940,374)
Staff Loan	-	-	(40,345,255)	(32,697,803)
	-	-	(148,344,866)	(241,663,386)

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

F i. Trade and Other Debtors, Deposits and Prepayments

As at 31st March	Company		Group	
	2012	As at 1st April 2011	2012	As at 1st April 2011
Re classified to Other Non Financial Assets	-	-	(1,262,346,420)	(913,093,602)
	-	-	(1,262,346,420)	(913,093,602)
Net Interest on Refundable Deposits *	(141,117)	-	(141,117)	-
Re measurement on Advances & Pre Payments	-	-	(26,788,013)	142,651,460
	(141,117)	-	(26,929,130)	142,651,460

* Refundable Deposit on Rents previously measured at cost is now re measured at fair value on the date of transition as per LKAS 39 using Effective Interest Rate.

Investments in Securities

As at 31st March	Company		Group	
	2012	As at 1st April 2011	2012	As at 1st April 2011
Re-classified to Financial Investments - FVTPL	(86,813,030)	-	(1,065,615,399)	(1,622,283,885)
Re-classified to Financial Investments - AFS	(652,530,240)	-	(766,010,917)	(221,608,997)
Re-classified to Loans and Receivables	(225,000,000)	-	(225,000,000)	-
Re-classified to Investment in Associates	(6,926,041,349)	(6,910,395,270)	(6,926,041,349)	(6,910,395,270)

F ii. Other Non Financial Assets / Real Estate Stock / Advance for Vehicles / Trade & other debtors

Under SLFRS/LKAS the Group re-classified other receivable, real estate stock & advance for vehicles to the other financial assets. Under previous SLAS, staff loans were recorded at cost less repayments, net of loan less provision. As per SLFRS/LKAS, the Group measured staff loans granted below the market interest rate at their fair value, calculated based on the market interest rate of similar products. The difference between the fair value and previous SLAS carrying amount staff loan has been deducted from Lease rentals receivable and Stock out on hire and recognized as pre-paid staff cost in Other Non Financial Assets.

As at 31st March	Company		Group	
	2012	As at 1st April 2011	2012	As at 1st April 2011
Re-classified from Real Estate Stock	-	-	143,212,184	237,520,182
Re-classified from Advance for Vehicle	-	-	127,212,567	519,705,853
Re-classified from Trade & other Debtors	-	-	1,262,346,420	913,093,602
Re-classified to Other Financial Assets	-	-	(7,366,890)	(206,284,720)
	-	-	1,525,404,281	1,464,034,917
Pre-paid Staff cost	-	-	(27,899,596)	6,505,796
	-	-	1,497,504,685	1,470,540,713

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

G. Investment in Associates

The Group re-classified its investment in Sampath Bank PLC to Equity Accounted Investees. Previously it was accounted under Investment in Securities.

As at 31st March	Company		Group	
	2012	As at 1st April 2011	2012	As at 1st April 2011
Re - classified from Investment in Securities to Equity Accounted Investees	6,926,041,349	6,910,395,270	6,926,041,349	6,910,395,270
Adjustment of Share of Profit, OCI and Deferred Tax on undistributable profit of Equity Accounted Investees.	-	-	(116,314,845)	(291,413,044)
	6,926,041,349	6,910,395,270	6,809,726,504	6,618,982,226

The Group account investment in Sampath Bank PLC as an investment in associate with effect from 1st April 2011 since company exercise significant influence on governing financial and operating policies of the said Bank.

H. Other Financial Assets

Under previous SLAS, investment in fixed deposits were shown at their original deposit value and interest was accrued on straight-line basis. Under SLFRS/LKAS, interest was previous recognized on EIR method and stated at amortized cost. At the date of transition, it was adjusted to the retained earnings and netted off against the investment in fixed deposits.

	Company		Group	
	Balance as at 31st March 2012	Balance as at 1st April 2011	Balance as at 31st March 2012	Balance as at 1st April 2011
Re-classified from Treasury Bills	-	-	-	250,992,933
Re-classified from Placement with other banks	-	-	963,593,487	302,583,827
Re-classified from Non Financial Assets	-	-	7,366,890	206,284,720
	-	-	970,960,377	759,861,479
EIR Adjustment	-	-	48,873,165	7,980,714
	-	-	1,019,833,542	767,842,193

I. Deferred Tax Assets

Impact on Deferred Tax Assets on SLFRS/LKAS transitions	-	-	82,566,125	-
	-	-	82,566,125	-
Deferred Tax Liabilities				
Impact on Deferred Tax Liabilities on SLFRS/LKAS transitions	-	-	22,369	(73,572,363)
	-	-	22,369	(73,572,363)
Income Tax Liability				
Impact on Income Tax Liability on SLFRS/LKAS transitions - LB Finance PLC	-	-	(97,196,055)	68,899,418
	-	-	(97,196,055)	68,899,418

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

J. Intangible Assets / Property, Plant & Equipment

The Group re-classified software work in progress from Property, Plant & Equipment to Intangible Assets .

As at 31st March	Company		Group	
	2012	As at 1st April 2011	2012	As at 1st April 2011
Re - classified from Property Plant and Equipment	-	-	(76,822,489)	(51,201,974)
Re - classified to Intangible assets	-	-	76,822,489	51,201,974
Goodwill adjustment [Note (a)]	-	-	(645,302,891)	-
	-	-	(568,480,402)	51,201,974

(a) Goodwill Adjustment

Increase in stake in LB Finance PLC by Royal Ceramics Lanka PLC after obtaining control of LB Finance PLC has been considered as a equity transaction as per SLFRS/LKAS resulted in decrease in goodwill by Rs. 712,822,940 and balance contains effect of treasury shares of Rs. 14,579,117 and other adjustments of Rs. 82,099,165 recorded.

K. Due to Bank

As at 31st March	Company		Group	
	2012	As at 1st April 2011	2012	As at 1st April 2011
Re classified from Borrowings	-	-	10,993,150,849	4,325,252,761
	-	-	10,993,150,849	4,325,252,761
Trade & Other payables				
Re classified to Other Non Financial Liabilities	-	-	(887,399,983)	(701,140,992)
Re classified to Due to Customers	-	-	(914,462,071)	(642,360,773)
Re classified to Borrowings	-	-	(481,093,297)	(297,978,961)
	-	-	(2,282,955,351)	(1,641,480,726)
Other Non Financial Liabilities				
Re-classified from Trade & Other Payables	-	-	887,399,982	701,140,993
	-	-	887,399,982	701,140,993
Due to Customers				
Re classified from Trade & Other Payables				
Classified to Fixed Deposits			914,462,071	623,723,969
Classified to Certificate of Deposits			-	18,636,805
	-	-	914,462,071	642,360,773
Interest Bearing Loans and Borrowings				
Re classified to Due to Bank	-	-	(10,993,150,849)	(4,325,252,762)
Re classified from Debentures			995,000,000	450,000,000
Re classified from Trade and Other Payables			481,093,297	297,978,961
	-	-	(9,517,057,552)	(3,577,273,801)

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

Reconciliation of Comprehensive Income Statements For the Year Ended 31st March 2012

	Notes	Company			SLFRSs / LKASs	SLAS	Consolidated		SLFRSs / LKASs
		SLAS	Effect of Transition				Effect of Transition		
			Re measurement	Re classification			Re measurements	Re classification	
Revenue	L	-	-	-	-	26,605,697,373	58,792,440	562,247,460	27,226,737,273
Cost of Sales		-	-	-	-	(18,107,983,967)	-	-	(18,107,983,967)
Gross Profit/ (Loss)		-	-	-	-	8,497,713,406	58,792,440	562,247,460	9,118,753,306
Dividend Income		360,072,196	-	-	360,072,196	27,502,651	-	-	27,502,651
Other Operating Income	M	347,690,985	-	(347,690,985)	-	1,061,151,527	(39,931,775)	(650,229,945)	370,989,808
Administrative Expenses	N	(85,490,714)	-	(63,697)	(85,554,411)	(2,094,981,557)	(7,702,082)	(646,735,027)	(2,749,418,666)
Distribution Expenses	O	-	-	-	-	(1,974,834,506)	(4,420,050)	651,910,443	(1,327,344,113)
Other Operating Expenses	P	-	-	-	-	-	(5,276,217)	(166,544,195)	(171,820,412)
Finance Cost	Q	(75,125,572)	(141,117)	63,697	(75,202,992)	(697,958,936)	(234,478,758)	(80,663,428)	(1,013,101,122)
Finance Income	Q	-	-	347,690,985	347,690,985	-	-	289,118,827	289,118,827
Provision for fall in value of Investments	P	(24,520,482)	1,681,858	21,603,935	(1,234,689)	(189,459,905)	1,681,858	102,368,164	(85,409,883)
Bad and Doubtful Loans and Write Offs	P	-	-	-	-	(78,430,618)	-	78,430,618	-
Amortization of Intangible Assets	P	-	-	-	-	(50,520,782)	-	50,520,782	-
Negative Goodwill	P	-	-	-	-	201,136,342	-	(201,136,342)	-
Profit From Operations		522,626,413	1,540,741	21,603,935	545,771,090	4,701,317,622	(231,334,584)	(10,712,643)	4,459,270,396
Value Added Tax on Financial Services		-	-	-	-	(156,861,925)	6,909,694	-	(149,952,231)
Profit/(Loss) before tax		522,626,413	1,540,741	21,603,935	545,771,090	4,544,455,697	(224,424,890)	(10,712,643)	4,309,318,165
Share of Results of Equity Accounted Investees	R	-	-	-	-	9,567,875	915,330,948	-	924,898,823
Income Tax Expense	S	(73,852,767)	-	-	(73,852,767)	(908,870,171)	(297,506,998)	-	(1,206,377,169)
Net Profit / (Loss) for the Year		448,773,645	1,540,741	21,603,935	471,918,322	3,645,153,401	393,399,060	(10,712,643)	4,027,839,819
Other Comprehensive Income									
Share of other Comprehensive Income of Equity Accounted Investees		-	-	-	-	-	(448,043,325)	-	(448,043,325)
Net gain / Loss on Available for Sale									
Financial Assets			-	(21,603,935)	(21,603,935)	-	(56,567,643)	(21,603,935)	(78,171,578)
Exchange Difference on Translation of Foreign Operations		-	-	-	-	-	332,821,568	-	332,821,568
Other Comprehensive									
Income for the year		-	-	(21,603,935)	(21,603,935)	-	(171,789,400)	(21,603,935)	(193,393,335)
Total Comprehensive									
Income for the year		448,773,645	1,540,741	-	450,314,387	3,645,153,401	(221,609,660)	(32,316,578)	3,834,446,484

4 FIRST-TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

Notes to the Reconciliation

L. Revenue

The Group re-classified revenue nature income sources which were previously presented under other operating income. Re measurement of Rs. 59 mn represents staff loan fair value adjustment, EIR adjustments on Loans, Lease, Hire Purchase & Other advances and impact on interest unwinding.

For the Year Ended 31st March 2012

	Company Rs.	Group Rs.
Re-classification from other operating income Fees & Commission income		
Credit Related Fees and Commissions	-	273,178,444
Service charge	-	289,069,016
	-	562,247,460
Re measurement of Loans, Lease, Hire Purchase and Other Advances	-	58,792,440
	-	621,039,900

M. Other Operating Income

Re-classified to Finance income

Interest Income	(339,292,961)	-
Profit on Disposal of Investments	(8,398,024)	-
Fees & Commission Income re-classified to Revenue	-	(562,247,460)
Re-classified from Gain on Bargain Purchase	-	201,136,342
Re-classified to Finance Income	-	(289,118,827)
	(347,690,985)	(650,229,945)
Effective Interest Rate adjustment	-	65,097,819
Net Gain/(Loss) Adjustment for Fair value through profit or loss	-	(105,029,593)
	(347,690,985)	(690,161,720)

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

N. Administration Expenses

For the Year Ended 31st March 2012	Company Rs.	Group Rs.
Amortization of Intangibles classified to Other Operating Expenses	-	5,276,217
Re classification of Staff Cost and provision form Staff Retirement Benefits from Distribution Expenses	-	(854,613,869)
Bank Charges re - classified from Finance Cost	(63,697)	(100,801)
Re classification of Advertising and Business Promotional Expenses to Distribution Expenses	-	202,703,426
	(63,697)	(646,735,027)
Amortization of Staff Cost Day 01 difference	-	(7,702,082)
	(63,697)	(654,437,109)

O. Distribution Expenses

SLFRS / LKAS requires total lease payments under operating leases be recognized as an expense on straight line basis over the lease term.		
Re classification of Staff Cost and provision for Staff Retirement Benefits to Administration Expenses	-	854,613,869
Re classification of Advertising and Business Promotional Expenses from Administration Expenses	-	(202,703,426)
	-	651,910,443
Lease Payment adjustment	-	(4,420,050)
	-	647,490,393

P. Other Operating Expenses

Re- classified from Bad and Doubtful Loans And Write Offs	-	(78,430,618)
Re assessment of provision for impairment	-	(37,592,795)
Re- classified from amortization of Intangible Assets	-	(50,520,782)
	-	(166,544,195)
Adjustment made to Amortization of Intangibles	-	(5,276,217)
	-	(171,820,412)

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

P Provision for fall in value of Investments

For the Year Ended 31st March 2012	Company Rs.	Group Rs.
Re classified loss on Available for Sale Financial Assets to OCI	21,603,935	21,603,935
	21,603,935	21,603,935
Fair value of Fair Value Through Profit or Loss Financial Assets	1,681,858	1,681,858
Re classified to Finance Cost	-	80,764,229
	23,285,793	104,050,022

P Bad and Doubtful Loans and Write Offs

Re- classified to Other Operating Expenses	-	78,430,618
	-	78,430,618

P Amortization of Intangible Assets

Re - classified to Other Operating Expenses	-	50,520,782
	-	50,520,782

P Gain on Bargain Purchase

Re-classified to Other Operating Income	-	(201,136,342)
	-	(201,136,342)

Q Finance Cost

Refundable deposit on rent previously measured at cost is now re measured at fair value on the date of transition as per LKAS 39 using effective interest rate.

For the Year Ended 31st March 2012	Company Rs.	Group Rs.
Net Interest on Refundable Deposits	(141,117)	(141,117)
Net Loss on Financial Assets at Fair Value Through Profit or Loss	-	(234,337,641)
	(141,117)	(234,478,758)
Bank charges re - classified to Administration Expenses	63,697	100,801
Re - classified from provision for fall in value of investments	-	(80,764,229)
	(77,420)	(315,142,186)

4 FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd.)

Q. Finance Income

Re - classified from Other Operating Income

For the Year Ended 31st March 2012

	Company Rs.	Group Rs.
Exchange Gain	-	26,997,791
Interest Income	(339,292,961)	102,815,844
Gain/loss on fair valuation of Fair Value Through Profit or Loss Financial Assets	-	(7,129,153)
Gain/loss on fair valuation of Available for Sale Financial Assets	-	(28,988,489)
Profit on Financial Assets at Fair Value Through Profit or Loss Financial Assets	-	164,036,806
Profit on Disposal of Investment	(8,398,024)	31,386,028
	(347,690,985)	289,118,827

R. Share of results of Equity Accounted Investees

The Group account investment in Sampath Bank PLC as an investment in associate with effect from 1st April 2011 since Company exercise significant influence on governing financial and operating policies of the said Company.

S. Income Tax Expense

Re measurement of Income Tax Expense mainly consists of share of tax expense, share of deferred tax on undistributed profit and with holding tax adjustment on dividend of equity accounted investees.

For the Year Ended 31st March 2012

	Company Rs.	Group Rs.
Withholding tax adjustment of dividend received from Equity Accounted Investees	-	(13,949,550)
Recognition of Deferred Tax on share of undistributed profit	-	13,378,607
Share of tax expense of Equity Accounted Investees	-	(299,090,131)

5. FINANCIAL INVESTMENTS

5.1 Available for Sales - Financial Assets

As at 31st March	2013		2012		1st April 2011	
Company	Number of Shares	Rs.	Number of Shares	Rs.	Number of Shares	Rs.
Quoted Investments						
Hayleys PLC	2,182,584	651,937,841	1,812,584	652,530,240	-	-
The Fortress Resorts PLC	13,676,350	205,145,250	-	-	-	-
Total		857,083,091		652,530,240		
Group	Number of Shares	Rs.	Number of Shares	Rs.	Number of Shares	Rs.
Quoted Investments						
Diversified Holding						
Hayleys PLC	2,182,584	651,937,841	1,812,584	652,530,240	-	-
Manufacturing						
Blue Diamond Jewellery PLC	74	222	74	33	74	222
Central Industries PLC	4,092	255,750	4,092	1,172,112	4,092	393,241
Ceylon Grain Elevators PLC	44	2,187	44	118	44	7,396
Dankotuwa Porcelain PLC	14,450	199,410	14,450	3,403,481	14,450	865,555
Samson International PLC	5,363	440,839	5,363	2,588,559	5,363	536,300
Hotels and Travels						
The Fortress Resorts PLC	17,727,450	265,911,750	4,051,100	69,678,920	4,041,873	101,682,609
Aitken Spence Hotel Holdings PLC	308	36,837	308	6,640	308	30,184
Hotel Sigiriya PLC	700	55,300	700	35,084	700	53,270
Palm Garden Hotels PLC	36	3,438	72	482	72	9,266
Trading						
Softlogic Finance PLC	1,540,000	39,270,000	1,552,733	42,658,000	1,540,000	96,249,999
Stores and Supplies						
Hunter & Company PLC	10	3,084	10	35	10	14,900
Bank Finance and Insurance						
Commercial Bank of Ceylon PLC	262	29,606	122	1,488	40	10,632
Merchant Bank PLC	61	982	61	109	61	2,818
Seylan Bank PLC	2,500	163,000	2,500	418,125	2,500	188,000
Union Bank of Colombo PLC	7,900	134,300	7,900	1,092,175	7,900	282,820
Beverages, Food and Tobacco						
Keells Food Products PLC	500	35,000	500	25,000	500	75,000
Lanka Milk Foods PLC	5,500	595,650	5,500	2,958,450	5,500	642,950
Soy Foods (F&W) PLC	22	3,078	22	85	72	8,914
		959,078,273		776,569,137		201,054,078

5. FINANCIAL INVESTMENTS (Contd.)

5.1 Available for Sales - Financial Assets (Contd.)

As at 31st March	2013	2012	As at 1st April
Group	Rs.	Rs.	Rs.
Un-quoted Investments			
Rocell Ceramic Limited	196,396,497	192,395,446	183,961,983
Rocell Property Limited	73,506	-	-
Credit Information Bureau	104,700	104,700	104,700
Finance House Association	200,000	200,000	200,000
Free Lanka Capital Holdings (Pvt) Ltd.	-	-	25,129,020
National Asset Management Ltd.	-	250,000	-
Asian Paints (Pvt) Ltd.	-	1,063,201	-
E Consultant Ltd.	-	75,000	-
	196,774,703	194,088,347	209,395,703
Government Securities (Note 5.1.1)	368,323,096		100,562,552
	1,524,176,072	970,657,484	511,012,333

5.1.1 Government Securities

As per the 'Guidelines to Registered Finance Companies and Specialised Leasing Companies on the Operations of the Investment Fund Account proposed in the 2011 Budget' issued by the Central Bank of Sri Lanka, the funds available in Investment Fund Account (IFA) can be invested in long-term Government securities and/or bonds with maturities not less than seven years and can be invested in Government Treasury Bills for a maximum period of three months from the date of transfer to the fund until loans are granted.

5.2 Fair Value Through P&L - Financial Assets

As at 31st March Company	2013		2012		As at 1st April 2011	
	Number of Shares	Rs.	Number of Shares	Rs.	Number of Shares	Rs.
Quoted Investments						
The Kingsbury PLC	679,901	9,110,673	583,346	10,150,220	-	-
Citrus Leisure PLC	5,615,356	108,376,371	2,620,223	78,344,668	-	-
Lanka Orix Leasing Co PLC	965,840	55,052,880	-	-	-	-
Janashakthi Insurance PLC	1,000,000	12,300,000	-	-	-	-
Peoples Leasing PLC	1,000,000	13,100,000	-	-	-	-
Richard Pieris & Company PLC	1,040,164	6,865,082	-	-	-	-
Textured Jersey Lanka PLC	557,975	5,523,953	-	-	-	-
		210,328,959		88,494,888		-

As at 31st March Group	2013		2012		As at 1st April 2011	
	Number of Shares	Rs.	Number of Shares	Rs.	Number of Shares	Rs.
Quoted Investments						
Bank, Finance and Insurance						
Lanka Orix Leasing Co PLC	965,840	55,052,880	-	-	-	-
Janashakthi Insurance PLC	1,000,000	12,300,000	-	-	-	-
Peoples Leasing PLC	1,000,000	13,100,000	-	-	-	-
Ceylinco Insurance PLC	-	-	17,400	12,727,896	-	-
Commercial Bank of Ceylon PLC	-	-	48,908	4,890,800	-	-
National Development Bank PLC	64,076	10,131,000	62,738	7,707,268	-	-
Union Bank of Colombo PLC	-	-	2,400	42,000	-	-
Pan Asia Banking Corporation PLC	6,177,271	117,368,149	4,902,182	115,201,277	1,906,600	97,808,580
Central Finance Company PLC	-	-	-	-	30,100	38,338,370
Sampath Bank PLC	-	-	20,460	3,681,777	-	-
Seylan Merchant Bank PLC	174	157	261	196	-	-
Softlogic Finance PLC	1,057,583	26,968,367	1,085,367	29,818,110	-	-
Vanik Incorporation PLC	-	-	587,975	470,320	-	-
Seylan Bank PLC (Non Voting)	90,700	3,219,850	90,700	2,630,300	90,700	3,564,510
Food Processing						
Bairaha Farms PLC	17,600	2,634,720	17,600	2,288,000	17,600	7,057,600
Keells Food Products PLC	-	-	76,500	7,840,800	-	-

5. FINANCIAL INVESTMENTS (Contd.)

5.2 Fair Value Through P&L - Financial Assets (Contd.)

As at 31st March Group	2013		2012		As at 1st April 2011	
	Number of Shares	Rs.	Number of Shares	Rs.	Number of Shares	Rs.
Manufacturing						
Lanka Walltiles PLC	21,840	1,220,856	21,840	1,528,800	21,840	3,153,500
Dipped Products PLC	16	1,776	16	1,297	-	-
Hayleys Exports PLC	-	-	152	4,408	-	-
Kelani Cables PLC	22,400	1,435,840	22,400	1,500,800	-	-
Lanka Cement PLC	-	-	15,000	165,000	-	-
Lanka Tiles PLC	2,397	166,591	2,397	156,045	2,397	314,247
Tokyo Cement PLC	-	-	263,500	7,114,500	13,500	594,000
Trading						
Browns & Company PLC	-	-	500,000	1,650,000	-	-
Hotels and Travels						
Aitken Spence PLC	225,000	26,910,000	300,000	33,638,336	225,000	36,517,500
Hotel Developers (Lanka) PLC	71,200	6,749,760	71,200	5,801,760	-	-
Royal Palms Beach Hotels PLC	4,300	150,500	4,300	206,400	-	-
Tangerin Beach Hotel PLC	13,900	909,060	13,900	1,292,700	-	-
John Keells Hotels PLC	1,334,853	17,290,060	2,165,070	27,279,945	2,000,000	34,400,000
The Kingsbury PLC	679,901	9,110,673	588,346	10,150,220	-	-
Citrus Leisure PLC	8,383,632	161,804,098	4,117,333	123,107,958	-	-
Citrus Leisure PLC - Warrant 2015	10	25	10	77	-	-
Citrus Waskaduwa PLC	1,400,145	7,420,769	1,400,145	13,301,377	-	-
Serandib Hotels PLC	16,000	379,200	3,905,500	96,856,400	-	-
The Fortress Resorts PLC	336,100	5,041,500	14,012,450	241,014,140	13,685,577	343,276,385
Eden Hotels Lanka PLC	20,000	594,704	20,000	616,000	-	-
Aitken Spence Hotel Holdings PLC	-	-	80,644	5,645,080	-	-
Diversified Holdings						
Browns Investments PLC	699,995	2,309,984	2,000,000	6,600,000	-	-
Hayleys PLC	1,222	365,011	2,183,806	133,639,991	3,496,855	1,336,148,295
Hemas Holdings PLC	-	-	91,500	2,406,450	-	-
Expolanka Holdings PLC	3,437,700	23,375,879	3,437,700	21,313,740	-	-
Free Lanka Capital Holdings PLC	1,149,800	2,922,590	1,149,800	2,251,510	5,320,000	25,129,020

5. FINANCIAL INVESTMENTS (Contd.)

5.2 Fair Value Through P&L - Financial Assets (Contd.)

As at 31st March Group	2013		2012		As at 1st April 2011	
	Number of Shares	Rs.	Number of Shares	Rs.	Number of Shares	Rs.
John Keells Holdings PLC	-	-	16,666	3,433,196	-	-
Richard Pieris Co PLC	1,040,164	6,865,082	-	-	-	-
Softlogic Holding PLC	-	-	86,100	801,420	-	-
Sunshine Holdings PLC	-	-	59,000	404,320	-	-
CT Land Development PLC	-	-	100,000	2,420,000	-	-
Laugfs Gas PLC	-	-	-	-	587,300	26,076,120
Ascot Holding PLC	30,000	4,719,000	-	-	-	-
John Keells PLC	-	-	208,000	9,382,045	-	-
Purification						
Haycarb PLC	-	-	83,100	13,296,000	-	-
Footware & Textiles						
Kuruwita Textiles Mills PLC	-	-	60,600	1,557,420	-	-
Textured Jersey Lanka PLC	557,975	5,523,953	-	-	-	-
Power & Energy						
Vallibel Power Erathna PLC	-	-	1,654,900	12,818,560	-	-
Telecommunication						
ACL Cables PLC	-	-	19,600	1,226,960	19,600	1,842,400
Health Care						
The Lanka Hospital Corporation PLC	45,519	1,593,165	475,800	15,511,080	475,800	21,315,840
Construction & Engineering						
Access Engineering PLC	2,000,000	39,400,000	2,000,000	53,400,000	-	-
Land & Property						
Colombo Land & Development Company PLC	-	-	182,900	7,133,100	-	-
Investment Trust						
Ceylon Guardian PLC	-	-	66,752	15,419,711	-	-
		567,035,198		1,061,345,490		1,965,536,367
Un-quoted Investments						
MBSL Insurance Company Limited	4,666,667	13,596,784	3,670,000	11,010,000	-	-
		13,596,784		11,010,000		-
Total		580,631,982		1,072,355,490		1,965,536,367

5.3 Fair Value of Financial Instruments

The Following methods & assumptions were used to estimate the fair value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Group estimate of assumptions that a market participant would make when valuing the financial instruments.

Cash & short term deposits, trade receivable, trade payables and other financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Long term variable-rate borrowing approximate their carrying amounts largely due to the market based interest rates.

Hence the carrying amounts of Group's financial instruments are reasonable approximation of their fair value.

Financial Assets - Fair Value Through Profit or Loss

Financial investments measured at fair value are quoted equities. For quoted equities, Company uses quoted market price in active markets as at the reporting date.

Financial Assets- Available for Sale

Financial Investments - Available for Sale, primarily consist of equity securities and Government debt securities are valued using valuation techniques or pricing models. These assets are valued using models that use observable data. Government debt securities are valued using yield curves published by the Central Bank of Sri Lanka and quoted equities are valued using quoted market prices in the active markets as at the reporting date.

Determination of Fair Value and Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by Valuation techniques.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

5.3 Fair Value of Financial Instruments (Contd.)

Group As at 31st March 2013	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets				
Financial Assets - Fair Value Through Profit or Loss				
Quoted Equities	567,035,198	-	-	567,035,198
Un-quoted Equities	-	-	13,596,784	13,596,784
	567,035,198	-	13,596,784	580,631,982
Financial Assets - Available for Sale				
Government Securities	368,323,096	-	-	368,323,096
Quoted Equities	959,078,273	-	-	959,078,273
Un-quoted Equities	-	196,774,703	-	196,774,703
Total	1,327,401,369	196,774,703	-	1,524,176,072
As at 31st March 2012				
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets				
Financial Assets - Fair Value Through Profit or Loss				
Quoted Equities	1,061,345,490	-	-	1,061,345,490
Un-quoted Equities	-	-	11,010,000	11,010,000
	1,061,345,490	-	11,010,000	1,072,355,490
Financial Assets - Available for Sale				
Government Securities	-	-	-	-
Quoted Equities	776,569,137	-	-	776,569,137
Un-quoted Equities	-	194,088,347	-	194,088,347
Total	776,569,137	194,088,347	-	970,657,484

6. LOANS AND RECEIVABLES

As at 31st March	Company		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Vallibel Finance PLC - Un-quoted Debentures	375,000,000	225,000,000	-
	375,000,000	225,000,000	-
As at 31st March	Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Gold Loan	10,982,423,232	8,545,145,490	5,716,684,847
Real Estate Loans	5,300,209	5,118,971	6,345,247
Term Loans (Note 6.2)	1,627,646,900	1,098,703,637	768,471,004
Quick Loan	7,995,149	3,702,314	525,000
Fixed Deposit / Called Deposit	67,104,353	-	-
Margin Trading	97,892,126	128,284,232	-
Factoring Receivable	617,401,832	1,107,924,663	115,217,728
Power Drafts	230,533,980	181,779,650	27,544,834
Vehicle Loans	3,357,903,597	1,918,756,189	1,005,139,020
Vallibel Finance PLC - Un-quoted Debentures	375,000,000	225,000,000	-
	17,369,201,379	13,214,415,146	7,639,927,680
Less : Allowance for Impairment Losses (Note 6.1)	474,109,627	218,307,264	122,078,045
Less : Appropriations (Note 6.1)	-	-	8,228,088
	474,109,627	218,307,264	130,306,133
Net Loans and Receivables	16,895,091,751	12,996,107,882	7,509,621,548
As at 31st March	Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
6.1 Allowance for Impairment Losses			
6.1.1 Beginning of the Year	218,307,264	130,306,133	-
Charge / (Reversal) for the year	255,802,363	88,001,131	130,306,133
Amounts written off	-	-	-
As at 31 March	474,109,627	218,307,264	130,306,133

6. LOANS AND RECEIVABLES (Contd.)

As at 31st March	Group		
	2012 Rs.	2011 Rs.	As at 1st April 2011 Rs.
6.1.2 Individual Impairment	65,577,422	57,885,271	19,395,649
Collective Impairment	408,532,206	160,421,993	110,910,484
Total	474,109,627	218,307,264	130,306,133
Gross amount of loans individually determined to be impaired, before deducting the individually assessed impairment allowance.	225,077,131	68,889,404	45,512,168
	225,077,131	68,889,404	45,512,168
6.1.3 Gold Loans	310,681,024	90,418,952	42,773,394
Vehicle Loans	26,930,434	7,065,425	39,086,171
Term Loans	48,773,424	46,526,125	48,446,568
Power Drafts	4,194,951	-	-
Factoring Receivable	83,529,793	74,296,761	-
Total	474,109,627	218,307,264	130,306,133

6.2 Term Loans include loans granted to Company Officers, the movement of which is as follows:

As at 31st March	Group		
	2012 Rs.	2011 Rs.	As at 1st April 2011 Rs.
Begining of the Year	3,889,534	2,923,791	3,019,248
Add : Loans granted during the year	8,600,244	7,931,400	6,557,242
Less : Repayments during the year	(8,010,104)	(6,965,657)	(6,652,698)
As at 31 March	4,479,674	3,889,534	2,923,791

7. LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE

As at 31st March	Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Gross rentals receivables			
- Lease Rentals	30,154,261,920	23,863,912,541	13,501,238,282
- Amounts receivable from hirers	9,038,627,441	8,447,640,536	8,862,527,551
	39,192,889,361	32,311,553,077	22,363,765,833
Less: Unearned Income 5,643,752,813		10,146,191,420	8,008,108,635
Gross rentals receivables 16,720,013,020		29,046,697,941	24,303,444,442
Less : Rentals Received in Advance	16,607,586	22,154,743	20,986,896
Less : Allowance for Impairment Losses (Note 7.1)	770,084,951	609,455,403	609,284,719
Less : Appropriations	-	-	1,831,384
	786,692,537	631,610,146	632,102,999
Total net rentals receivable (Note 7.2)	28,260,005,404	23,671,834,296	16,087,910,021

7.1 Allowance for Impairment Losses

Begining Balance	609,455,403	611,116,103	-
Charge / (Reversal) for the year	156,006,093	(1,660,700)	-
Interest accrued on impaired Leases & hirers receivables	(4,623,455)	-	-
Ending Balance	770,084,951	609,455,403	-
Individual Impairment	84,885,930	72,026,875	37,656,457
Collective Impairment	685,199,021	537,428,529	573,459,646
	770,084,951	609,455,403	611,116,103
Gross amount of loans individually determined to be impaired, before deducting the individually assessed impairment allowance.	202,844,958	89,942,599	59,447,216
	202,844,958	89,942,599	59,447,216

7. LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE (Contd.)

7.2 Total Net Rentals Receivables

7.2 (a) As at 31st March 2013

	Lease				Hire Purchase			
	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.
Gross rentals receivables	13,103,472,551	17,047,837,016	2,952,352	30,154,261,919	4,104,475,638	4,904,613,278	29,538,525	9,038,627,441
Less: Unearned Income	4,277,031,455	3,637,466,801	183,129	7,914,681,386	1,181,012,958	1,047,710,554	2,786,522	2,231,510,034
Net rentals receivables	8,826,441,096	13,410,370,215	2,769,223	22,239,580,534	2,923,462,680	3,856,902,724	26,752,003	6,807,117,407
Less : Rentals Received in Advance				16,607,586				-
Less : Allowance for Impairment Losses				536,109,326				233,975,625
Less : Appropriations				-				-
Total net rentals receivable				21,686,863,622				6,573,141,782
Total net rentals receivable from lease and hire purchase								28,260,005,404

7.2 (b) As at 31st March 2012

	Lease				Hire Purchase			
	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.
Gross rentals receivables	9,604,071,953	14,254,260,431	5,580,157	23,863,912,541	3,761,274,358	4,662,818,830	23,547,347	8,447,640,535
Less: Unearned Income	3,219,647,197	2,899,603,237	450,499	6,119,700,932	1,027,852,693	858,662,456	1,892,551	1,888,407,700
Net rentals receivables	6,384,424,756	11,354,657,195	5,129,658	17,744,211,609	2,733,421,665	3,804,156,374	21,654,796	6,559,232,835
Less : Rentals Received in Advance				22,154,745				-
Less : Allowance for Impairment Losses				378,032,391				231,423,012
Less : Appropriations				-				-
Total net rentals receivable				17,344,024,473				6,327,809,823
Total net rentals receivable from lease and hire purchase								23,671,834,296

7. LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE (Contd.)

7.2 Total Net Rentals Receivables (Contd.)

7.2 (c) As at 1st April 2011

	Lease				Hire Purchase				Total
	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.	Within one year Rs.	1 - 5 years Rs.	Over 5 years Rs.	Total Rs.	
Gross rentals receivables	5,685,875,403	7,810,265,744	5,097,136	13,501,238,283	3,958,112,478	4,879,467,974	24,947,095	8,862,527,547	
Less: Unearned Income	1,868,901,256	1,659,033,442	541,478	3,528,476,176	1,156,066,589	956,951,120	2,258,924	2,115,276,634	
Net rentals receivables	3,816,974,147	6,151,232,302	4,555,658	9,972,762,107	2,802,045,889	3,922,516,854	22,688,171	6,747,250,913	
Less : Rentals Received in Advance				20,986,896				-	
Less : Allowance for Impairment Losses				339,628,986				269,655,734	
Less : Appropriations				1,831,384				-	
Total net rentals receivable				9,610,314,841				6,477,595,180	
Total net rentals receivable from lease and hire purchase								16,087,910,021	

7.3 Lease & Hire Purchase facilities granted to Company Officers, the movement of which is as follows :

As at 31st March	As at 1st April		
	2013 Rs.	2012 Rs.	2011 Rs.
As at the beginning of the year	102,816,366	106,748,612	73,588,454
Add : Loans granted during the year	79,662,412	72,436,907	74,644,523
Less : Repayments during the year	(36,050,424)	(76,369,153)	(41,484,365)
As at the end of the year	146,428,354	102,816,366	106,748,612

8. OTHER FINANCIAL ASSETS

As at 31st March	Group As at 1st April		
	2013 Rs.	2012 Rs.	2011 Rs.
Treasury Bill / Repurchases	-	-	200,552,055
Investment in Commercial Papers	-	-	50,440,877
Investment in Fixed Deposits	1,487,399,284	1,012,466,652	310,564,541
Others	-	7,366,890	206,284,720
	1,487,399,284	1,019,833,542	767,842,193

9. TRADE AND OTHER RECEIVABLES

As at 31st March	Company		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Deposits	36,606,340	10,809,310	-
Interest Receivable	76,144,817	64,491,941	73,622,142
Other Advances	10,580,181	-	-
	123,331,338	75,301,251	73,622,142

As at 31st March	Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Debtors	3,125,738,442	2,826,468,053	313,601,258
Deposits	163,195,246	98,101,808	-
Other Advances	75,392,084	-	-
Interest Receivables	37,629,465	16,925,893	73,622,142
Other Receivables	659,374,994	397,212,826	12,026,859
	4,061,330,230	3,338,708,579	399,250,259

10. OTHER NON FINANCIAL ASSETS

As at 31st March	Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Receivable From Inland Revenue Department	364,864,338	400,669,010	165,019,423
Real estate stock	147,770,471	143,212,184	237,520,182
Advance for Vehicle Stock	9,727,359	127,212,567	519,705,851
Advances & Pre-Payments	430,725,799	320,218,283	95,971,336
Sundry Debtors	635,669,527	355,182,881	277,739,074
Pre-paid Staff Cost	47,198,146	40,345,255	32,697,803
Other Non Financial Receivables	123,840,045	110,664,504	141,887,041
	1,759,795,685	1,497,504,684	1,470,540,712

11. INVESTMENT IN SUBSIDIARIES

Company	Ownership Holding (%)			Number of Shares		
	As at 31st March	As at 1st April		As at 31st March	As at 1st April	
	2013	2012	2011	2013	2012	2011
Quoted Investments						
Royal Ceramics Lanka PLC	51.01	51.01	51.01	56,502,600	56,502,600	56,502,600
LB Finance PLC	64.25	64.18	53.18	35,321,200	35,321,200	35,321,200
Un-quoted Investments						
Greener Water Ltd.	100	100	100	36,673,000	36,673,000	26,673,000
Delmege Limited	61.2	61.2	-	253,314	253,314	-
Orit Apparels Lanka (Pvt) Ltd.	50	50	-	18,400,676	24,416,301	-
	Cost			Market Value		
As at 31st March	As at 1st April		As at 1st April		As at 1st April	
	2013	2012	2011	2013	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Quoted Investments						
Royal Ceramics Lanka PLC	9,228,728,572	9,228,728,572	9,228,728,572	5,622,008,700	6,497,799,000	8,870,908,200
LB Finance PLC	5,325,333,098	5,325,333,098	5,325,333,098	4,687,123,240	4,764,829,880	6,184,742,120
	14,554,061,670	14,554,061,670	14,554,061,670	10,309,131,940	11,262,628,880	15,055,650,320
	Cost			Directors Valuation		
Un-quoted Investments						
Greener Water Ltd.	368,063,650	368,063,650	268,063,650	368,063,650	368,063,650	268,063,650
Delmege Limited	1,592,025,326	1,592,025,326	-	1,592,025,326	1,592,025,326	-
Orit Apparels Lanka (Pvt) Ltd.	604,363,600	801,944,645	-	604,363,600	801,944,645	-
	2,564,452,576	2,762,033,621	268,063,650	2,564,452,576	2,762,033,621	268,063,650
	17,118,514,246	17,316,095,291	14,822,125,320			

12. INVESTMENT IN ASSOCIATES

12.1 Quoted Investments

As at 31st March	Ownership Holding (%)			Number of Shares		
	2013	2012	As at 1st April 2011	2013	2012	As at 1st April 2011
Waskaduwa Beach Resorts PLC	20.22%	20.19%	20.00%	31,460,997	31,416,855	28,000,000
Sampath Bank PLC	14.97%	14.84%	15.00%	24,371,697	24,074,523	23,445,302

12.1.1 Carrying Value at cost

	Waskaduwa Beach Resort PLC Rs.	Company Sampath Bank PLC Rs.	Total Rs.
Balance at the 1st of April 2011	280,000,000	6,910,395,270	7,190,395,270
Investments made during the year	37,476,813	15,646,079	53,122,892
Balance at the 31st March 2012	317,476,813	6,926,041,349	7,243,518,162
Investments made during the year	285,358	60,968,021	61,253,379
Balance at the 31st March 2013	317,762,171	6,987,009,370	7,304,771,541
Market Value	2013 Rs.	2012 Rs.	2011 Rs.
Waskaduwa Beach Resorts PLC	166,743,284	298,460,123	-
Sampath Bank PLC	5,481,194,655	4,382,031,121	6,759,280,567

12.2 Carrying Value

	Waskaduwa Beach Resort PLC Rs.	Group Sampath Bank PLC Rs.	Total Rs.
Balance at the 1st of April 2011	280,000,000	6,618,982,227	6,898,982,227
Investments made during the year	37,476,813	15,646,079	53,122,892
Share of Profit Net of Tax and Dividend (12.2.1)	6,458,374	615,669,874	622,128,248
Share of Other Comprehensive Income	-	(448,043,325)	(448,043,325)
Share of Other Equity items	-	7,471,649	7,471,649
Balance at the 31st March 2012 (12.2.2)	323,935,187	6,809,726,504	7,133,661,691
Investments made during the year	285,358	60,968,021	61,253,379
Share of Profit Net of Tax and Dividend (12.2.1)	(828,439)	578,656,157	577,827,718
Share of Other Comprehensive Income	-	(49,381,139)	(49,381,139)
Share of Other Equity items	-	15,107,120	15,107,120
Balance at the 31st March 2013 (12.2.2)	323,392,106	7,415,076,663	7,738,468,769

12.2.1 Summarized Information of Associate

As at 31st March	2013 Rs.	2012 Rs.
Income statement		
Revenue includes - Other Income / Finance Income/ Net Operating Income	2,524,125,643	2,359,819,736
Expenses include - Operating expenses / Administration expenses	(1,454,852,466)	(1,280,584,478)
Value Added Tax on Financial Services	(160,894,711)	(154,336,435)
Income Tax includes WHT and Deferred Tax	(330,550,751)	(302,770,575)
Share of Profit Net of Tax and Dividend	577,827,718	622,128,248

12. INVESTMENT IN ASSOCIATES (Contd.)

12.2.2 Summarized Information of Associate (Contd.)

As at 31st March	2013 Rs.	2012 Rs.
Summarized Information of Associate		
Statement of Financial Positions Group Share of		
Total Assets	50,140,919,495	40,663,099,316
Total Liabilities	(45,622,122,681)	(36,758,883,093)
Net Assets	4,518,796,814	3,904,216,223
Less: None Controlling Interest	(9,274,214)	(9,012,629)
Goodwill	3,552,334,597	3,527,713,470
Deferred Tax on Undistributed Profit on Associates	(323,388,428)	(289,255,374)
Balance	7,738,468,769	7,133,661,691

12.3 Group Share of Commitments and Contingencies of Associates

Capital Expenditure

Approved and contracted for	23,384,637	37,794,809
Approved and but not contracted for	40,222,176	125,480,694

Commitments

Commitment for unutilised facilities	4,123,295,034	3,753,827,417
Finance Lease Commitment in Present Value term	1,225,140	-
Contingent Liabilities	13,261,275,847	14,194,678,000

13. AMOUNTS DUE FROM RELATED PARTIES

As at 31st March	Relationship	Company			Group		
		2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Greener Water Limited	Subsidiary	45,841,646	17,937,099	25,434,257	-	-	-
Orit Apparels Lanka (Pvt) Ltd	Subsidiary	80,094,795	-	-	-	-	-
Delmege Insurance Brokers (Pvt) Ltd		-	-	-	21,006,544	-	-
Delmege Limited	Subsidiary	20,738,301	70,085,808	-	-	-	-
		146,634,742	88,022,907	25,434,257	21,006,544	-	-

14. DEFERRED TAX ASSETS (LIABILITIES)

As at 31st March	Company			Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
As at 01 April	(2,161,673)	23,263,788	23,263,788	19,083,941	(57,969,010)	(82,272,745)
Acquisition during the year	-	-	-	-	(12,815,715)	-
Recognized in profit or loss	(667,261)	(25,425,461)	-	167,774,540	95,238,015	3,586,754
Reversal made during the year	-	-	-	-	3,538,134	-
Recognized in other comprehensive Income	-	-	-	(37,496,918)	(8,907,482)	20,716,981
At the end of the year	(2,828,934)	(2,161,673)	23,263,788	149,361,563	19,083,941	(57,969,010)
Deferred Tax Assets	-	-	23,263,788	221,214,007	117,779,193	23,263,787
Deferred Tax Liabilities	(2,828,934)	(2,161,673)	-	(71,852,441)	(98,695,241)	(81,232,800)
	(2,828,934)	(2,161,673)	23,263,788	149,361,566	19,083,952	(57,969,013)

15. INVENTORIES

As at 31st March	Company			Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Raw Materials	-	-	-	996,557,256	910,770,773	321,120,110
Construction Consumables	-	-	-	9,327,708	6,214,646	4,192,884
Spares and Consumables	-	-	-	1,400,524,958	691,077,159	319,990,873
Work In Progress	-	-	-	851,661,032	772,295,954	80,304,395
Seat Covers and Accessories	-	-	-	130,112,107	149,213,996	52,281,346
Finished Goods	-	-	-	1,334,773,293	1,706,002,735	614,587,904
Machinery Spares	-	-	-	38,919,827	37,867,508	-
Goods in Transit	-	-	-	276,348,110	200,458,188	18,480,100
	-	-	-	5,038,224,291	4,473,900,958	1,410,957,612
Less : Provision for Obsolete and Slow Moving Inventory	-	-	-	(99,185,598)	(27,360,569)	(30,254,519)
	-	-	-	4,939,038,693	4,446,540,389	1,380,703,093

16. INTANGIBLE ASSETS

	Software Rs.	Brand Name Rs.	Group Goodwill Rs.	Total Rs.
Cost				
As at 01 April 2011	94,041,512	904,891,300	10,350,309,184	11,349,241,996
Acquired during the year	27,703,193	-	874,705,036	902,408,229
Transfer from capital working progress	25,620,515	-	-	25,620,515
As at 31 March 2012	147,365,220	904,891,300	11,225,014,220	12,277,270,740
Acquired during the year	62,660,040	-	96,524,136	159,184,176
As at 31 March 2013	210,025,260	904,891,300	11,321,538,356	12,436,454,916
Amortization				
As at 01 April 2011	33,157,701	18,851,902	-	52,009,603
Charge for the year	5,276,217	45,244,565	-	50,520,782
As at 31 March 2012	38,433,918	64,096,467	-	102,530,385
Disposal during the year	-	-	96,524,136	96,524,136
Charge for the year	9,614,096	45,244,565	-	54,858,661
Exchange equalization reserve	633,897	-	-	633,897
As at 31 March 2013	48,681,911	109,341,029	96,524,136	254,547,079
Net Book Value				
As at 01 April 2011	60,883,811	886,039,398	10,350,309,184	11,297,232,393
As at 31 March 2012	108,931,302	840,794,833	11,225,014,220	12,174,740,355
As at 31 March 2013	161,343,349	795,550,268	11,225,014,220	12,181,907,836

17. PROPERTY, PLANT & EQUIPMENT

17.1 Company

	Computers Rs.	Furniture & Fittings Rs.	Office Equipments Rs.	Motor vehicles Rs.	Total Rs.
Gross Carrying Amounts					
Balance as at 01 April 2011	6,077,085	22,797,674	8,000	-	28,882,759
Additions	8,208,392	7,523,983	1,536,409	3,770,940	21,039,724
Balance as at 31 March 2012	14,285,477	30,321,657	1,544,409	3,770,940	49,922,483
Additions	833,665	126,735	44,810	4,143,800	5,149,010
Disposals	(18,000)	-	-	-	(18,000)
Balance as at 31 March 2013	15,101,142	30,448,393	1,589,219	7,914,740	55,053,493
Depreciation					
Balance as at 01 April 2011	-	-	-	-	-
Depreciation charge for the year	2,676,529	2,960,322	101,917	379,110	6,117,878
On disposals / write off	-	-	-	-	-
Balance as at 31 March 2012	2,676,529	2,960,322	101,917	379,110	6,117,878
Depreciation charge for the year	3,511,034	3,043,283	154,703	1,366,585	8,075,605
On disposals / write off	-	-	-	-	-
Balance as at 31 March 2013	6,187,563	6,003,605	256,620	1,745,694	14,193,482
Net Book value					
As at 01 April 2011					28,882,759
As at 31 March 2012					43,804,606
As at 31 March 2013					40,860,011

17. PROPERTY, PLANT & EQUIPMENT (Contd.)

17.2 Group

17.2.1 Gross Carrying Amounts

	Balance as at 1st April 2011 Rs.	Acquisition During the Year Rs.	Additions During the Year Rs.	2012 Increase/ (Decrease)/ Revaluation Rs.	Transfers/ Disposals Rs.	Exchange Translation Difference Rs.	Disposals through subsidiaries Rs.	Balance as at 31st March 2012 Rs.
Cost / Valuation								
Freehold Assets								
Land & Building	2,071,632,689	2,347,012,723	1,291,370,574	-	(8,680,573)	158,282,800	-	5,859,618,213
Furniture and Fittings	237,705,089	114,847,878	151,194,667	-	(24,800,440)	6,232,484	-	485,179,678
Equipment	349,940,256	146,817,959	171,968,238	-	(27,213,936)	10,975,987	-	652,488,504
Fire Protection Equipment	870,609	-	12,029,136	-	-	-	-	12,899,745
Motor Vehicles and Accessories	185,290,549	112,319,157	257,913,780	-	(33,495,686)	5,933,573	-	527,961,373
Computer Hardware	121,304,763	103,531,397	62,645,206	-	(14,867,053)	-	-	272,614,313
Air Conditioner	27,990,528	-	55,683,522	-	-	-	-	83,674,050
Telephone System	26,173,768	-	41,598,413	-	-	-	-	67,772,181
Leasehold Improvements	177,834,919	-	109,347,015	-	-	-	-	287,181,934
Fixtures and Fittings	271,853,169	-	17,790,014	-	-	-	-	289,643,183
Water Supply Scheme	295,687	-	-	-	-	-	-	295,687
Electricity Distribution	12,592,145	-	5,679,980	-	-	-	-	18,272,125
Tools and Implements	73,340,056	917,464	6,804,359	-	(82,500)	-	-	80,979,379
Plant and Machinery	2,979,021,722	717,011,943	494,574,506	-	(1,041,626)	144,124,964	-	4,333,691,509
Plant and Machinery - Polishing Plant	62,295,726	-	-	-	-	-	-	62,295,726
Moulds	126,298,332	-	590,618	-	-	-	-	126,888,950
Household Item - Heavy	8,569,937	-	890,704	-	-	-	-	9,460,641
Household Item - Light	5,041,904	-	1,545,850	-	-	-	-	6,587,754
Stores Buildings on Leasehold Land	9,038,945	-	74,547,664	-	-	-	-	83,586,609
	6,747,090,793	3,542,458,521	2,756,174,246	-	(110,181,814)	325,549,808	-	13,261,091,554
Assets on Finance Lease								
Furniture and Fittings	12,653,596	-	-	-	-	-	-	12,653,596
Construction and Other Equipment	5,329,148	-	-	-	-	-	-	5,329,148
Motor Vehicle	71,343,170	47,371,635	16,714,773	-	(31,652,603)	-	-	103,776,975
	89,325,914	47,371,635	16,714,773	-	(31,652,603)	-	-	121,759,719
Total Value of Depreciable Assets	6,836,416,707	3,589,830,156	2,772,889,019	-	(141,834,417)	325,549,808	-	13,382,851,273

17. PROPERTY, PLANT & EQUIPMENT (Contd.)

17.2 Group (Contd.)

17.2.1 Gross Carrying Amounts (Contd.)

Gross Carrying Amounts	Balance as at 1st April 2012 Rs.	Acquisition During the Year Rs	Additions During the Year Rs.	2013		Exchange Translation Difference Rs.	Disposals through subsidiaries Rs.	Balance as at 31st March 2013 Rs.
				Increase/ (Decrease)/ Revaluation Rs.	Transfers/ Disposals Rs.			
Cost / Valuation								
Freehold Assets								
Land & Building	5,859,618,213	298,625,834	361,246,631	216,240,655	(130,700,967)	138,724,218	(270,785,834)	6,472,968,749
Furniture and Fittings	485,179,678	12,132,006	83,735,096	-	-	4,918,069	(12,287,647)	573,677,203
Equipment	652,488,504	116,990,017	90,352,908	-	(1,165,830)	8,377,439	(119,753,932)	747,289,105
Fire Protection Equipment	12,899,745	-	146,581	-	-	-	-	13,046,326
Motor Vehicles and Accessories	527,961,373	19,222,121	265,677,653	-	(16,168,579)	4,586,255	(18,722,121)	782,556,703
Computer Hardware	272,614,313	51,000	67,660,937	-	(153,536)	-	-	340,172,714
Air Conditioner	83,674,050	-	15,307,533	-	(70,000)	-	-	98,911,583
Telephone System	67,772,181	-	4,016,599	-	-	-	-	71,788,780
Leasehold Improvements	287,181,934	-	83,437,702	-	-	-	-	370,619,636
Fixtures and Fittings	289,643,183	-	51,067,280	-	-	-	-	340,710,463
Water Supply Scheme	295,687	-	-	-	-	-	-	295,687
Electricity Distribution	18,272,125	-	-	-	(604,500)	-	-	17,667,625
Tools and Implements	80,979,379	-	6,113,685	-	29,680	-	-	87,122,744
Plant and Machinery	4,333,691,509	4,953,268	345,229,994	-	4,092,792	120,733,226	-	4,808,700,789
Plant and Machinery - Polishing Plant	62,295,726	-	-	-	-	-	-	62,295,726
Moulds	126,888,950	-	1,203,326	-	-	-	-	128,092,276
Household Item - Heavy	9,460,641	-	1,105,380	-	-	-	-	10,566,021
Household Item - Light	6,587,754	-	481,132	-	-	-	-	7,068,886
Stores Buildings on Leasehold Land	83,586,609	-	-	26,181,486	(12,819,350)	-	-	96,948,745
	13,261,091,554	451,974,246	1,376,782,437	242,422,141	(157,560,289)	277,339,207	(421,549,534)	15,030,499,762
Leasehold Land								
Leasehold Land	-	71,954,082	-	-	-	-	(71,954,082)	-
	-	71,954,082	-	-	-	-	(71,954,082)	-
	13,261,091,554	523,928,328	1,376,782,437	242,422,141	(157,560,289)	277,339,207	(493,503,616)	15,030,499,762
Assets on Finance Lease								
Plant & Machinery	-	-	11,500,000	-	-	-	-	11,500,000
Furniture and Fittings	12,653,596	-	-	-	-	-	-	12,653,596
Construction and Other Equipment	5,329,148	-	-	-	-	-	-	5,329,148
Motor Vehicle	103,776,975	-	13,312,457	-	(3,325,918)	-	-	113,763,514
	121,759,719	-	24,812,457	-	(3,325,918)	-	-	143,246,258
Total Value of Depreciable Assets	13,382,851,273	523,928,328	1,401,594,894	242,422,141	(160,886,208)	277,339,207	(493,503,616)	15,173,746,020

17. PROPERTY, PLANT & EQUIPMENT (Contd.)

17.3 Capital work in progress

	2012							
	Balance As At 1st April 2011 Rs.	Acquisition Rs.	Additions During the Year Rs.	Increase/ (Decrease) Revaluation Rs.	Transfer/ Disposal Rs.	Exchange Translation Difference Rs.	Disposals through subsidiaries Rs.	Balance As At 31st March 2012 Rs.
Capital work in progress	596,370,918	120,116,284	1,692,180,461	-	(2,098,642,528)	4,244,046	-	314,269,181
	596,370,918	120,116,284	1,692,180,461	-	(2,098,642,528)	4,244,046	-	314,269,181
Total Gross Carrying Amount	7,432,787,625	3,709,946,440	4,465,069,480	-	(2,240,476,945)	329,793,854	-	13,697,120,454

	2013							
	Balance As At 1st April 2012 Rs.	Acquisition Rs.	Additions During the Year Rs.	Increase/ (Decrease)/ Revaluation Rs.	Transfer Disposal Rs.	Exchange Translation Difference Rs.	Disposals through subsidiaries Rs.	Balance As At 31st March 2013 Rs.
Capital work in progress	314,269,181	136,005,581	1,001,361,346	-	(652,307,142)	2,342,105	-	801,671,071
	314,269,181	136,005,581	1,001,361,346	-	(652,307,142)	2,342,105	-	801,671,071
Total Gross Carrying Amount	13,697,120,454	659,933,909	2,402,956,240	242,422,141	(813,193,349)	279,681,312	(493,503,616)	15,975,417,090

17.4 Depreciation

	2012							
	Balance as at 1st April 2011 Rs.	Acquisition During the year Rs.	Charge for the Year Rs.	Transfer to Revaluation Reserves Rs.	Transfers/ Disposals Rs.	Disposal through subsidiary Rs.	Exchange Translation Difference Rs.	Balance as at 31st March 2012 Rs.
Freehold Assets								
Building	10,069,553	16,693,826	81,977,767	-	(385,678)	-	3,320,381	111,675,849
Furniture and Fittings	108,402,511	59,637,516	48,048,020	-	(23,528,669)	-	686,903	193,246,281
Equipment	228,145,702	63,251,325	68,067,183	-	(26,050,369)	-	1,713,970	335,127,811
Fire Protection Equipment	616,799	-	555,852	-	-	-	-	1,172,651
Motor Vehicles and Accessories	99,421,553	69,765,852	56,517,188	-	(14,087,073)	-	946,451	212,563,971
Computer Hardware	64,433,421	87,163,959	28,550,967	-	(14,603,528)	-	-	165,544,819
Air Conditioner	14,975,190	-	6,860,625	-	-	-	-	21,835,815
Telephone System	13,445,391	-	5,774,070	-	-	-	-	19,219,461
Leasehold Improvements	63,894,486	-	32,220,108	-	-	-	-	96,114,594
Fixtures and Fittings	66,057,795	250,000	22,723,501	-	-	-	-	89,031,296

17. PROPERTY, PLANT & EQUIPMENT (Contd.)

17.4 Depreciation (Contd.)

	Balance as at 1st April 2011 Rs.	Acquisition During the Year Rs.	Charge for the Year Rs.	2012 Transfer to Revaluation Reserves Rs.	Transfers/ Disposals Rs.	Disposal through subsidiary Rs.	Exchange Translation Difference Rs.	Balance as at 31st March 2012 Rs.
Water Supply Scheme	165,671	-	11,827	-	-	-	-	177,498
Electricity Distribution	4,364,844	-	323,226	-	-	-	-	4,688,070
Tools and Implements	68,068,583	855,941	5,948,361	-	(82,500)	-	-	74,790,385
Plant and Machinery	1,330,095,631	17,790,199	283,206,686	-	(1,041,626)	-	10,117,617	1,640,168,507
Plant and Machinery - Polishing Plant	55,667,623	-	2,836,748	-	-	-	-	58,504,371
Moulds	30,478,192	-	15,110,467	-	-	-	-	45,588,659
Household Item - Heavy	5,742,434	-	1,426,509	-	-	-	-	7,168,943
Household Item - Light	6,035,881	-	884,079	-	-	-	-	6,919,960
Stores Buildings on Leasehold Land	8,264,160	-	7,727,304	-	-	-	-	15,991,464
	2,178,345,420	315,408,618	668,770,488	-	(79,779,443)	-	16,785,322	3,099,530,405
Assets on Finance Lease								
Furniture and Fittings	949,020	-	1,265,360	-	-	-	-	2,214,380
Construction and Other Equipment	621,734	-	1,065,830	-	-	-	-	1,687,564
Motor Vehicle	19,591,921	21,955,479	24,775,536	-	(15,167,749)	-	-	51,155,187
	21,162,675	21,955,479	27,106,726	-	(15,167,749)	-	-	55,057,131
Total	2,199,508,095	337,364,097	695,877,214	-	(94,947,192)	-	16,785,322	3,154,587,536

	Balance as at 1st April 2012 Rs.	Acquisition During the Year Rs.	Charge for the Year Rs.	2013 Transfer to Revaluation Reserves Rs.	Transfers/ Disposals Rs.	Disposal through subsidiary Rs.	Exchange Translation Difference Rs.	Balance as at 31st March 2013 Rs.
Freehold Assets								
Building	111,675,849	28,623,146	104,121,943	(131,621,080)	(433,424)	(39,253,230)	154,962,419	228,075,623
Furniture and Fittings	193,246,281	8,875,996	73,253,291	-	78,022	(9,547,705)	5,545,581	271,451,466
Equipment	335,127,811	81,388,838	97,654,560	-	(1,098,986)	(90,137,763)	9,262,017	432,196,477
Fire Protection Equipment	1,172,651	-	2,524,168	-	-	-	-	3,696,819
Motor Vehicles and Accessories	212,563,971	2,449,585	65,525,905	-	(16,570,724)	(6,975,376)	4,987,122	261,980,483
Computer Hardware	165,544,819	38,251	41,572,281	-	(59,944)	-	-	207,095,407
Air Conditioner	21,835,815	-	15,973,717	-	(70,000)	-	-	37,739,532

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

17.4 Depreciation (Contd.)

	Balance as at 1st April 2012 Rs.	Acquisition During the Year Rs.	Charge for the Year Rs.	2013 Transfer to Revaluation Reserves Rs.	Transfers/ Disposals Rs.	Disposal through subsidiary Rs.	Exchange Translation Difference Rs.	Balance as at 31st March 2013 Rs.
Telephone System	19,219,461	-	13,287,020	-	-	-	-	32,506,481
Leasehold Improvements	96,114,594	-	44,972,414	-	-	-	-	141,087,008
Fixtures and Fittings	89,031,296	-	24,835,037	-	-	-	-	113,866,333
Water Supply Scheme	177,498	-	11,827	-	-	-	-	189,325
Electricity Distribution	4,688,070	-	528,608	-	-	-	-	5,216,678
Tools and Implements	74,790,385	-	5,767,217	-	-	-	-	80,557,602
Plant and Machinery	1,640,168,507	-	347,085,748	-	95,549	-	134,007,347	2,121,357,151
Plant and Machinery - Polishing Plant	58,504,371	-	2,187,382	-	-	-	-	60,691,753
Moulds	45,588,659	-	15,188,158	-	-	-	-	60,776,817
Household Item - Heavy	7,168,943	-	179,144	-	-	-	-	7,348,087
Household Item - Light	6,919,960	-	946,123	-	-	-	-	7,866,083
Stores Buildings on Leasehold Land	15,991,464	-	3,184,748	(12,819,350)	-	-	-	6,356,862
	3,099,530,405	121,375,816	858,799,292	(144,440,430)	(18,059,506)	(145,914,074)	308,764,486	4,080,055,988
Assets on Finance Lease								
Furniture and Fittings	2,214,380	-	1,265,360	-	-	-	-	3,479,740
Construction and Other Equipment	1,687,564	-	1,065,830	-	-	-	-	2,753,394
Motor Vehicle	51,155,187	-	19,910,365	-	(629,131)	-	-	70,436,421
	55,057,131	-	22,241,555	-	(629,131)	-	-	76,669,555
Capital work in progress							4,244,046	4,244,046
Total	3,154,587,536	121,375,816	881,040,847	(144,440,430)	(18,688,637)	(145,914,074)	313,008,532	4,156,725,544
Net Book Value								
As at 01 April 2011								4,636,908,612
As at 31 March 2012								10,228,263,738
As at 31 March 2013								11,017,020,476
Capital work in progress								
As at 01 April 2011								596,370,918
As at 31 March 2012								314,269,181
As at 31 March 2013								797,427,025
Carrying Amount								
As at 01 April 2011								5,233,279,530
As at 31 March 2012								10,542,532,919
As at 31 March 2013								11,814,447,501

17. PROPERTY, PLANT & EQUIPMENT (Contd...)

17.5 Revaluation - Royal Ceramics Lanka PLC

The fair value of land and buildings was determined by means of a revaluation by Mr. A.A.M. Fathihu, an independent valuer in reference to market based evidence. The results of such valuation was incorporated in the Financial Statements effective from 1st April 2012. The surplus arising from the revaluation net of deferred taxes was transferred to a Revaluation Reserve.

17.6 Fully Depreciated Assets

Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 1,274,233,064/- (2012 Rs. 810,677,252/-, 2011 - Rs. 808,954,038)

17.7 Purchase of Property, Plant and Equipment

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 1,600,797,177 (2012 - Rs. 2,028,921,082). Cash payments amounting to Rs. 1,600,662,800 (2012 - Rs. 2,014,053,225) was paid during the year for purchases of Property, Plant and Equipment .

18. DUE TO BANKS

	Company			Group		
	2013	2012	2011	2013	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank Overdrafts (Note 28)	5,609,281	-	-	2,830,516,030	3,601,833,965	1,297,752,591
Securitized Borrowings, Syndicated Loans and Other Bank Facilities (Note 18.1)	-	-	-	5,464,980,511	7,391,316,884	3,027,500,170
	5,609,281	-	-	8,295,496,541	10,993,150,849	4,325,252,761

18.1 Securitised Borrowings, Syndicated Loans and Other Bank Facilities

	As at 1st April 2012 Rs.	Loans Obtained Rs.	Interest Recognized Rs.	Capital Rs.	Repayments Interest Rs.	As at 31st March 2013 Rs.
Securitised Borrowings						
Trust 8	50,524,737	-	5,470,129	32,300,000	23,694,866	-
Trust 9	186,834,411	-	5,897,356	108,000,000	33,959,904	50,771,864
Trust 10	9,392,574	-	83,426	7,287,168	2,188,832	-
Trust 11	137,819,129	-	12,274,174	95,313,373	35,686,627	19,093,303
Trust 12	232,329,512	-	22,570,947	124,100,000	45,447,209	85,353,249
Trust 13	359,876,542	-	26,477,948	233,974,242	72,162,670	80,217,577
Trust 14	645,857,111	-	47,289,590	277,000,000	74,302,203	341,844,497
Trust 16	1,117,698,917	-	99,012,460	392,500,000	48,899,925	775,311,453
Trust 17	386,749,801	-	26,428,879	265,039,094	27,430,397	120,709,189
Trust 19	1,241,064,336	-	157,234,823	308,400,000	140,814,591	949,084,568
Trust 20	-	383,000,000	26,114,307	84,472,430	3,862,668	320,779,208
Trust 21	-	500,000,000	699,796	-	-	500,699,796
	4,368,147,069	883,000,000	429,553,834	1,928,386,308	508,449,893	3,243,864,703
Syndicated Loans						
Syndication 1	736,847,359	-	66,839,279	423,545,434	68,536,818	311,604,387
Syndication 2	555,544,074	-	78,827,186	70,312,500	77,931,800	486,126,961
	1,292,391,434	-	145,666,465	493,857,934	146,468,618	797,731,347
Direct Bank Borrowings						
Term Loans						
Bank of Ceylon 1	127,437,472	-	19,297,720	32,508,000	19,305,133	94,922,058
Bank of Ceylon 2	214,134,118	-	30,946,819	73,344,000	30,986,741	140,750,195
Bank of Ceylon 3	332,025,205	-	50,164,524	82,500,000	50,253,127	249,436,603
Bank of Ceylon 4	20,122,740	-	2,921,561	6,666,720	2,939,972	13,437,608
Public Bank Berhad	75,734,733	-	9,755,985	15,000,000	9,736,558	60,754,160
Seylan Bank PLC	1,217,265	-	45,040	1,217,265	45,040	-
	770,671,533	-	113,131,650	211,235,985	113,266,573	559,300,625
Money Market Loans						
Union Bank of Colombo PLC	150,279,451	500,000,000	13,232,547	650,000,000	13,511,999	-
Nations Trust Bank PLC	200,334,247	1,100,000,000	30,027,672	1,100,000,000	24,676,712	205,685,206
NDB Bank PLC	609,493,151	1,700,000,000	93,384,932	1,650,000,000	94,479,452	658,398,630
Seylan Bank PLC	-	300,000,000	163,934	300,000,000	163,934	-
	960,106,848	3,600,000,000	136,809,085	3,700,000,000	132,832,098	864,083,837
	7,391,316,884	4,483,000,000	825,161,034	6,333,480,227	901,017,181	5,464,980,511

19. DUE TO CUSTOMERS

As at 31st March	Company			Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Fixed Deposits	-	-	-	36,955,172,767	24,833,225,224	16,910,200,155
Certificates of Deposit	-	-	-	372,839,548	448,287,954	351,841,343
Saving Deposit	-	-	-	263,172,153	58,082,192	-
	-	-	-	37,591,184,467	25,339,595,370	17,262,041,497

20. INTEREST BEARING LOANS AND OTHER BORROWINGS

Group	2013			2012			2011		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Finance Leases (Note 20.1)	57,601,236	61,339,032	118,940,268	14,886,571	53,163,083	68,049,654	6,904,076	56,922,341	63,826,417
Commercial Papers (Note 20.3)	1,181,487,272	-	1,181,487,272	498,377,727	-	498,377,727	-	-	-
Bank Loans / Term loans (Note 20.2, 20.4)	2,158,649,087	1,898,028,327	4,056,677,414	2,167,929,744	1,968,524,582	4,136,454,326	424,248,854	968,733,879	1,392,982,733
Short Term Loan (Note 20.5)	2,974,217,922	-	2,974,217,922	1,877,642,868	-	1,877,642,868	462,445,488	-	462,445,488
Unsecured Debentures (Note 20.3)	-	1,030,445,701	1,030,445,701	-	1,014,331,376	1,014,331,376	-	467,943,167	467,943,167
Other Borrowings - Ceylon Income Fund	-	32,276,711	32,276,711	-	28,845,462	28,845,462	-	25,404,812	25,404,812
	6,371,955,517	3,022,089,771	9,394,045,289	4,558,836,910	3,064,864,504	7,623,701,413	893,598,418	1,519,004,199	2,412,602,617

20.1 Finance Leases

	As at 01.04.2011 Rs.	Acquisition Rs.	New Leases Obtained Rs.	Repayments Rs.	As at 31.03.2012 Rs.	Acquisition Rs.	New Leases Obtained Rs.	Repayments Rs.	As at 31.03.2013 Rs.
Commercial Bank of Ceylon PLC	33,119,853	-	-	(8,798,172)	24,321,681	-	24,724,457	(8,138,695)	40,907,443
People Leasing Co PLC	-	2,449,704	463,623	(1,472,609)	1,440,718	-	-	(1,264,114)	176,604
People Leasing Finance PLC	-	2,207,590	870,354	(705,745)	2,372,199	-	-	(998,790)	1,373,409
Seylan Bank PLC	30,706,564	-	14,867,857	(10,823,000)	34,751,421	-	-	(12,007,747)	22,743,674
People's Merchant Finance PLC	-	-	-	-	-	-	56,832,000	(6,875,878)	49,956,122
Sampath Leasing and Factoring Limited	-	-	-	-	-	-	3,750,000	(594,172)	3,155,828
Commercial Bank of Ceylon PLC	-	666,644	-	-	666,644	-	-	(329,425)	337,219
National Development Bank PLC	-	736,880	3,760,111	-	4,496,991	-	-	(4,207,023)	289,968
	63,826,417	6,060,818	19,961,945	(21,799,526)	68,049,654	-	85,306,457	(34,415,844)	118,940,268
Gross Liability	81,272,203				82,644,246				171,925,796
Finance Charges allocated for future periods	(17,295,293)				(14,444,098)				(51,029,907)
Down payment	(150,493)				(150,493)				(1,955,622)
Net Liability	63,826,417				68,049,654				118,940,268

20. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd.)

20.2 Details of The Long Term Loans - Group

Lender	Approved Facility	Repayment Terms	Security
Delmege Freight Services (Pvt) Ltd.			
Peoples Leasing Company PLC	5 Mn	36 equal monthly installments of Rs. 178 Mn each	Promissory Note
Peoples Leasing Company PLC	10 Mn	36 equal monthly installments of Rs. 359 Mn each	Promissory Note
Delmege Forsyth & Company Ltd.			
Commercial Bank of Ceylon PLC	20 Mn	59 equal monthly installments of Rs. 333 Mn each final installment of Rs. 353 Mn	Letter of Confirm
Grip Delmege (Pvt) Ltd.			
DFCC Bank	125 Mn	54 equal installment of Rs. 2.3 Mn	Land & Buildings
Orit Apparels Lanka (Pvt) Limited			
HSBC	151 Mn	60 Equal monthly installment commencing from April 2011	
NDB Bank PLC	164 Mn	60 Equal monthly installment commencing from April 2011	Mortgage over Assets procured: Ayagama factory and new building/equipment at G3 - Seethawaka
Bank of Ceylon	138 Mn	30 Equal Installments commencing from January 2013	Sewing machines & equipment
Bank of Ceylon	38 Mn	30 Equal Installments commencing from January 2013	Mortgage over factory premises at Naula
Royal Ceramics Lanka PLC			
Hatton National Bank PLC	100 Mn	59 equal monthly installments of Rs 1.67 Mn each & final installment of Rs 1.47 Mn	Primary Floating Mortgage bond over plant & machinery & land at Eheliyagoda
Commercial Bank of Ceylon PLC	185 Mn	65 equal monthly installments with one year grace period from August 2008	Tripate agreement between the Company, Bank and the Share broker Over 10.5 Mn Shares of LB Finance PLC Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery & the machinery to be imported.
Commercial Bank of Ceylon PLC	300 Mn	48 equal monthly installment commencing from January 2011	Tripartie Agreement with company, share broker & the Bank over 10.50 Mn shares of LB Finance PLC Corporate guarantee of Royal Porcelain (Pvt) Ltd.
Commercial Bank of Ceylon PLC	500 Mn	60 equal monthly installment commencing from February 2012. 59 equal monthly installment of Rs.8,335,000 each and final installment of Rs. 8,235,000	Tripartie Agreement with company, share broker & the Bank over 10.50 Mn shares of LB Finance PLC Corporate guarantee of Royal Porcelain (Pvt) Ltd

20. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd.)

20.2 Details of The Long Term Loans - Group (Contd.)

Lender	Approved Facility	Repayment Terms	Security
Commercial Bank of Ceylon PLC	620 Mn	47 equal monthly installment commencing from 2/1/2012 of Rs 12,916,000.00 each and a final installment of Rs 12,948,000.00	Simple deposit of 100,001 (20.01% stake) of Lewis Brown & Company Corporate guarantee of Royal Porcelain (Pvt) Ltd.
Commercial Bank of Ceylon PLC	175 Mn	48 equal monthly installment commencing from October 2012	174.9Mn in mortgage over properties at Baddegadaramulla, Meegoda, No 101, Nawala Road, Nawala and No 472, Highlevel Road Kottawa Corporate guarantee of Royal Porcelain (Pvt) Ltd.
Commercial Bank of Ceylon PLC	41 Mn	48 equal monthly installment commencing from October 2012	Primary mortgage bond for 41Mn over the Polishing line Corporate guarantee of Royal Porcelain (Pvt) Ltd.
HSBC	USD 4 Mn	60 equal monthly installments of USD 66,666.66 with six month grace period from February 2013	Pari-Pasu Concurrent Primary Mortgage Bond (between HNB & HSBC) over the manufacturing plant in Eheliyagoda of Royal Ceramics Lanka PLC.
Royal Porcelain (Pvt) Ltd			
Commercial Bank of Ceylon PLC	55 Mn	60 equal monthly installments commencing from April 2008	Primary Mortgage bond over 2 Ball Mills & Batch Feeder Corporate guarantee of Royal Ceramics Lanka PLC
Commercial Bank of Ceylon PLC	14 Mn	60 equal monthly installments commencing from April 2008	Primary mortgage bond over Dedusting System & vacuum Cleaner corporate guarantee of Royal Ceramic Lanka PLC
Commercial Bank of Ceylon PLC	15 Mn	60 equal monthly installments commencing from June 2008	Corporate guarantee of Royal Ceramics Lanka PLC
Commercial Bank of Ceylon PLC	150 Mn	48 equal monthly installments with three months grace period commencing from May-2009	Corporate guarantee of Royal Ceramics Lanka PLC
Commercial Bank of Ceylon PLC	100 Mn	59 equal monthly installments with three months grace period commencing from first drawn	Corporate Guarantee from Royal Ceramics Lanka PLC Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery therein
Commercial Bank of Ceylon PLC	280 Mn	59 equal monthly installments of Rs 4.67 Mn each & final installment of Rs 4.47 Mn commencing from November 2011	Corporate Guarantee from Royal Ceramics Lanka PLC
Hatton National Bank PLC	75 Mn	60 equal monthly installments with twelve months grace period commencing from the last disbursement or five months from first disbursement	Corporate Guarantee from Royal Ceramics Lanka PLC Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery therein.

20. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd.)

20.2 Details of The Long Term Loans - Group (Contd.)

Lender	Approved Facility	Repayment Terms	Security
DFCC Bank	150 Mn	60 equal monthly installments with Eighteen months grace period commencing from October - 2012	Corporate Guarantee from Royal Ceramics Lanka PLC Pari-Pasu Concurrent Registered Primary Floating Mortgage Bond (between HNB & DFCC) over the factory premises of RPL in Horana together with existing machinery therein.
Commercial Bank of Ceylon PLC	80 Mn	59 equal monthly installments with three months grace period commencing from December - 2011	Corporate Guarantee from Royal Ceramics Lanka PLC
Commercial Bank of Ceylon PLC	56 Mn	59 equal monthly installments of Rs 935,000.00 each and a final payment installment of Rs 835,000.00	Primary mortgage of Rs. 56 Mn to be executed over Line Sorting Palertizer Machine Corporate Guarantee from Royal Ceramics Lanka PLC
Commercial Bank of Ceylon PLC	67 Mn	59 equal monthly installments of Rs 1,100,000 each and a final installment of Rs 2,100,000.00	Primary mortgage of Rs. 67 Mn to be executed over Tile Printing Machine Corporate Guarantee from Royal Ceramics Lanka PLC
Rocell Bathware Limited			
Commercial Bank of Ceylon PLC	150 Mn	66 installments with grace period of 15 months commencing from December 2008	Primary concurrent mortgage bond with HNB over Lease hold property at Templeburg Industrial Estate, Panagoda, Building & machinery Corporate guarantee of Royal Ceramics Lanka PLC
Hatton National Bank PLC	300 Mn	66 installments with grace period of 15 months commencing from July 2008	Concurrent Mortgage bond with Commercial bank over Lease hold property at Templeburg Industrial Estate, Panagoda, Building & machinery Corporate guarantee of Royal Ceramics Lanka PLC
Hatton National Bank PLC	150 Mn	66 installment with grace period of 15 months commencing from March 2009	Concurrent Mortgage bond with Commercial Bank of Ceylon PLC over Lease hold property at Templeburg Industrial Estate, Panagoda, Building & machinery Corporate guarantee of Royal Ceramics Lanka PLC
Ever Paint and Chemical Industries (Pvt) Ltd.			
Commercial Bank of Ceylon PLC	100 Mn	59 equal installments of Rs 1.65 Mn and a final installment of Rs 2.65 Mn	Primary concurrent Mortgage bond over company factory premise at Hanwella, stocks in trade and assignment over book debts and mortgage over movable machinery equipment, furniture fittings at Malabe Corporate guarantee of Royal Ceramics Lanka PLC
LB Finance PLC			
Trust 9	51Mn	48 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 11	19Mn	06 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 12	85Mn	48 equal monthly installments	Mortgage over Lease, Hire Purchase receivables

20. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd.)

20.2 Details of The Long Term Loans - Group (Contd.)

Lender	Approved Facility	Repayment Terms	Security
Trust 13	80Mn	46 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 14	342Mn	48 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 16	775Mn	48 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 17	120Mn	36 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 19	949Mn	48 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 20	321Mn	24 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Trust 21	501Mn	30 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Syndication 1	312Mn	42 equal monthly installments	Mortgage over Lease, Hire Purchase receivables
Syndication 2	486Mn	96 equal monthly installments	Mortgage over Land and Building
Bank of Ceylon 1	95Mn	48 equal monthly installments	Mortgage over Lease receivables
Bank of Ceylon 2	141Mn	36 equal monthly installments	Mortgage over Lease receivables
Bank of Ceylon 3	249Mn	48 equal monthly installments	Mortgage over Hire Purchase receivables
Bank of Ceylon 4	13Mn	36 equal monthly installments	Mortgage over Hire Purchase receivables
Public Bank Berhad	61Mn	60 equal monthly installments	Mortgage over Lease receivables
Nations Trust Bank PLC	206Mn	03 equal monthly installments	-
NDB Bank PLC	658Mn	01 equal monthly installments	Mortgage over Lease, Hire Purchase receivables

20. INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd.)

20.3 Debt Instruments Issued and Other Borrowed Funds

As at 31st March	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Commercial papers	1,181,487,272	498,377,727	-
Unsecured Debentures (Note 20.3.1)	1,030,445,701	1,014,331,376	467,943,167
	2,211,932,973	1,512,709,103	467,943,167

20.3.1 Unsecured Debentures

The Face Value of Rs. 995,000,000 Unsecured Redeemable Subordinated Listed Debentures were issued and following rates and will mature on 20th September 2013, 4th December 2016 and 1st March 2017.

Category	Interest payable	Amortized Cost (Rs)	Face Value (Rs.)	Interest rate	Maturity Date
Type ' A '	Monthly	152,146,068	149,480,000	21% p.a	20-Sep-13
Type ' B '	Annually	314,120,444	296,570,000	24% p.a	20-Sep-13
Type ' C '	Variable quarterly	2,591,603	2,500,000	Simple Average of the weighted average three months gross Treasury Bill rate published by the Central Bank of Sri Lanka at the primary auctions during the month immediately preceding the end of the Quarter plus 3.5% p.a	20-Sep-13
Type ' D '	Variable annually	1,511,353	1,450,000	Simple Average of the weighted average one year gross Treasury Bill rate published by the Central Bank of Sri Lanka at the primary auctions during the month immediately preceding the end of the Quarter plus 3.5% p.a	20-Sep-13
RUSRD II	Annually	223,733,268	215,000,000	12.68% p.a	04-Dec-16
RUSRD I	Bi Annually	103,940,253	100,000,000	12.30% p a	04-Dec-16
RUSRD I	Bi Annually	232,402,712	230,000,000	12.30% p a	01-Mar-17
Total		1,030,445,701	995,000,000		

20.4 Bank Loans / Term loans

Group	As at 1st April 2012 Rs.	Acquisition of Subsidiary Rs.	Loans Obtained Rs.	Disposal of Subsidiary Rs.	Repayments Rs.	As at 31st March 2013 Rs.
Commercial Bank of Ceylon PLC	1,907,776,925	3,993,518	536,879,192	(386,879,097)	(378,934,520)	1,682,836,018
Hatton National Bank PLC	262,615,175	-	-	-	(116,880,000)	145,735,175
DFCC Bank	234,000,000	-	213,768,226	-	(106,268,233)	341,499,993
HSBC	158,464,222	-	504,749,281	-	(139,084,280)	524,129,223
Standard Chartered Bank	328,263,651	-	236,891,366	-	(372,349,103)	192,805,913
NDB Bank PLC	1,028,660,430	-	410,511,349	-	(668,296,043)	770,875,736
Pan Asia Banking Corporation PLC	40,760,838	-	84,880,162	-	(67,941,000)	57,700,000
Union Bank of Colombo PLC	19,800,000	-	208,198	-	-	20,008,198
Muslim Commercial Bank	113,839,887	-	33,495,063	-	-	147,334,950
DFCC Vardana Bank Limited	12,499,979	-	-	-	(10,000,008)	2,499,971
Nation Trust Bank PLC	984,000	-	-	-	-	984,000
Amana Bank Limited	20,000,000	-	-	-	-	20,000,000
People Leasing Company PLC	8,789,218	-	-	-	(4,622,494)	4,166,724
Bank of Ceylon	-	-	176,400,000	-	(30,298,488)	146,101,512
	4,136,454,326	3,993,518	2,197,782,837	(386,879,097)	(1,894,674,169)	4,056,677,414

20.5 Short Term Loan

Group	As at 1st April 2012 Rs.	Acquisition of Subsidiary Rs.	Loans Obtained Rs.	Disposal of Subsidiary Rs.	Repayments Rs.	As at 31st March 2013 Rs.
Commercial Bank of Ceylon PLC	257,855,087	-	1,010,832,777	-	(807,576,185)	461,111,679
Seylan Bank PLC	18,962,000	-	433,773,401	-	(35,715,000)	417,020,401
Hatton National Bank PLC	870,000	-	2,895,000	-	(870,000)	2,895,000
Muslim Commercial Bank	-	-	85,028,260	-	(27,273,232)	57,755,028
DFCC Bank	-	-	69,547,316	-	(51,852,363)	17,694,953
Standard Chartered Bank	212,412,175	-	963,557,730	-	(957,941,443)	218,028,462
HSBC	77,161,042	-	418,063,674	-	(120,305,907)	374,918,809
NDB Bank PLC	794,760,214	-	533,913,116	-	-	1,328,673,331
City Bank	515,622,350	-	-	-	(515,622,350)	-
Bank of Ceylon	-	-	96,120,259	-	-	96,120,259
	1,877,642,868	-	3,613,731,533	-	(2,517,156,480)	2,974,217,922

21. TRADE & OTHER PAYABLES

As at 31st March	Company			Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Trade & Other Payables	236,063,626	487,507,163	-	3,365,019,752	2,643,807,640	200,587,229
Accrued Expenses	789,918	769,879	8,646,083	556,266,594	304,875,743	373,990,452
	236,853,544	488,277,042	8,646,083	3,921,286,347	2,948,683,383	574,577,681

22. OTHER NON FINANCIAL LIABILITIES

As at 31st March	Company			Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Provisions	-	-	-	68,414,787	55,757,048	42,147,895
Advances	-	-	-	75,242,156	59,867,043	39,320,306
Others	-	-	-	751,923,347	771,775,891	619,672,792
	-	-	-	895,580,290	887,399,982	701,140,993

23. AMOUNTS DUE TO RELATED PARTIES

As at 31st March	Company			Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Vallibel Lanka (Pvt) Ltd.	-	-	21,422,400	-	-	21,422,400
Delmege Insurance Brokers (Pvt) Ltd.	-	-	-	1,014,356	-	-
Amount Due To Directors	25,000	25,000	25,000	25,000	25,000	25,000
Royal Ceramics Lanka PLC	-	21,700	666,664	-	-	-
	25,000	46,700	22,114,064	1,039,356	25,000	21,447,400

24. DIVIDENDS PAYABLE

As at 31st March	Company			Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Unclaimed Dividend	1,607,361	-	-	32,789,580	26,674,704	15,826,051
	1,607,361	-	-	32,789,580	26,674,704	15,826,051

25. EMPLOYEE BENEFIT LIABILITIES

As at 31st March	Company			Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Balance at the beginning of the year	1,720,067	-	-	333,115,102	134,658,434	104,173,849
Acquisition during the year	-	-	-	37,697,734	179,787,490	-
Amount Charged/(Reversed) for the year	656,006	1,720,067	-	75,731,819	60,093,197	33,280,562
(Payments)/Transfers made during the year	-	-	-	(51,192,220)	(48,676,212)	(2,795,977)
Impact of Exchange rate changes on conversions	-	-	-	(1,854,074)	15,800,133	-
Disposal of Subsidiary	-	-	-	(37,204,379)	-	-
Actuarial Gain/(Loss)	(785,255)	-	-	(9,361,318)	(31,137,070)	-
Interest cost	172,007	-	-	29,289,761	22,589,130	-
Balance at the end of the year	1,762,825	1,720,067	-	376,222,424	333,115,102	134,658,434

An actuarial valuation of the gratuity of subsidiary companies was carried out as at 31 March 2012 and 2013 by a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method", recommended by LKAS 19.

25.1 Actuarial assumptions

As at 31st March	2013	2012	As at 1st April 2011
Discount Rate	10%-12.25%	10%-11%	10%-11%
Future Salary increase	8%-10% p.a.	08% to 15% p.a.	10% to 15% p.a.
Staff Turnover			
LB Finance PLC			
20 years	25%	25%	25%
25 years			
30 years			
35 years			
40 years			
45 years	1%	1%	1%
50 years	1%	1%	1%
Royal Ceramics Lanka PLC Group	10%	10%	10%-15%
Orit Apparels Lanka (Pvt) Ltd Group	9%	10%	-
Retirement age	- Normal retirement Age, or age on valuation date, if greater - LB Finance PLC		
	- Male 55 Years		
	- Female 50 Years		

26. STATED CAPITAL

As at 31st March	2013		2012	
	Number of Voting Shares	Rs.	Number of Voting Shares	Rs.
26.1 Balance as at the beginning of the year	1,086,559,353	27,163,983,720	1,065,247,483	26,631,186,970
Issue of Shares	-	-	21,311,870	532,796,750
Balance as at the end of the year	1,086,559,353	27,163,983,720	1,086,559,353	27,163,983,720

27. RESERVES

Company As at 31st March	Retained	Available for	Total	Retained	Available for	Total
	Profits/(Losses)	Sale Reserve		Profits/(Losses)	Sale Reserve	
	2013	2013	2013	2012	2012	2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	411,791,030	(21,603,935)	390,187,095	(60,127,292)	-	(60,127,292)
Profit for the year	596,636,613	-	596,636,613	471,918,322	-	471,918,322
Other Comprehensive Income	-	(180,867,781)	(180,867,781)	-	(21,603,935)	(21,603,935)
Dividend paid	(325,967,806)	-	(325,967,806)	-	-	-
At the end of the year	682,459,837	(202,471,716)	479,988,121	411,791,030	(21,603,935)	390,187,095

Group Balance as at 1st April 2012	Capital Reserve		Revaluation Reserve Rs.	Other component of equity			Treasury Shares Rs.	General Reserve Rs.	Revenue Resrve	Hedge	2012 Rs.
	Reserve	Investment		Equalisation	Available for	Retained			Reserve		
	Fund Rs	Fund Rs		Reserve Rs.	Sale Reserve Rs.	Profits Rs.			Total Rs.		
At the beginning of the year	58,951,071	16,602,912	-	-	(99,620,183)	-	-	435,624,797	-	411,558,597	
Profit for the year	-	-	-	-	-	-	-	2,545,366,839	-	2,545,366,839	
Other Comprehensive Income											
Share of other comprehensive income											
of equity accounted investees	-	-	-	-	(448,043,325)	-	-	-	-	(448,043,325)	
Equalisation Reserve	-	-	-	166,410,784	-	-	-	-	-	166,410,784	
Net Gain/(Loss) on											
Available for sale Financial Assets	-	-	-	-	(57,909,048)	-	-	-	-	(57,909,048)	
	-	-	-	166,410,784	(505,952,373)	-	-	-	-	(339,541,589)	
Appropriation of Bad Debts	-	-	-	-	-	-	-	5,500,182	-	5,500,182	
Transfers to/(from) during the year	178,160,193	93,011,165	-	-	-	-	24,080,435	(318,514,469)	-	(23,262,676)	
Adjustment due to change in Holding	-	-	-	-	-	-	26,584,821	(743,609,297)	-	(717,024,476)	
Disposal Adjustment on Revalued											
Assets	-	-	-	-	-	-	-	(1,601,743)	-	(1,601,743)	
Treasury shares	-	-	-	-	-	(66,371,631)	-	-	-	(66,371,631)	
At the end of the year	237,111,264	109,614,077	-	166,410,784	(605,572,556)	(66,371,631)	50,665,256	1,922,766,309	-	1,814,623,503	

27. RESERVES (Contd.)

	Capital Reserve		Other component of equity			Treasury Shares Rs.	Revenue Reserve		Hedge	2013 Total Rs.
	Reserve	Investment	Revaluation	Equalisation	Available for		General	Retained	Reserve	
	Fund Rs	Fund Rs	Reserve Rs	Reserve Rs.	Sale Reserve Rs.		Reserves Rs	Profits Rs.	Total Rs.	
Balance as at 31st March 2013	237,111,264	109,614,077	-	166,410,784	(605,572,556)	(66,371,631)	50,665,256	1,922,766,309	-	1,814,623,503
At the beginning of the year	237,111,264	109,614,077	-	166,410,784	(605,572,556)	(66,371,631)	50,665,256	1,922,766,309	-	1,814,623,503
Profit for the year	-	-	-	-	-	-	-	2,154,042,861	-	2,154,042,861
Other Comprehensive Income										
Share of Other Comprehensive Income of										
Equity Accounted Investees	-	-	-	-	(49,381,139)	-	-	-	-	(49,381,139)
Equalisation Reserve	-	-	-	(11,012,285)	-	-	-	-	-	(11,012,285)
Net Gain/(Loss) on Available for sale										
Financial Assets	-	-	-	-	(177,827,397)	-	-	-	-	(177,827,397)
Revaluation of Land & Building	-	-	81,962,308	-	-	-	-	-	-	81,962,308
	-	-	81,962,308	(11,012,285)	(227,208,536)	-	-	-	-	(156,258,513)
Transfers to/(from) during the year	218,792,458	153,561,177	-	-	-	-	-	(372,353,635)	-	-
Adjustment due to change in Holding	-	-	-	-	-	-	(486,387)	(1,802,691)	-	(2,289,078)
Gain/Loss on Cash Flow Hedge	-	-	-	-	-	-	-	-	14,348,796	14,348,796
Write back of unclaimed dividends	-	-	-	-	-	-	-	215,328	-	215,328
Dividend Paid	-	-	-	-	-	-	-	(325,967,806)	-	(325,967,806)
At the end of the year	455,903,722	263,175,254	81,962,308	155,398,499	(832,781,092)	(66,371,631)	50,178,869	3,376,900,366	14,348,796	3,498,715,091

Reserve Fund is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank of Sri Lanka Direction No. 1 of 2003.

The Investment Fund Reserve is created in accordance with the Central Bank of Sri Lanka guidelines issued to create an Investment Fund Reserve 8% of the profits liable for VAT on Financial Services is transferred to this reserve monthly when the payment of VAT on Financial Services for such month becomes due.

In accordance with the guidelines issued, the company maintains government securities equivalent to the value of the reserve. These government securities are included in the treasury bills value presented on Statement of Financial Position.

28. CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOW

As at 31st March	Company			Group		
	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.	2013 Rs.	2012 Rs.	As at 1st April 2011 Rs.
Cash and Bank	5,212,175	16,837,661	19,038,427	4,970,490,951	3,120,837,420	1,715,149,091
Bank Overdrafts	(5,609,281)	-	-	(2,830,516,030)	(3,601,833,965)	(1,297,752,591)
	(397,107)	16,837,661	19,038,427	2,139,974,921	(480,996,545)	417,396,500

29. INCOME

For the Year Ended 31st March	Company		Group	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Summary				
Manufacturing Sector	-	-	16,689,959,395	13,657,547,404
Financial Services Sector	-	-	11,054,636,508	7,859,838,594
Sale of Goods	-	-	4,833,119,764	5,493,840,834
Rendering of Services	-	-	330,309,346	215,510,441
	-	-	32,908,025,013	27,226,737,273

30. DIVIDEND INCOME

Income from Investment in Related Parties	379,366,270	360,072,196	-	4,524,391
Income from Other Investments	-	-	9,996,774	22,978,260
	379,366,270	360,072,196	9,996,774	27,502,651

31. OTHER OPERATING INCOME

Profit on Sale of Property, Plant & Equipment	-	-	11,370,422	32,813,021
Real Estate Income (net of cost)	-	-	10,614,679	30,130,894
Commission Income	-	-	-	10,015,842
Hiring Income	-	-	107,807,622	42,563,613
Gain on Bargain Purchase of Subsidiaries	-	-	112,401	201,136,342
Recoveries of Bad Debts on write offs	-	-	-	14,438,450
Sundry Income	-	-	81,878,062	39,891,646
	-	-	211,783,186	370,989,808

32. FINANCE COST

For the Year Ended 31st March	Company		Group	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Interest on Loans	-	-	900,673,605	514,750,608
Interest on Bank Overdrafts	-	-	158,833,628	71,085,226
Interest on Finance Leases	-	-	6,507,836	5,430,266
Discount Charges	-	-	34,039,459	31,530,160
RTS International and Trade card charged	-	-	16,813,956	-
Exchange Loss	-	75,061,875	-	75,061,875
Net Interest on Refundable Deposits	-	141,117	-	141,117
Net loss on Financial Assets at Fair Value Through Profit or Loss	-	-	81,921,951	315,101,870
		75,202,992	1,198,790,435	1,013,101,122

33. FINANCE INCOME

Exchange Gain	1,345,361	-	44,648,987	26,997,791
Profit on Financial Assets at Fair Value Through Profit or Loss	-	-	15,411,385	164,036,806
Profit on Disposal of Investment	52,505,912	8,398,024	57,551,208	31,386,028
Interest Income	315,035,628	339,292,961	106,106,645	102,815,844
Depreciation/Appreciation in Market Value of Quoted Shares	-	-	17,592,124	(7,129,153)
Reclassification Gain/(Loss) on Disposal of Available for Sale Financial Assets	-	-	(7,367,790)	(28,988,489)
	368,886,901	347,690,985	233,942,560	289,118,827

34. PROFIT FROM OPERATION STATED AFTER CHARGING THE FOLLOWING EXPENSES

For the Year Ended 31st March	Company		Group	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Auditors' Remuneration (Fees and Expenses)	150,000	136,500	10,970,722	8,037,399
Depreciation	8,075,605	6,117,877	881,040,847	695,877,214
Amortization of Intangible Assets	-	-	54,858,661	50,520,782
Employee Benefits including the following	15,557,367	9,494,229	2,467,561,409	789,587,005
Defined Benefit Plan Costs - Gratuity	42,758	1,720,067	93,806,189	67,345,390
Defined Contribution Plan Costs - EPF & ETF	2,182,900	1,427,071	103,085,995	90,986,346
Export Duty Rebate	-	-	(7,545,300)	(2,102,405)
Provision / (Reversal) for Inventory	-	-	99,185,598	27,360,569
Loss on Translation of Foreign Currency	-	75,061,875	(11,642,376)	8,907,806
Damaged Stocks Net of Insurance Claims Received	-	-	13,222,971	8,022,556
Write off of Capital Work in Progress	-	-	-	13,819,546

35. INCOME TAX EXPENSE

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

For the Year Ended 31st March	Company		Group	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Income Statement				
Current Income Tax				
Current Income Tax Charge	53,818,934	48,427,306	973,415,924	1,067,431,131
Share of Equity Accounted Investees' Income Tax	-	-	297,063,584	226,384,707
Under/(Over) Provision of Current Taxes in respect of Prior Years	-	-	(6,326,815)	5,833,645
Deferred Income Tax				
Deferred Tax Charge / (Reversal)	667,261	25,425,462	(180,667,056)	(93,272,314)
Income tax expense reported in the Income Statement	54,486,195	73,852,768	1,083,485,637	1,206,377,169
Consolidated Statements of Other Comprehensive Income				
Income Tax on Available for Sale Financial Assets	-	-	1,603,976	-
Income Tax on Revaluation of Buildings	-	-	84,830,056	-
	-	-	86,434,032	-

36. DISCONTINUED OPERATION

Royal Ceramics Lanka PLC a 51% held subsidiary of Vallibel One PLC has disposed its 51 % stake of Asia Siyaka Commodities PLC on 28th of March 2013 at Rs. 369,005,910. The result of Asia Siyaka Commodities PLC for the year, together with the gain/(loss) on disposal of such ownership interest are presented below.

	Group Rs.
Total Sales Proceeds	369,005,910
Carrying Value of Investment	(337,620,000)
Net Profit from Discontinued Operation	31,385,910
Result of Discontinued Operations	
Revenue	459,711,478
Expenses	(323,951,946)
Result from operating activities	135,759,532
Taxation	(16,979,415)
Result from operating activities after tax	118,780,117
Loss on disposal of subsidiary	(27,661,948)
Net Profit for the Year	91,118,169
Earning per share from discontinued operation	0.04

36. DISCONTINUED OPERATION (Contd.)

	Group Rs.
Cash flows from/(Used in) discontinued operation	
Net Cash used in Operating Activities	(407,289)
Net Cash Used in Investing Activities	(4,145,514)
Net Cash from Financing Activities	
Net Cash flows for the year	(4,552,803)
Effect of disposal on the financial position of the Group	
Cash in hand and at bank	32,661,154
Trade and Other Receivables	1,123,000,735
Other Investments	6,704,000
Inventories	2,010,189
Intangible Assets	1,013,731
Property, Plant and Equipment	347,589,542
Client Finance Facility	(386,879,097)
Bank Overdraft	(25,954,539)
Trade and Other payables	(457,420,197)
Income Tax Payable	(6,190,079)
Deferred Tax Liability	(10,813,956)
Employee Benefit Obligation	(37,204,379)
Total Net Assets	588,517,104
Net Assets Disposed (51% stake)	300,143,722
Goodwill	96,524,136
	396,667,858
Loss on disposal of subsidiaries	(27,661,948)
	369,005,910
Total Sales Proceeds	92,251,478
Cash and cash equivalents of subsidiary disposed	(6,706,615)
Net Cash In flow	85,544,863

*Out of the disposal value of Rs. 369,005,910/-, Rs. 276,754,432/- has been received subsequent to 31 March 2013.

37. EARNINGS PER SHARE

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

The following reflects the Income and Share data used in the Basic Earnings Per Share computation.

For the Year Ended 31st March	Company		Group	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Amounts Used as the Numerators:				
Net Profit Attributable to Ordinary Shareholders of the				
Parent for Basic Earnings Per Share	596,636,613	471,918,322	2,154,042,861	2,545,866,840
Number of Ordinary Shares Used as Denominators for Basic Earnings per share				
Weighted Average number of Ordinary Shares in issue				
Applicable to Basic Earnings Per Share	1,086,559,353	1,086,559,353	1,086,559,353	1,086,559,353

To calculate the Earnings Per Share amounts for discontinued operation (see Note 36), the weighted average number of ordinary shares for both the basic and diluted amounts is as per the table above. The Following table provides the profit/(loss) amount used:

For the Year Ended 31st March	Company		Group	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Net profit attributable to ordinary equity holders of the parent from continuing operations	596,636,613	471,918,322	2,107,563,483	2,545,366,839
Profit/(loss) attributable to ordinary equity holders of the parent from discontinued operations	-	-	46,479,378	-
Net profit attributable to ordinary equity holders of the parent for basic earnings	596,636,613	471,918,322	2,154,042,861	2,545,366,839
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	596,636,613	471,918,322	2,154,042,861	2,545,366,839
Basic Earning Per Share	0.55	0.43	1.98	2.34
Basic Earning Per Share for Continuing Operations	0.55	0.43	1.94	2.34

38. SEGMENT INFORMATION

38.1 Segment Assets and Liabilities

Segment Assets and Liabilities As at 31st March	Investment		Tiles		Sanitarywear		Bank & Finance		Leisure	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS										
Cash and Cash Equivalents	5,212,175	16,837,661	228,979,899	110,534,395	10,252,146	8,532,335	4,019,673,357	1,954,236,790	659,586	1,818,782
Financial Assets - Fair Value Through P&L	210,328,959	88,494,888	291,786,283	804,672,342	-	-	7,323,047	6,740,091	-	-
Short Term Investment	615,000,000	513,000,000	-	-	-	-	-	-	-	-
Loans and Advances	375,000,000	225,000,000	-	-	-	-	16,452,987,392	12,771,107,882	-	-
Lease rentals receivables & Stock out on hire	-	-	-	-	-	-	28,260,005,404	23,671,834,296	-	-
Financial Investments - Available for sales	857,083,091	652,530,240	196,470,003	192,395,446	-	-	470,622,978	124,343,597	-	-
Other Financial Assets	-	-	-	-	-	-	1,487,399,284	1,019,833,542	-	-
Trade and Other Debtors, Deposits and Prepayments	55,804,232	24,498,779	824,229,460	368,435,037	277,377,880	71,882,886	-	-	-	1,522,584
Other Non Financial Assets	29,011,754	3,214,724	293,512,115	249,146,094	76,240,689	77,624,118	1,205,229,841	1,066,621,897	1,552,874	-
Investment Associate	-	-	-	-	-	-	7,415,076,663	6,809,726,504	323,392,106	323,935,187
Amount Due From Related Parties	-	-	-	-	-	-	-	-	-	-
Differed tax Assets	-	-	19,057,694	-	-	-	180,551,381	117,779,193	-	-
Income Tax Recoverables	8,155,395	7,175,306	8,434,977	7,940,574	-	-	-	-	-	-
Inventories	-	-	1,485,784,753	1,286,029,403	627,045,108	581,327,543	-	-	-	-
Intangible Assets	11,948,697,787	11,526,136,017	182,920,085	616,495,524	-	-	23,669,453	19,339,794	-	-
Property, Plant & Equipment	40,860,011	43,804,606	3,901,439,111	3,030,053,453	1,462,700,267	1,443,798,728	2,100,938,825	1,868,286,218	372,713,451	369,620,663
Total Assets	14,145,153,402	13,100,692,221	7,432,614,381	6,665,702,268	2,453,616,090	2,183,165,610	54,636,468,251	42,876,796,941	374,925,911	372,962,029

Consumer		Life Style		Healthcare		Apparel		Other		Group	Group
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
44,100,176	19,791,594	13,655,231	23,976,809	41,279,562	2,636,350	427,879,608	797,500,684	178,799,211	184,972,020	4,970,490,951	3,120,837,419
-	16,218,820	-	15,230,406	-	-	5,176,127	8,210,348	66,017,566	132,788,595	580,631,982	1,072,355,490
-	-	-	-	-	-	-	-	-	-	615,000,000	513,000,000
8,855,027	-	9,414,520	-	-	-	-	-	48,834,812	-	16,895,091,751	12,996,107,882
-	-	-	-	-	-	-	-	-	-	28,260,005,404	23,671,834,296
-	-	-	-	-	-	-	-	-	1,388,201	1,524,176,072	970,657,484
-	-	-	-	-	-	-	-	-	-	1,487,399,284	1,019,833,542
562,501,387	1,182,271,278	332,081,809	210,999,525	323,323,930	115,565,936	1,390,190,575	997,274,492	295,820,957	366,258,062	4,061,330,230	3,338,708,579
-	-	-	-	-	-	130,842,954	99,984,453	23,405,458	913,397	1,759,795,685	1,497,504,684
-	-	-	-	-	-	-	-	-	-	7,738,468,769	7,133,661,691
-	-	-	-	-	-	-	-	21,006,544	-	21,006,544	-
-	-	-	-	-	-	21,604,932	-	-	-	221,214,007	117,779,193
15,279,150	-	4,542,061	-	5,095,703	4,760,267	-	-	7,594,47	21,516,447	49,101,723	41,392,594
162,124,217	374,660,567	369,844,931	402,180,389	677,876,154	430,129,159	1,515,414,355	1,269,805,816	100,949,176	102,407,512	4,939,038,693	4,446,540,389
-	-	-	-	-	-	26,620,512	12,769,020	-	-	12,181,907,836	12,174,740,355
11,089,036	10,578,659	139,956,999	11,777,580	4,642,450	6,231,552	2,061,736,406	2,112,840,535	1,718,370,945	1,645,540,925	11,814,447,501	10,542,532,919
803,948,992	1,603,520,918	869,495,551	664,164,709	1,052,217,799	659,323,264	5,579,465,468	5,298,385,348	2,460,199,103	2,455,785,159	97,119,106,431	82,657,486,518

38. SEGMENT INFORMATION (Contd.)

38.1 Segment Assets and Liabilities (Contd.)

Segment Assets and Liabilities As at 31st March	Investment		Tiles		Sanitarywear		Bank & Finance		Leisure	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LIABILITIES										
Due to banks	5,609,281	-	990,853,031	1,341,398,640	-	-	6,343,473,666	8,875,503,163	93,279	1,449,762
Due to Customers	-	-	-	-	-	-	37,591,184,467	25,339,595,370	-	-
Interest Bearing Loans and Borrowings	-	-	2,815,764,364	2,463,380,270	252,120,789	287,386,618	2,266,953,359	1,576,305,987	-	-
Trade & Other Payables	236,853,543	488,277,043	300,350,477	113,353,092	56,079,858	171,702,191	638,010,603	-	9,763,303	9,721,595
Other Non Financial Liability	-	-	160,473,201	106,520,865	40,173,893	22,975,482	694,933,196	757,274,892	-	-
Amount Due To Related Parties	25,000	25,000	-	-	-	-	-	-	-	-
Dividend Payable	1,607,361	-	31,182,219	26,674,704	-	-	-	-	-	-
Retirement Benefit Liability	1,762,825	1,720,067	151,756,901	128,835,831	4,677,654	3,541,754	60,230,318	44,231,036	251,552	117,526
Income Tax Liabilities	25,232,711	8,404,017	-	-	16,498,774	-	147,956,328	244,830,708	30,741	25,258
Deferred Tax Liabilities	3,474,771	2,807,510	22,269,422	68,634,654	8,352,147	-	-	-	-	-
Total Liabilities	274,565,493	501,233,637	4,472,649,615	4,248,798,056	377,903,115	485,606,045	47,742,741,936	36,837,741,155	10,138,875	11,314,141

Consumer		Life Style		Healthcare		Apparel		Other		Group	Group
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
707,351,469	449,353,529	-	-	-	-	248,115,814	325,445,755	-	-	8,295,496,541	10,993,150,849
-	-	-	-	-	-	-	-	-	-	37,591,184,467	25,339,595,370
574,787,967	850,608,522	324,120,483	243,799,151	171,326,438	128,283,290	2,601,411,491	1,780,337,076	387,560,399	293,600,500	9,394,045,289	7,623,701,413
298,616,132	270,588,213	195,652,904	258,743,066	751,943,823	363,558,341	1,044,037,454	910,345,311	389,978,249	362,364,531	3,921,286,347	2,948,683,384
-	-	-	-	-	-	-	-	-	628,743	895,580,290	887,399,982
-	-	193,754	-	820,603	-	-	-	-	-	1,039,356	25,000
-	-	-	-	-	-	-	-	-	-	32,789,580	26,674,704
8,917,189	9,654,154	9,441,177	10,783,805	5,124,038	4,096,511	107,385,629	102,577,891	26,675,140	27,556,527	376,222,424	333,115,102
-	1,540,141	65,756	11,643,820	-	940,842	-	-	3,025,098	3,194,034	192,809,409	270,578,820
(3,710,610)	(3,710,609)	(5,799,835)	(5,786,379)	(981,623)	(981,623)	906,246	22,369	47,341,925	37,709,319	71,852,441	98,695,241
1,585,962,147	1,578,033,950	523,674,239	519,183,463	928,233,278	495,927,361	4,001,856,634	3,118,728,402	854,580,815	725,053,653	60,772,306,145	48,521,619,865

38. SEGMENT INFORMATION (Contd.)

38.2 Segment Results

For the Year Ended 31st March	Investment		Tiles		Sanitarywear		Bank & Finance		Leisure	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Revenue	-	-	6,453,857,547	5,909,929,847	1,081,906,770	897,368,049	11,054,483,106	7,859,626,519	-	-
Cost of Sales	-	-	(3,536,474,523)	(2,943,965,754)	(660,427,519)	(609,740,059)	(5,772,574,618)	(3,303,484,100)	-	-
Gross Profit/ (Loss)	-	-	2,917,383,024	2,965,964,093	421,479,251	287,627,990	5,281,908,488	4,556,142,419	-	-
Dividend Income	-	-	7,537,878	22,068,716	-	-	2,458,896	2,205,815	-	-
Other Income and Gains	-	-	7,860,801	(18,957,320)	(680,853)	508,260	133,382,939	123,291,039	-	-
Distribution Expenses	-	-	(1,027,761,795)	(816,741,238)	(47,939,245)	(20,286,690)	(247,182,111)	(202,703,426)	-	-
Administrative Expenses	(69,228,779)	(85,554,411)	(408,548,363)	(373,890,537)	(21,970,625)	(18,441,360)	(1,864,190,273)	(1,480,622,460)	(24,852,792)	(20,746,047)
Other Operating Expenses	-	-	(25,173,435)	(25,173,435)	-	-	(426,633,523)	(146,646,977)	-	-
Finance Cost	-	(75,202,992)	(600,205,320)	(605,543,390)	(40,703,133)	(35,404,260)	-	-	(500)	-
Finance Income	134,995,526	99,093,321	16,829,752	190,646,283	-	-	(24,028,499)	(48,856,592)	109,791	90,207
Provision for fall in value of Investments,	(27,901,584)	(1,234,689)	-	-	-	-	-	-	-	-
Share of results of equity accounted Investees	-	-	-	-	-	-	1,005,156,356	915,330,948	(1,162,211)	9,567,875
Profit Before Value Added Tax	37,865,163	(62,898,756)	887,922,542	967,218,696	310,185,395	214,003,940	3,860,872,273	3,718,140,766	(25,905,712)	(11,087,965)
Value Added Tax on Financial Service	-	-	-	-	-	-	(176,248,776)	(149,952,231)	-	-
Profit/(Loss) Before Tax	37,865,163	(62,898,756)	887,922,542	967,218,696	310,185,395	214,003,940	3,684,623,497	3,568,188,535	(25,905,712)	(11,087,965)
Income Tax Expense	(54,486,195)	(73,852,767)	133,021,400	(15,716,481)	(12,253,009)	-	(1,154,779,039)	(1,024,450,541)	311,873	(3,109,501)
Net Profits for the year from continuing operations	(16,621,032)	(136,751,523)	1,020,943,942	951,502,215	297,932,386	214,003,940	2,529,844,458	2,543,737,994	(25,593,840)	(14,197,466)
Discontinued Operation Profit after tax from discontinuing operations	-	-	-	-	-	-	-	-	-	-
Profit/ (Loss) for the year	(16,621,032)	(136,751,523)	1,020,943,942	951,502,215	297,932,386	214,003,940	2,549,915,588	2,543,737,994	(25,593,840)	(14,197,466)

Consumer		Life style		Healthcare		Apparel		Other		Non Segment Adjustment		Group	Group
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,763,263,879	2,833,749,220	1,326,000,761	936,794,062	1,104,342,238	624,010,159	9,015,905,583	6,701,436,954	1,567,976,607	1,463,822,463	(459,711,478)	-	32,908,025,013	27,226,737,273
(1,480,038,445)	(2,386,013,787)	(960,260,918)	(687,218,523)	(939,888,052)	(548,544,631)	(8,569,862,499)	(6,494,978,098)	(909,408,135)	(1,134,039,015)	7,741,798	-	(22,821,192,911)	(18,107,983,967)
283,225,434	447,735,433	365,739,843	249,575,539	164,454,186	75,465,528	446,043,084	206,458,856	658,568,471	329,783,448	(451,969,680)	-	10,086,832,101	9,118,753,306
-	318,825	-	298,898	-	-	-	-	-	2,610,382	-	-	9,996,774	27,502,651
(43,786,553)	(25,138,995)	26,893,432	22,582,099	10,662,938	57,615	11,345,714	210,228,874	68,770,783	58,418,236	(2,666,014)	-	211,783,186	370,989,808
(422,780,036)	(169,005,615)	(122,749,626)	(69,788,550)	(53,266,766)	(12,404,829)	-	-	(96,597,956)	(36,413,765)	21,686,926	-	(1,996,590,609)	(1,327,344,113)
(182,284,161)	(148,482,431)	(108,817,465)	(84,844,042)	(64,025,629)	(48,133,505)	(514,588,933)	(193,689,222)	(554,222,235)	(295,014,651)	237,057,027	-	(3,575,672,228)	(2,749,418,666)
139,964	-	(1,992,356)	-	-	-	-	-	(16,137,423)	-	-	-	(469,796,773)	(171,820,412)
(239,989,134)	(118,042,220)	(66,109,828)	(23,002,191)	(32,816,270)	(4,009,372)	(185,804,786)	(120,666,482)	(97,747,092)	(31,230,215)	64,585,628	-	(1,198,790,435)	(1,013,101,122)
39,194,976	26,269,040	-	-	-	-	66,821,088	21,753,124	1,473,345	123,444	(1,453,419)	-	233,942,560	289,118,827
-	-	-	-	-	-	-	-	-	(84,175,194)	-	-	(27,901,584)	(85,409,883)
-	-	-	-	-	-	-	-	-	-	-	-	1,003,994,145	924,898,823
(566,279,510)	13,654,037	92,964,000	94,821,753	25,008,459	10,975,438	(176,183,833)	124,085,150	(35,892,107)	(55,898,315)	(132,759,532)	-	4,277,797,138	5,384,169,219
-	-	-	-	-	-	-	-	-	-	-	-	(176,248,776)	(149,952,231)
(566,279,510)	13,654,037	92,964,000	94,821,753	25,008,459	10,975,438	(176,183,833)	124,085,150	(35,892,107)	(55,898,315)	(132,759,532)	-	4,101,548,362	5,234,216,988
-	(29,479,050)	-	(23,602,432)	-	(2,449,664)	19,856,304	(15,809,077)	(32,136,385)	(17,907,856)	16,979,415	-	(1,083,485,637)	(1,206,377,169)
(566,279,510)	(15,825,013)	92,964,000	71,219,321	25,008,459	8,525,973	(156,327,529)	108,276,073	(68,028,493)	(73,806,171)	(115,780,117)	-	3,018,062,725	4,027,839,819
-	-	-	-	-	-	-	-	-	-	91,118,169	-	91,118,169	-
(566,279,510)	(15,825,013)	92,964,000	71,219,321	25,008,459	8,525,973	(156,327,529)	108,276,073	(68,028,493)	(73,806,171)	(24,661,948)	-	3,109,180,894	4,027,839,819

39. COMMITMENTS AND CONTINGENCIES

39.1 Contingent Liabilities

	Company			Group		
	2013	2012	2011	2013	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Guarantees issued to Banks and other Institutions	-	-	-	15,300,000	5,150,000	6,200,000
Import LC and Ordinary Guarantees	-	-	-	89,637,623	30,650,363	181,581,795
	-	-	-	104,937,623	35,800,363	187,781,795

Royal Ceramics Lanka PLC

Companies within the Group issued corporate guarantees in favour of Royal Ceramics Lanka PLC, Royal Porcelain (Pvt) Ltd, Rocell Bathware Limited and Ever Paint and Chemical Industries (Pvt) Limited guaranteeing loans, interest and other charges of the loans as stated in note 20.

Orit Apparels Lanka (Private) Limited

Corporate guarantee for an amount of USD 4.5 million has been given to Orit Trading Lanka (Private) Limited for bank borrowings from Seylan Bank PLC.

Corporate guarantee for an amount of USD 2.85 million has been given to Orit apparels Lanka (Private) Limited for bank borrowings from HSBC.

Corporate guarantee for an amount of USD 3 million has been given to Orit Trading Lanka (Private) Limited by Orit Apparel Lanka (Pvt) Ltd for bank borrowings from BOC.

Corporate guarantee for an amount of USD 1.1 million has been given to Orit Apparel Lanka (Pvt) Ltd by Orit Trading Lanka (Private) Limited for bank borrowings from BOC.

39.2 Litigation

LB Finance PLC / Delmege Limited

The above companies have contingent liabilities in respect of legal claims arising in the ordinary course of business. Based on the information currently available, the Board of the opinion that the ultimate resolution of the litigations would not likely to have a material impact on the Group.

39.3 Commitments

	Company			Group		
	2013	2012	2011	2013	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Capital Expenditure Commitments						
- Approved and Contracted for	-	-	-	254,370,715	368,317,767	899,664,152
Unutilised facilities	-	-	-	1,118,332,877	583,528,789	170,703,705
	-	-	-	1,372,703,592	951,846,556	1,070,367,857

40. RELATED PARTY DISCLOSURES

Transactions with Key Managerial Persons

The Key Managerial Personnel of the Company are the members of its Board of Directors. Following transactions are entered between the company and its Key Management Personnel and their close family members.

40.1 Compensation to Key Managerial Personnel

For the Year Ended 31st March	Company		Group	
	2013 Rs.	2012 Rs	2013 Rs.	2012 Rs
Short Term Employment Benefits - Executive Directors	2,400,000	1,800,000	199,718,944	191,223,193
- Non Executive Directors	4,800,000	3,600,000	7,075,000	10,400,000
Post Employment Benefits - Executive Directors	-	-	7,288,211	1,236,940

40.2 Other transactions with Key Managerial Personnel

Fixed Deposits Accepted during the year	-	-	884,056,002	29,990,000
Interest Payable on Fixed Deposits	-	-	19,497,423	1,501,000
Interest Paid on Fixed Deposits	-	-	-	2,377,000
Rental Paid	-	-	5,880,536	4,473,388
Transport Charges	-	-	1,318,051	803,555

Transactions with entities that are controlled, jointly controlled or significantly influenced by Key Managerial Personnel or their close member of family or shareholders who have either control, significant influences or joint control over entity.

Transactions with related parties other than disclosed above Note 40.2

For the Year Ended 31st March	Note	Company		Group	
		2013 Rs.	2012 Rs	2013 Rs.	2012 Rs
Nature of Transaction					
Fixed Deposits accepted during the period		-	-	960,572,007	55,000,000
Interest payable on Fixed Deposits		-	-	-	2,311,000
Interest paid on Fixed Deposits		-	-	-	8,842,000
Dividend paid on shareholding		-	-	2,693,040	50,324,000
Bank Balance		-	-	-	(191,609,000)
Letter of Credits opened during the period		-	-	-	199,081,000
Short Term loans		-	-	-	1,000,000,000
Fixed Deposit & REPO Opened During the Year		-	-	-	626,610,000
Other Interest Income	40.4	128,317,573	67,080,348	128,317,573	67,080,348
Dividend Income	40.4	8,730,336	-	8,730,336	-
Investments Made	40.4	385,420,631	-	385,420,631	-
Investment in Fixed Deposits / Debenture	40.4	990,868,056	738,000,000	990,868,056	738,000,000

40. RELATED PARTY DISCLOSURES (Contd.)

40.3 On 24 October 2012 the Board of Directors of Orit Apparels Lanka (Pvt) Limited decided to repurchase 12,031,250 shares each from Mr. Channa Palansuriya and Vallibel One PLC at the Rupee equivalents of USD 0.32 per share (payable in USD), on the basis of unanimous shareholder waiver in terms of section 31 of the Companies Act No 7 of 2007 as to the applicability of Section 56 and 64 of the said Act.

40.4 Related Companies

For the Year Ended 31st March	Company	
	2013 Rs.	2012 Rs.
Other Interest Income		
Vallibel Finance PLC	128,317,573	63,891,096
Pan Asia Banking Corporation PLC	-	3,189,252
	128,317,573	67,080,348
Dividend Income		
Hayleys PLC	8,730,336	-
	8,730,336	-
Investments Made		
Hayleys PLC	137,738,513	-
The Fortress Resorts PLC	247,682,118	-
	385,420,631	-
Investment in Fixed Deposits / Debenture		
Vallibel Finance PLC		
Investment in Debentures	375,000,000	225,000,000
Investment in Fixed Deposit	615,000,000	500,000,000
Pan Asia Banking Corporation PLC		
Investment in Fixed Deposit	868,056	13,000,000
	990,868,056	738,000,000

40. RELATED PARTY DISCLOSURES (Contd.)

40.5 Transaction with related entities

For the Year Ended 31st March	Note	Company		Group	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Subsidiaries					
Fund Transfers		45,841,646	17,937,099	-	-
Loan Given		90,000,000	70,000,000	-	-
Interest Received	40.6	183,925,209	257,250,774	-	-
Share buy back - Orit Apparels Lanka (Pvt) Ltd.		250,098,139	-	-	-
Investment made in Fixed Deposit	40.6	1,113,000,000	1,785,000,000	-	-
Dividend Income Received	40.6	289,611,200	337,257,195	-	-
Associates					
Dividend Income					
Sampath Bank PLC		105,876,576	22,815,000	105,876,576	22,815,000
Equity Investment in Associates	12.1.1				
Sampath Bank PLC		60,968,021	15,646,079	60,968,021	15,646,079
Waskaduwa Beach Resorts PLC		285,358	37,476,813	285,358	37,476,813
		61,253,379	53,122,892	61,253,379	53,122,892

40.6 Transaction with related entities

For the Year Ended 31st March		Company		Group	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Investment made in Fixed Deposit					
LB Finance PLC		1,113,000,000	1,785,000,000	-	-
		1,113,000,000	1,785,000,000	-	-
Dividend Income Received					
LB Finance PLC		176,606,000	111,261,780	-	-
Royal Ceramics Lanka PLC		113,005,200	225,995,415	-	-
		289,611,200	337,257,195	-	-
Interest Received					
Delmege Limited		5,738,301	85,808	-	-
Orit Apparels Lanka (Pvt) Ltd.		5,054,795	-	-	-
LB Finance PLC		173,132,113	257,164,966	-	-
		183,925,209	257,250,774	-	-

41. ASSETS PLEDGED

The following assets have been pledged as security for liabilities other than that is disclosed under Note 20.2

Nature of assets	Nature of Liability	Carrying Amount Pledged 2013 Rs.	Carrying Amount Pledged 2012 Rs.	Included Under
Lease Receivables & Stock out on Hire	Loans and Overdrafts	8,295,127,696	8,404,583,094	Lease Rentals Receivables and Stock out on hire
Real Estate Loan	Overdraft	65,000,000	65,000,000	Other Non Financial Assets
Freehold Land	Overdraft	8,000,000	8,000,000	Property, Plant & Equipment
Vehicles	Loan	-	1,217,262	Property, Plant & Equipment
Fixed Deposit	Overdraft	10,000,000	10,000,000	Cash & Bank
Deposits	Overdraft & Guarantee	58,352,000	58,352,000	Investments
Fixed Deposits	Overdraft & Corporate Guarantee	1,813,479	1,813,479	Cash & Bank
Property Plant & Equipment	Overdraft & Corporate Guarantee	1,544,341,601	1,544,341,601	Property, Plant & Equipment
Inventory & Debtors	Overdraft	18,990,000	18,825,000	Inventory & Receivables
Debtors	Loan	41,000,000	41,000,000	Trade and other receivables
Deposits	Overdraft	2,100,000	2,100,000	Cash & Bank
Stocks and Receivables	Concurrent Mortgage - HSBC	377,430,000	102,996,417	Inventory & Receivables
Stocks and Receivables	Concurrent Mortgage - NDB	1,308,424,000	365,655,000	Inventory & Receivables
Stocks and Receivables	Concurrent Mortgage - Seylan Bank	566,145,000	962,250,000	Inventory & Receivables
Stocks and Receivables	Concurrent Mortgage - BOC	377,430,000	102,640,000	Inventory & Receivables
		12,674,153,776	11,688,773,853	

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

42.1 Introduction

The Group is exposed to the following risk from financial Instruments

1. Credit risk
2. Liquidity risk
3. Market risk

42.2 Credit Risk

Credit risk is the risk of financial loss to the Group if a borrower or counterparty to a financial instrument, fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers/other Companies, Trade & Other Receivables and investments in debt securities.

Credit risk constitutes the Group's largest risk exposure category. This can be broadly categorized into two types; default and concentration risk.

Default risk is the risk of the potential financial loss resulting from the failure of customer or counterparty to meet its debt or contractual obligations and arises principally from the group's loans and advances to customers.

Concentration risk is the credit exposure being concentrated as a result of excessive buildup of exposure to a single counterparty, industry, product, geographical location or insufficient diversification.

Gold Loan

Given the importance of Gold Loan business to Group's overall lending operation, fluctuations to the gold prices could have an adverse impact to earnings from this particular segment. Gold price risk could arise from either of adverse movements in the world prices, exchange rates, basis between local and world prices.

The Group currently manages the credit risk of lendings against gold by adopting following two strategies;

- Quicker re-pricing cycle: Group as a strategy grants for shorter periods allowing it to re-price its cost promptly.
- Frequent revision of Loan-To-Value (LTV) ratio: Company practices a process of revising advancing ratio to allow for market value fluctuations.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The required credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored.

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Statement of Financial Position . The Group hold collateral/bank guarantee as security when it is necessary. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

42.3 Liquidity Risk & Funding Management

Liquidity risk refers to the possibility of Group not having sufficient cash to meet its payment obligations. This arises primarily due to mismatches in the maturity profile of Group's assets and liabilities. Adequate liquidity is critical to meet the Group's financial commitment and to accommodate additional funding needs of the growing business volumes.

The Group's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the Asset and Liability Management Committee (ALCO) analyses and monitors liquidity risk to maintain an adequate margin of safety in liquid assets. As well the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

42.3.1 Maturity of Assets and Liabilities

An analysis of the total assets employed and total liabilities at the year end, based on the remaining respective contractual maturity dates/recovery cycle as at the reporting date are given below.

	Less than 3 months Rs.	3-12 months Rs.	1-3 years Rs.	over 3 years Rs.	Total Rs.
Assets					
Cash and Cash Equivalents	684,314,240	4,286,176,711	-	-	4,970,490,951
Fair Value Through Profit or Loss - Financial Assets	124,691,196	455,940,786	-	-	580,631,982
Short Term Investments	615,000,000	-	-	-	615,000,000
Loans and Receivables	-	13,993,076,113	2,527,015,639	375,000,000	16,895,091,751
Lease Rentals receivables and Stock out on hire	-	11,376,700,540	16,883,304,863	-	28,260,005,404
Available for sales - Financial Assets	473,739,318	-	-	1,050,436,754	1,524,176,072
Other Financial Assets	-	1,459,776,942	27,622,342	-	1,487,399,284
Trade and Other Debtors, Deposits and Prepayments	3,288,382,014	772,948,216	-	-	4,061,330,230
Other Non Financial Assets	161,407,580	1,426,168,663	172,219,442	-	1,759,795,685
Investment Associate	-	-	-	7,738,468,769	7,738,468,769
Amount Due From Related Parties	-	21,006,544	-	-	21,006,544
Deferred Tax Assets	-	-	202,156,313	19,057,695	221,214,007
Income Tax Recoverable	-	49,101,723	-	-	49,101,723
Inventories	3,915,625,467	1,023,413,226	-	-	4,939,038,693
Intangible Assets	-	-	31,268,092	12,150,639,744	12,181,907,836
Property, Plant and Equipment	-	-	2,777,663,357	9,036,784,144	11,814,447,501
As at 31 March 2013	9,263,159,815	34,864,309,463	22,621,250,047	30,370,387,106	97,119,106,431

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

42.3 Liquidity Risk & Funding Management (Contd.)

42.3.1 Maturity of Assets and Liabilities (Contd.)

	Less than 3 months Rs.	3-12 months Rs.	1-3 years Rs.	over 3 years Rs.	Total Rs.
Liabilities					
Due to Banks	1,221,927,732	4,931,673,728	2,141,895,081	-	8,295,496,541
Due to Customers	-	31,695,632,314	5,895,552,154	-	37,591,184,467
Interest Bearing Loans and Borrowings	794,550,605	5,944,723,349	2,351,333,315	303,438,020	9,394,045,289
Trade and Other Payables	1,224,381,724	2,668,333,710	28,570,912	-	3,921,286,346
Other Non Financial Liabilities	259,448,510	636,131,780	-	-	895,580,290
Amount Due To Related Parties	-	1,039,356	-	-	1,039,356
Dividend Payable	31,182,219	1,607,361	-	-	32,789,580
Retirement Benefit Liability	-	-	60,230,318	315,992,106	376,222,424
Income Tax Liabilities	16,498,752	176,310,657	-	-	192,809,409
Deferred Tax Liabilities	-	-	4,381,018	67,471,424	71,852,441
As at 31 March 2013	3,547,989,542	46,055,452,255	10,481,962,797	686,901,550	60,772,306,144

42.4 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise of four types of risk: interest rate risk, currency risk, commodity price risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, equity investments classified as fair value through profit or loss financial assets, equity investments classified as available for sale financial assets.

Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the business segment of the group, the impact of interest rate risk is mainly on the earnings of the financing segment rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Excessive movements in market interest rate could result in severe volatility to group's net revenue and net margin. The Group's exposure to interest rate risk is primarily associated with factors such as;

- Repricing risk arising from a fixed rate borrowing portfolio where repricing frequency is different to that of the lending portfolio.
- Yield curve risk arising from unanticipated shifts of the market yield curve.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

42.4 Market Risk (Contd.)

Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the Group conducts periodic reviews and re-prices its assets accordingly.

Foreign Currency Risk

Foreign currency risk is the risk that changes in future cash flows because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

Foreign Currency Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates with all other variables held constant, the Groups profit before tax. The Group exposures to all the other currencies are not material.

		Increase /decrease in interest rate	Company Effect on Profit Before Tax Rs. Mn	Increase /decrease in interest rate	Group Effect on Profit Before Tax Rs. Mn
2013	USD	5%	-12	5%	-203.30
	USD	-5%	12	-5%	203.30

Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification equity instruments. Reports on the equity portfolio are submitted to the Group's Senior Management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity shares at fair value was Rs 1,526,113,471 (2012 – 1,837,914,627). A decrease of 10% on the ASPI could have a negative impact of approximately Rs 56,703,520 (2012 – 106,134,549) on the statement of income and Rs 95,907,827 (2012 – 77,656,914) on statement of other comprehensive income depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed shares could have a positive impact of approximately Rs 56,703,520 (2012 – 106,134,549) on the statement of income and Rs 95,907,827 (2012 – 77,656,914) on the statement of other comprehensive income.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

42.5 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group includes within debt, interest bearing loans and borrowings Due to customers & Due to Banks (Long term).

As at		2013 Rs.	2012 Rs.	1 April 2011 Rs.
Interest-bearing loans and borrowings (Note 20)		9,394,045,289	7,623,701,413	2,412,602,617
Due to Customers (Note 19)		37,591,184,467	25,339,595,370	17,262,041,497
Due to Banks - Long term loan (Note 18)		5,464,980,511	7,391,316,884	3,027,500,170
Total Debt	A	52,450,210,267	40,354,613,667	22,702,144,284
Equity		30,662,698,811	28,978,607,223	27,232,071,466
NCI		5,684,101,475	5,157,259,431	3,965,077,197
Total Capital	B	36,346,800,286	34,135,866,654	31,197,148,663
Gearing ratio	C = A+B D = A/C	88,797,010,553 59%	74,490,480,321 54%	53,899,292,947 42%

43. EVENTS OCCURRING AFTER THE REPORTING DATE

- Royal Ceramics Lanka PLC acquired 76.11% stake in Lanka Ceramic PLC at a total consideration of Rs.2,774,064,708 On 06th May 2013.
- The Board of Directors of the Company declared an interim dividend of Rs.0.70 per share for the financial year 31 March 2014, which includes the profits of 2012/13 and it was paid on the 07 August 2013.
- Other than the above there have been no material events occurring after the reporting date that requires adjustment or disclosure in the Financial Statements.

Shareholder Information

1. GENERAL

Stated capital Rs. 27,163,983,720.

The number of shares representing the stated capital 1,086,559,353.

2. STOCK EXCHANGE LISTING

Vallibel One PLC is a public quoted company, the ordinary shares of which are listed on the Diri Savi Board of the Colombo Stock Exchange. The date of listing was 08 July 2011.

3. PUBLIC HOLDING

Shares held by the public as at 31st March 2013 was 19.41%.

4. DISTRIBUTION OF SHAREHOLDERS AS AT 31ST MARCH 2013

From	- To	No of Holders	No of Shares	%
1	- 1,000	11,923	3,760,783	0.35
1,001	- 10,000	3,668	10,278,489	0.95
10,001	- 100,000	817	29,497,671	2.71
100,001	- 1,000,000	188	46,986,342	4.33
Over	- 1,000,000	33	996,036,068	91.67
		16,629	1,086,559,353	100.00

5. ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH 2013

Local Individuals	16,126	776,711,881	71.48
Local Institutions	422	299,966,466	27.61
Foreign Individuals	75	4,094,396	0.38
Foreign Institutions	6	5,786,610	0.53
	16,629	1,086,559,353	100.00

6. DIRECTORS' SHAREHOLDING AS AT 31ST MARCH 2013

	Shares	%
Mr. K D D Perera	689,726,471	63.478%
Mr. W D N H Perera	-	-
Mr. S H Amarasekera	1,000,000	0.092%
Mr. J A S S Adhihetty	100,000	0.009%
Ms. K Fernando	800,000	0.074%
Mr. R N Asirwatham	800	0.000%

7. TWENTY MAJOR SHAREHOLDERS

	31ST MARCH 2013		31ST MARCH 2012	
	No of Shares	(%)	No of Shares	(%)
Mr. K D D Perera	689,726,471	63.478	686,351,969	63.167
Vallibel Investments (Private) Limited	91,966,451	8.464	91,966,451	8.464
Vallibel Leisure (Private) Limited	91,929,063	8.461	91,929,063	8.461
Employees Provident Fund	61,391,170	5.650	61,258,500	5.638
Bank of Ceylon A/c Ceybank Unit Trust	7,331,936	0.675	5,898,401	0.543
Mercantile Investments and Finance PLC	5,176,000	0.476	5,176,000	0.476
Rosewood (Pvt) Limited-Account No.2	4,303,300	0.396	4,303,300	0.396
Mellon Bank N.A.-UPS Group Trust	2,800,000	0.258	-	-
Mr. S N Kumar	2,613,000	0.240	2,613,000	0.240
Mr. M Sritharan	2,520,000	0.232	2,051,000	0.189
Esna Holdings (Pvt) Ltd.	2,483,500	0.229	2,090,000	0.192
Merrill J Fernando & Sons (Pvt) Limited	2,299,000	0.212	2,299,000	0.212
Mrs. D P N Kumar	2,090,000	0.192	2,090,000	0.192
Mr. A N Esufally	2,090,000	0.192	2,090,000	0.192
Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	2,090,000	0.192	2,090,000	0.192
Mr H R S Wijeratne	2,069,000	0.190	2,069,000	0.190
Employees Trust Fund Board	2,024,600	0.186	2,024,600	0.186
Mr. A M Weerasinghe	2,000,000	0.184	2,000,000	0.184
Wickramaratnes (Pvt) Limited	1,865,000	0.172	1,865,000	0.172
Prof. M T A Furkhan	1,672,000	0.154	1,672,000	0.154
	980,440,491	90.233	971,837,284	89.442
Others	106,118,862	9.767	93,410,199	10.558
Total	1,086,559,353	100.000	1,065,247,483	100.000

8. SHARE TRADING INFORMATION

Market price per share	2012/13	2011/12
Highest during the year	Rs.24.50	Rs.38.50
Lowest during the year	Rs.13.20	Rs.15.10
As at end of the year	Rs.16.00	Rs.19.00

9. SHARE HOLDER BASE

The total number of shareholders as at 31st March 2013 was 16,629.

10. NET ASSETS PER SHARE

Net Assets per share of the Company is Rs. 25.44 (2012 - Rs. 25.35).

Corporate Information

Name of Company

Vallibel One PLC

Legal Form

A Public Quoted Company with limited liability incorporated under the Provisions of the Companies Act, No. 07 of 2007.

Date of Incorporation

09 June 2010

Company Registration Number

PB 3831 PQ

Nature of the Business

Diversified holding company with strategic investments

Board of Directors

K D D Perera - Chairman/Managing Director

W D N H Perera - Executive Deputy Chairman

S H Amarasekara

J A S S Adhihetty

K Fernando

R N Asirwatham

Head Office and Registered Office

29 West Tower, World Trade Center, Echelon Square, Colombo 1

Telephone: 011 2445577

Fax: 011 2441444

Email: info@vallibel.com

Web: www.vallibelone.com

Subsidiary Companies - Quoted

L B Finance PLC

Royal Ceramics Lanka PLC

Subsidiary Companies - Un-quoted

Delmege Limited

Orit Apparels Lanka (Private) Limited

Greener Water Limited

Associate Companies - Quoted

Sampath Bank PLC

Waskaduwa Beach Resorts PLC

Company Secretaries

P W Corporate Secretarial (Pvt) Limited

No. 3/17, Kynsey Road,

Colombo 8.

Telephone: 011 4640360

Fax: 011 4740588

E-mail: pwcs@pwcs.lk

Auditors

Ernst & Young

Chartered Accountants

No. 201, De Saram Place

Colombo 10.

Bankers

Hatton National Bank PLC

Pan Asia Banking Corporation PLC

Sampath Bank PLC

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third (03rd) Annual General Meeting of the Company will be held at The Kingsbury, 48 Janadhipathi Mawatha, Colombo 1, on Thursday, the 26th September 2013 at 9.30am for the following purposes.

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the period ended 31st March 2013 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. J A S S Adhietty who retires by rotation in terms of Article 87 of the Articles of Association of the Company.

3. To pass the ordinary resolution set out below to re-elect Mr. R N Asirwatham who is 70 years of age, as a Director of the Company;

“IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. R N Asirwatham who is 70 years of age and that he be and is hereby re-elected a Director of the Company.”

4. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.
5. To authorize the Directors to determine donations for the year ending 31st March 2014 and up to the date of the next Annual General Meeting.

By order of the Board

VALLIBEL ONE PLC



P W CORPORATE SECRETARIAL (PVT) LTD.

Director / Secretaries

28 August 2013

Colombo

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Registered Office of the Company, Level 29, West Tower, World Trade Center, Echelon Square, Colombo 01, not later than 47 hours before the time appointed for the meeting.

Form of Proxy

I/We*.....
 (NIC No.).of.....
 being a member / members* of VALLIBEL ONE PLC hereby appoint.....
 (NIC No.) of(or failing him).

Mr. K D D Perera	of Colombo or failing him*
Mr. W D N H Perera	of Colombo or failing him*
Mr. S H Amarasekera	of Colombo or failing him*
Mr. J A S S Adhihetty	of Colombo or failing him*
Ms. K Fernando	of Colombo or failing her*
Mr. R N Asirwatham	of Colombo

as my/our* proxy to represent and speak and vote for me/us* and on my/our* behalf at the third (3rd) Annual General Meeting of the Company to be held at The Kingsbury, 48 Janadhipathi Mawatha, Colombo1, on Thursday, the 26th September 2013 at 9.30am and at any adjournment thereof and every poll which may be taken in consequence of the aforesaid meeting.

I/We,* the undersigned, hereby authorize my/our proxy to vote for me/us* and on my /our* behalf in accordance with the preference as indicated below

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the period ended 31st March 2013 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. J A S S Adhihetty, who retires by rotation, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To pass the ordinary resolution set out in the Notice of Meeting under item 3 for the re-election of Mr. R N Asirwatham.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine donations for the year ending 31st March 2014 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Thirteen

*Please delete as appropriate

.....
 Signature of Shareholder/s

Notes:

1. A proxy need not be a shareholder of the Company.
2. Instructions as to completion appear overleaf.

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company Level 29, West Tower, World Trade Center, Echelon Square, Colombo 01 on or before not later than 47 hours before the time appointed for the meeting.
3. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided (above the names of the Board of Directors) on the Form of Proxy.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. If the appointer is a Company / Incorporated body this Form of Proxy must be executed in accordance with its Articles of Association / Statute.

